



REGISTRATION OF TRADE-MARK BASED ON FOREIGN USE AND REGISTRATION, VALIDLY OBTAINED IN CANADA

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The “beer wars” in Canada have been brewing for years although the latest decision rendered by the Federal Court of Canada involving beer giants did not address confusion issues. Instead, it dealt with an invalidity dispute regarding an issued registration. The Federal Court dismissed the expungement action against the trade-mark GRAB SOME BUDS after ruling the registration cannot be expunged based on non-compliance with procedural filing requirements. While it may be expunged based on fraudulent or innocent misstatements in the application fundamental to the registration, there were no such statements made by Anheuser (*Coors Brewing Company and Molson Canada 2005 v. Anheuser-Busch, LLC, 2014 FC 716, Gleason, J. July 18th, 2014*).

Background: the GRAB SOME BUDS registration

On August 16, 2010, Anheuser filed a U.S. trade-mark application to register the GRAB SOME BUDS mark in the U.S. Anheuser commenced use of the GRAB SOME BUDS trade-mark in the U.S. on September 24, 2010. Thereafter, Anheuser filed the requisite proof of use of its mark in the U.S. thereby obtaining a registration for the GRAB SOME BUDS mark on March 8, 2011.

On September 14, 2010, Anheuser filed an application to register the mark GRAB SOME BUDS based on proposed use in Canada. On February 9, 2011, Anheuser amended its application to withdraw the proposed use filing basis and substitute it with the foreign use and registration basis. Anheuser’s amendment to its Canadian application was based on its then still-pending U.S. application for GRAB SOME BUDS and its use of the mark in the U.S. On April 21, 2011, Anheuser filed a certified copy of its U.S. registration, its mark was published on July 27, 2011, allowed to registration on November 10, 2011 and a registration was issued on February 24, 2012.

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Foreign use and registration filing basis

In Canada, an applicant may apply to register a trade-mark based upon (i) prior registration or application of a trade-mark in another country (provided that country is party to the *Paris Convention for the Protection of Industrial Property* or a member of the World Trade Organisation) and (ii) use of a trade-mark in another country. In order to constitute a valid basis to obtain registration of a trade-mark in Canada, an applicant who relies on foreign use and registration or application must have used the trade-mark abroad with the goods/services listed in its application, at the date of filing the application in Canada.

Molson Coors alleged that Anheuser's application did not conform to the procedural filing requirements of the *Trade-marks Act* and it was invalidly obtained because Anheuser had not yet started to use the trade-mark GRAB SOME BUDS in the U.S. at the date it originally filed its application in Canada (September 14, 2010). Anheuser's use in the U.S. commenced 10 days after its Canadian filing date.

Invalidity of trade-mark registrations

Under Canadian trade-mark law, there are four statutory grounds for invalidity: (1) non-registrability, (2) non-distinctiveness, (3) abandonment, and (4) non-entitlement. In addition, non-statutory grounds in relation to misstatements in the trade-mark application may serve to invalidate a registered trade-mark in two circumstances:

- (i) where the misstatement was intentional and fraudulent, and
- (ii) where the misstatement was innocent but fundamental to the registration, in the sense that the registration could not have been secured without the misstatement.

Molson Coors' reliance on the *Thymes* decision

The underpinning for Molson Coors' argument in this expungement case was the decision rendered in *The Thymes, LLC v. Reitmans Canada Limited*, 2013 FC 127, wherein the Federal Court dealt with an appeal from the Trade-Marks Opposition Board (TMOB) in the context of an opposition proceeding.

In *Thymes*, the applicant had filed a trade-mark application in Canada based on use and registration abroad. The TMOB allowed the opposition since the applicant had not used the mark abroad as of the Canadian filing date and this constituted a valid ground of opposition (non-conformity with procedural application requirements). The Federal Court of Canada upheld the TMOB decision and confirmed that if an applicant relies on registration or application and use abroad, there must be use of the trade-mark at the time of the application in Canada, in order to constitute a valid basis to obtain registration of a trade-mark in Canada.

Noteworthy, the applicant had not amended the filing basis of its application in the *Thymes* case.

Molson Coors also contended that because Anheuser's application did not conform to the procedural filing requirements of the Trade-marks Act, it should be expunged since the jurisprudence recognised that a false statement in a trade-mark application will warrant expungement where there was fraudulent misrepresentation or where the inclusion of a material false statement of use was fundamental to the registration.

Anheuser's response

Anheuser submitted that even if the material date for assessing compliance was the date of Anheuser's original Canadian application (September 14, 2010), non-compliance with procedural filing requirements is a valid ground of opposition rather than a valid ground of invalidity in support of an expungement application. Anheuser thus argued that in order for the Court to order the expungement of its registration, there must have been a material or fraudulent misrepresentation made by Anheuser in its application for registration of the mark GRAB SOME BUDS. Anheuser asserted there was no misrepresentation because at the time it made its claim of use and application for registration abroad (February 9, 2011), Anheuser had commenced use of the GRAB SOME BUDS mark in the U.S. (September 24, 2010). Therefore, in the absence of any misrepresentations, Molson Coors had no basis for expungement of Anheuser's GRAB SOME BUDS registration.

The Federal Court of Canada decision

The Federal Court upheld that while improper claims regarding use and registration abroad may constitute a valid ground of opposition to an application prior to registration, they could not support a ground for expunging a registration. The Court also noted that intentionally fraudulent misstatements or innocent misstatements which were fundamental to the registration may invalidate an issued registration. However, in the present case, the Court agreed with Anheuser that there was no misstatement much less a fundamental one that could form the basis of a ground of invalidity.

At the time Anheuser filed its application based on proposed use (September 14, 2010), there was no statement that Anheuser had used the mark GRAB SOME BUDS in the U.S. At the time it amended its application to remove the proposed use filing basis and substitute it with the use and application for registration abroad filing basis (February 9, 2011), this statement was true as use of the mark had commenced in the U.S. on September 24, 2010. Absent any misstatement which is a non-statutory precondition for expungement, the Court dismissed Molson Coors' application for expungement.

Conclusion

This is the first case in Canada which expressly addresses an invalidity ground in the context of amendments made subsequent to the initial filing date, to claim foreign use and registration abroad. This decision confirms that as long as the claims are true at the time they are made, a registration will not be invalidated based on that practice.

However, and more significantly, Canada is headed towards a more simplified registration process. Numerous amendments to the *Trade-marks Act* have been passed by Parliament although they have yet to be proclaimed into force. The amendments will remove the filing basis of use and registration abroad as well as procedural filing requirements such as the need for applicants to identify a date of first use of the mark in Canada or state that the mark is filed on a proposed use basis.

The new provisions may come into force early next year and perhaps even sooner. Thus, concerns regarding validity in applications filed after the amendments come into force will likely dissipate. However, apprehensions in terms of possible grounds of opposition may remain in relation to applications advertised for opposition before said amendments come into force.

As such, the most prudent approach for current best practice dictates that applicants claiming a foreign use and registration basis should ensure to have the requisite use abroad at time of filing in Canada.



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