



## SHIPMENT OF GOODS ARRIVING IN CANADA AFTER RELEVANT DATE CONSTITUTES TRADE-MARK USE, RULES FEDERAL COURT IN SUMMARY EXPUNGEMENT PROCEEDING

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In an interesting decision regarding evidence of use during summary expungement proceedings under section 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter: the "Act"), the Federal Court of Canada upheld the Registrar's decision to maintain the Registrant's trade-mark OX & PALM in association with meat and processed meats, after concluding that the Registrant had met the test for proving use in Canada during the relevant period, despite delivery of its goods to Canada after the expiry of the relevant period (*Ridout & Maybee LLP v. HJ Heinz Company Australia Ltd.* 2014 FC 442 (Annis, J., May 8, 2014)).

Section 45 is the Act's "use it or lose it" provision which permits the Registrar of Trade-marks to expunge trade-mark registrations which are not in use by way of an administrative cancellation proceeding. Following a request made by any third party, the Registrar will issue a notice requiring that an owner show use of its registered trade-mark or, based on exceptional circumstances, justify its non-use, failing which such mark will be expunged.

### Factual background

The respondent before the Federal Court, HJ Heinz Company Australia (hereinafter: "HJ Heinz") is an Australian company which applied to register the trade-mark OX & PALM on

December 11, 2002 in association with "meat and processed meats, namely corned meat and tinned meat" based on use and registration of the mark in its country of origin, Australia.

On October 20, 2005, the trade-mark was registered under TMA 650,968. HJ Heinz then set to work on securing a Canadian distributor.

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In February 2009, while it arranged distribution, HJ Heinz applied for approval from the CFIA (Canadian Food Inspection Agency), based on an incorrect understanding that once the appropriate approvals were obtained for its meat products, HJ Heinz needed to deliver them in Canada within six months.

Negotiations which began in June 2009 between HJ Heinz's prospective distributor, Mangal's Market & Co, LLC (hereafter "Mangal's") and T&T Supermarkets to purchase OX & PALM branded meats, were unexpectedly derailed when Loblaws acquired T&T. In April 2010, Mangal's began new negotiations with a different customer, Centennial Foodservice – Worldsource (hereafter "Centennial", a Calgary based company). On June 7, 2010, on behalf of HJ Heinz, Mangal's offer was accepted by Centennial with the issuance of a purchase order. In June, July, and August of 2010, several receipts and commercial invoices were issued, all confirming Centennial's purchase of OX & PALM corned beef.

On July 30, 2010, the shipment of OX & PALM corned beef left Australia for delivery to Centennial, as evidenced by the Bill of Lading and Canada Customs Invoice.

On August 19, 2010, Mangal's received payment, by way of bank wire transfer, from Centennial (in an amount exceeding \$70,000 US), in respect of the OX & PALM corned beef.

On August 25, 2010, the Registrar forwarded a Notice requiring the Registrant to furnish evidence of use of its trade-mark OX & PALM in Canada in association with its registered wares, at any time during the three year period immediately preceding the date of the Notice (August 25, 2007-August 25, 2010) [the "Relevant Period"], and if not, the date on which the OX & PALM trade-mark was last used in Canada and the reason for the absence of such use since that date.

On August 28, 2010, the OX & PALM corned beef arrived in the port of Vancouver, Centennial received the wares and sold them to retailers in the greater Vancouver area.

In January 2011, tinned meat products bearing the trade-mark OX & PALM were sold by retailers in the Vancouver area in.

### **The Registrar's decision**

In its decision of March 21, 2013, the Registrar found that the Registrant's evidence supported use of the trade-mark OX & PALM in Canada during the Relevant Period. In so doing, the Registrar took note of the Requesting Party's argument that in order for use of a trade-mark to have occurred as of a certain date, transfer of actual possession of the goods must have occurred. The Registrar commented that given the purpose of a section 45 proceeding (removing "deadwood" from the register), when contemplating summary expungement under this section, it was not appropriate

to necessarily adopt the same stringent and technical approach with respect to the timing of use of a trade-mark as in the case of establishing first use for entitlement to registration or grounds of opposition.

Moreover, in an apparent reference to the issue of special circumstances constituting excusable non-use, the Registrar noted that shipping from Australia to Canada required almost one month and therefore, had the goods originated in a country in closer proximity to Canada, the issue of use of the trade-mark during the Relevant Period would not likely have arisen.

### The Federal Court decision

As allowed by section 56 of the *Act*, the applicant filed an appeal against the Registrar's decision before the Federal Court of Canada. In analysing trade-mark use, the Federal Court referenced a Federal Court of Appeal decision (*Syntex Inc v. Apotex Inc* (1984), 1 CPR (3d) 145) which held that the critical point in time is that at which a transfer occurs, either of property or of possession in the goods. The Federal Court commented that property in goods, unlike their actual possession, is a legal construct. In the case of the wording of section 45 of the *Act*, the Federal Court opined the transfer of property in the goods can be construed to have occurred "in Canada" when the custody of the goods was delivered to the transporters in Australia, so long as the delivery was completed, because delivery of the goods to the shipper was an element of the completion of the transfer of the property that occurred in Canada.

In rejecting the appeal, the Federal Court ruled that the Registrar's interpretation of the *Act* was reasonable as was her decision to maintain the challenged registration. The Federal Court decided that the Registrar's adoption of a purposive interpretation of section 45 was appropriate, while commenting that expunging a mark that was clearly not "deadwood" on the ground that the owner failed to use its mark a couple of days before the first shipment arrived in Canada would be absurd, as it would not service the objectives intended by the *Act*.

Having ruled that use of the registered mark did occur in Canada within the meaning of section 45 of the *Act*, the Federal Court did not consider the Registrant's alternative arguments regarding excusable non-use based on special circumstances.

### Conclusion

This case resonates with the well-established interpretation of section 45 of the *Act* that is consonant with its objectives, that is, to provide an efficient and effective method for removing "deadwood" from the register while protecting registered trade-mark owners against unwarranted attempts to have their marks expunged. Therefore, it would appear that in circumstances where a purchase order for a substantial

amount of trade-marked goods is placed, accepted and paid-for prior to the expiry of the Relevant Period, use requirements may be met when delivery of the goods and fulfilment of the purchase order occurs soon thereafter. As such, most importantly, this decision reminds us that the determination as to what constitutes use within the meaning of section 45 of the *Act* is carried out having regard to the circumstances of each case which turns on its own facts.



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