

**OPPOSITION PROCEEDINGS NOT NECESSARILY THE APPROPRIATE FORUM TO
DECIDE ISSUE OF UNLAWFUL USE OF TRADE-MARK, FEDERAL COURT RULES**

By
Barry Gamache*
LEGER ROBIC RICHARD, Lawyers
ROBIC, Patent & Trademark Agents
Centre CDP Capital
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: (514) 987 6242 - Fax: (514) 845 7874
www.robic.ca - info@robic.com

A recent decision of the Trial Division of the Federal Court of Canada rejected an appeal against a finding of confusion between the trade-mark MR. COFFEE in association with coffee and the trade-mark MISTER COFFEE in association with coffee equipment, coffee and other coffee supply services in circumstances where the lawfulness of the opponent's use of its trade-mark was questioned. (*Sunbeam Products, Inc. v. Mister Coffee & Services Inc.*, 2001 FCT 1218 (November 7, 2001, Kelen, J.).

On December 14, 1990, Sunbeam Products, Inc.'s predecessor in title (hereinafter "Sunbeam", whether referring to Sunbeam Products, Inc. or its predecessor) filed an application with the Registrar of trade-marks to register the trade-mark MR. COFFEE in association with coffee on the basis of proposed use of the trade-mark in Canada.

Sunbeam was already the owner of other MR. COFFEE trade-marks covering "coffee brewers and disposable coffee filters" as well as "decanter".

When Sunbeam's 1990 application was published for opposition purposes a year later, Mister Coffee & Services Inc. (hereinafter "MCS") filed a statement of opposition and alleged confusion with its previously used trade-mark MISTER COFFEE. The evidence filed by MCS revealed that it had been using this trade-mark and trade-name MISTER COFFEE in association with its business since its inception in 1980. It offered a complete coffee supply service for offices under the trade-mark MISTER COFFEE. MCS further established that it had used its name MISTER COFFEE specifically in association with coffee equipment, coffee and other coffee supply services for a period of ten (10) years prior to Sunbeam's application filed in 1990.

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* Of the Lawfirm LEGER ROBIC RICHARD, g.p. and the Patent and Trademark Agency Firm ROBIC, g.p. Publication 142.135.

On the other hand, the evidence filed by Sunbeam revealed that itself and its predecessors manufactured, distributed and sold MR. COFFEE brewing equipment, decanters and disposable coffee filters since approximately 1972 in Canada.

In its decision, the Registrar wondered about the lawfulness of MCS' use of the trade-mark MISTER COFFEE but ultimately considered that this issue was not within his jurisdiction. The Registrar further expressed surprise that Sunbeam had not taken any steps to prevent MCS from using the MISTER COFFEE trade-mark or trade-name. However, the Registrar concluded that the prior use made by MCS of its trade-mark MISTER COFFEE constituted an obstacle to the registration by Sunbeam of the proposed trade-mark MR. COFFEE for coffee. Sunbeam's other registrations did not give it the automatic right to further registrations.

Sunbeam filed an appeal before the Trial Division of the Federal Court against the Registrar's decision and, as allowed by the Federal Court Rules, it filed into evidence the pleadings in a pending 1995 Federal Court case initiated by Sunbeam against MCS.

In its decision, the Court considered that this evidence was of little weight as the material date for determining whether MCS was entitled to register its trade-mark was the date of the application, i.e. December 14, 1990. The 1995 Federal Court action was obviously not initiated at the time and was deemed irrelevant in the circumstances.

As to the issue of whether the Registrar has jurisdiction to find the use of a trade-mark unlawful in opposition proceedings, the Court did refer to other cases where the Registrar had found that specific circumstances of use of a trade-mark by an opponent in opposition proceedings were unlawful: In *McCabe v. Yamamoto & Co. (America) Inc.* (1989), 23 C.P.R. (3d) 498 (F.C.T.D.), there was evidence of a finding by a U.S. Court that a party's use of a trade-mark was an infringement of the other party's rights. In *Lunettes Cartier Ltée v. Cartier, Inc.* (1991), 36 C.P.R. (3d) 391 (T.M.O.B.) the Opposition Board accepted the evidence that a party was subject to an injunction from the Federal Court enjoining its use of a trade-mark, an identical mark which that party was relying upon in support of its opposition.

In the case at bar, the Court noted the absence of clear evidence that any use by MCS of its trade-name MISTER COFFEE was unlawful. The forum to decide such issue was not the Opposition Board as the latter lacks the jurisdiction to conduct a full hearing with *viva voce* evidence to determine the lawfulness of a party's use of a trade-mark. The Court wrote that only

when the lawfulness issue is clear will the Registrar have the jurisdiction to make a finding that a party cannot rely on its use of a trade-mark because such use is not lawfully carried out.

In light of these circumstances, the Court confirmed the Registrar's finding of confusion between the parties' trade-marks. As to the other issues raised by this case, including the co-existence of the parties' trade-marks and the legal consequences flowing therefrom, the Court mentioned that these required a full legal hearing.

This latest decision is a reminder that the Registrar will only make a finding of unlawful use when the facts supporting such unlawful use are clear, for example when the Registrar has already a Court finding to that effect. In the absence of such circumstances, the Registrar will consider himself without jurisdiction to examine issues which the parties' evidence does not always address.

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