

## **PURCHASE ORDER PLACED DURING RELEVANT PERIOD AND PROCESS OF SAMPLING AS MARKET TESTING CONSTITUTE USE, FEDERAL COURT RULES**

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The Federal Court of Canada recently rendered a decision which held that the distribution of samples for market testing as well as a purchase order placed prior to the relevant period, for wares delivered after said period, constitute use of a trade-mark (*Conagra Foods, Inc. vs. Fetherstonhaugh & Co.* (2002) T-296-01, December 4<sup>th</sup>, 2002, MacKay, J.)

### The Facts

At the request of Fetherstonhaugh & Co, the Registrar of Trade-marks issued a notice under Section 45 of the Trade-marks Act on February 11<sup>th</sup>, 1999, to Conagra Foods, Inc. (hereinafter "Owner"), the registered owner of the trade-mark KID CUISINE (TMA 407,779).

The mark KID CUISINE was registered in 1993 in association with "frozen prepared meals consisting of a chicken, cheese, beef or fish entrée with side dishes of vegetables and fruit with additional fruit or bakery goods as desserts sold as a unit, frozen prepared meals consisting of a pasta-based entrée with side dishes of vegetables and fruit with additional fruit or bakery dishes as dessert sold as a unit".

The Owner's mark had been widely used in the United States where the same trade-mark has been registered since 1991.

### The Registrar's Decision

In the case at bar, the relevant period of use was between February 11<sup>th</sup>, 1996 and February 11<sup>th</sup>, 1999. The Owner filed evidence indicating that its division ConAgra Frozen Foods Company, launched prepared frozen meals in Canada in January 1999 under the trade-mark KID CUISINE but that first deliveries for sale of these products occurred in February 1999. Samples of

invoices provided by the affiant post-dated the section 45 notice.

On December 20<sup>th</sup>, 2000, the Senior Hearing Officer assigned to the case held that the Owner had not established use within the relevant time period nor did the Owner provide the last date of use of the KID CUISINE trade-mark and the reason for its lack of use in Canada.

The Requesting Party had also successfully argued that the Owner's evidence of use after the relevant period was not use in association with the wares described in the attacked registration since the wares sold did not include fruit. The Owner sold products in Canada which included a side dish of corn rather than of applesauce which was included in the product sold in the United States.

Appeal to the Trial Division of the Federal Court of Canada

On appeal, the Owner filed significant additional evidence outlining in more detail the launch of the product in January 1999 as well as the preparatory steps leading up to this launch. In light of this additional evidence adduced before the Trial Division, the Trial judge came to his own conclusion as to the correctness of the Registrar's decision.

The Owner's evidence before the Court detailed its activities between 1997 and February 1999. A purchasing officer of Oshawa Foods confirmed in her affidavit that the Owner responded to her inquiries about the KID CUISINE product, samples of which she eventually acquired and tested in the market in 1998. The Owner's representatives also explored the potential marketing development of the KID CUISINE product in several Canadian cities including Toronto, Montreal and Vancouver in 1998. Other initial steps to develop a market in Canada such as meeting with grocery chain stores representatives continued from the spring of 1998.

The results of the market tests led the Owner to prepare its products for sale in Canada not with the side serving of applesauce but rather with corn.

The KID CUISINE product was formally launched in Canada in January 1999 where it featured an exposition of its product to representatives of major grocery chains in Canada. The Owner obtained commitments to purchase its products. One of these orders valued at \$60,000 was placed before February 11<sup>th</sup>, 1999 and shipped to Canada the same day. It was delivered a few days later as it only cleared Canadian customs on February 13<sup>th</sup>, 1999.

In the Court's view, the acceptance of the order to ship KID CUISINE products

to Canada prior to the relevant date, i.e. February 11<sup>th</sup>, 1999, constituted use of the KID CUISINE trade-mark in Canada.

The Court also held that the distribution of samples for testing in the Canadian market in 1998 also constituted use of the KID CUISINE trade-mark since this distribution was one of the steps within the normal course of trade, in an industry such as the Owner's, where a trade-mark owner seeks to develop a market. The Court concluded that the property in the sample products was transferred to Canadian merchants testing the product. The Court further stated that although the evidence of use did not demonstrate extensive transfers of the wares from the Owner to others, the Act does not require such evidence.

It is interesting to note the Court's mention that the rapid development of the market in Canada for the KID CUISINE products in a relatively short time after February 1999 (while not meeting the use test within the relevant time frame) was attributable to the Owner's success in using its mark through the sampling of its products in the Canadian market prior to the relevant period.

As to the interpretation of "side dishes of vegetables and fruit", in light of the evidence and the purpose of section 45 proceedings, the Court accepted the Owner's argument that a reasonable interpretation of this term would include "side dishes of vegetables and corn, or side dishes of vegetables, if corn were not a fruit.

The Court therefore set aside the Registrar's decision and ordered that the trade-mark KID CUISINE remain on the register.

## Conclusion

This decision may be helpful in situations where a trade-mark owner is involved in an industry where the process of sampling as market testing constitutes part of its normal course of trade. As with the preparation of any evidence of use of a trade-mark, details as to what forms the normal course of trade of a trade-mark owner should be provided. This information may prove crucial in determining the use of a trade-mark. It is also worth noting that while it does not meet the test of use within the relevant time frame, evidence of use beyond the relevant period, may, depending on the surrounding circumstances, positively influence the Registrar in its findings of use.

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