

**MONOPOLY RIGHTS CANNOT BE EXAMINED DURING SUMMARY TRADE-MARK  
EXPUNGEMENT PROCEEDINGS, RULES FEDERAL COURT OF APPEAL IN OMEGA  
CASE**

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In an important decision which describes the extent (and limits) of the authority exercised by the Registrar of Trade-marks during summary expungement proceedings under section 45 of the *Trade-mark Act*, R.S.C. 1985, c. T-13 (hereafter: the "Act"), Canada's Federal Court of Appeal ruled that the scope of monopoly rights conferred by a registration could not be examined during a section 45 inquiry (*Omega SA (Omega AG) (Omega Ltd.) v. Ridout & Maybee LLP*, 2005 FCA 306 (F.C.A., Desjardins, Létourneau and Noël, J.J.A., September 20, 2005)).

Section 45 is the Act's "use it or lose it" provision which allows the Registrar of Trade-marks to expunge trade-mark registrations which are not in use; 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, failing which such mark will be expunged. Thus, section 45 provides in part:

45. (1) The Registrar may at any time and, at the written request made after three years from the date of the registration of a trade-mark by any person who pays the prescribed fee shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trade-mark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice and, if not, the date when

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it was last so in use and the reason for the absence of such use since that date.

It is worth mentioning that the party requesting the issuance of a section 45 notice does not have to establish any interest in the registration it wishes to attack: this confirms the *public* nature of the provision which aims to ensure that the register reflects the reality of the market place: Only trade-marks which are *used* should remain on the register; one cannot save a registration for a rainy day.

Omega SA (Omega AG) (Omega Ltd.) (hereafter: "Omega SA"), the well-known manufacturer of watches and other timing instruments, is the owner in Canada of registration TMDA05009, secured on July 24, 1894, for the OMEGA DESIGN trade-mark which covers, among other things, watches. More than half a century ago, on October 24, 1952, Omega SA caused its registration to be amended in order to protect other wares including chronographs used for sporting events along with other wares described in the following fashion (and translated from the original French text of the registration): technical and scientific apparatus for electricity, optics, telegraphy, cinema, radio, telephony, namely electric photocells, starting gates, photo time recorders and starting pistols.

On August 2, 2001, at the request of Ridout & Maybee LLP, attorneys acting on behalf of a client who wished to remain anonymous, the Registrar of Trade-marks issued a section 45 notice to Omega SA requiring that it establish use of its OMEGA DESIGN trade-mark in association with each of the wares mentioned in its registration. Before the Registrar, Omega SA provided evidence of use of its trade-mark, *inter alia*, in association with chronographs on the one hand and with electric photocells, starting gates, photo time recorders and starting pistols on the other.

Though it did not contest Omega SA's evidence regarding the last four particularized items, Ridout & Maybee LLP submitted that these items were not, in fact, technical and scientific apparatus for electricity, optics, telegraphy, cinema, radio and telephony, but were rather wares used in the sports timing industry. Therefore, according to Ridout & Maybee LLP, the statement of wares should be amended to reflect this reality by deleting the general class "technical and scientific apparatus..." and adding a new general class, i.e. "sports timing devices" or more generally devices for use in sports. For its part, Omega SA argued that its evidence of use was properly put forward before the Registrar and that the latter did not have the authority to limit a particular statement of wares once use with such wares has been shown.

In her decision of September 30, 2003, the Registrar agreed with Omega SA: The evidence filed clearly identified the electric photo cells, the starting gates, the photo time recorders and the starting pistols as technical and scientific apparatus for electricity, optics, telegraphy, cinema, radio and telephony. Once it was decided that proof of use of the four particularized items had been made, the Registrar concluded that it did not have the authority to limit or redefine the general category introducing the four items. Omega SA's statement of wares was accordingly maintained.

Ridout & Maybee LLP appealed the Registrar's decision before the Federal Court. In her decision of December 3, 2004 (*Ridout & Maybee LLP v. Omega SA (Omega AG) (Omega Ltd.)* (2004), 39 C.P.R. (4th) 261 (F.C., Tremblay-Lamer, J.)), the Federal Court judge allowed the appeal and suggested that the Registrar had applied the wrong test under section 45: In the judge's words, for the purpose of section 45, evidence is required to show use of every ware specified in the registration *unless* demonstrated use of a particular ware or wares can serve as evidence of use of an entire category of wares on a plain reading of the registration. In that scenario, showing use of every single ware identified is not strictly required and whether a ware or wares can legitimately serve as a category representative is to be case specific.

Thus, in the judge's view, the evidentiary issue was whether evidence of the sale of certain wares was sufficient to support the broader category of wares described in registration TMDA05009. In other words, were electric photo cells, starting gates, photo time recorders and starting pistols representative of the broader category of wares described as technical and scientific apparatus for electricity, optics, telegraphy, cinema, radio and telephony?

According to the judge, they were not in that the four particularized items were designed for use in the sports timing industry and not examples of the broader class of scientific and technical apparatus specifically identified in the registration. The Federal Court judge accordingly ordered that the four items and their general class be expunged.

Omega SA filed an appeal before the Federal Court of Appeal against the Federal Court decision. Among other things, it argued that nothing stopped its wares from being scientific and technical apparatus (for the various applications mentioned in the registration) *and* sports timing devices. The Federal Court of Appeal agreed with Omega SA and allowed its appeal; it ordered that the Federal Court judge's decision be set aside and the Registrar's decision be restored.

In the Court's view, section 45 exists to ascertain whether a trade-mark is used. Its purpose is not to determine whether a registration accurately expresses or

defines a registrant's rights. This must be done under another section of the Act (section 57) which gives the Federal Court *exclusive original* jurisdiction to strike out or amend an entry in the register when it "does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark". In fact, the analysis conducted by the Federal Court judge was seen more as a section 57 investigation than a section 45 inquiry regarding trade-mark use. In any event, on the issue of Ridout & Maybee LLP's allegations, the Court of Appeal found that there was evidence on record linking the four items to some of the applications listed in the general class of Omega SA's registration.

In the Court's view, while the Registrar was respectful of the Federal Court's exclusive jurisdiction and refused to embark on an analysis of the monopoly rights conferred by the general class of wares found in registration TMDA05009, the Federal Court judge's decision, in effect, undermined the Court's exclusive original jurisdiction by examining, under a section 45 inquiry conducted by the Registrar, if electric photo cells, starting gates, photo time recorders and starting pistols were representatives of the broader category of wares described in Omega SA's registration.

That issue was beyond the scope of section 45; thus, once it was established that proof of use had been presented regarding electric photo cells, starting gates, photo time recorders and starting pistols, the inquiry under section 45 was over. In this case, since the trade-mark was used, there was no question of its owner "losing it".

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