DIFFERENT STANDARDS OF REVIEW APPLY TO SEPARATE ISSUES RAISED IN SUMMARY TRADE-MARK EXPUNGEMENT CASE, FEDERAL COURT RULES IN *GUIDO BERLUCCHI* CASE

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

In a decision that raises interesting points of administrative law, Canada's Federal Court allowed an appeal from a decision of the Registrar of Trade-marks to expunge the registration of a trade-mark under Section 45 of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter: the "Act") on the basis of additional evidence filed before it on an issue where, in the Registrar's view, the registrant had not made its case (*Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince*, 2007 FC 245 (F.C. Gauthier J., March 2, 2007)).

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:

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

* Lawyer with LEGER ROBIC RICHARD, LLP, a multidisciplinary firm of lawyers, and patent and trade-marks Agents. Published at (April 2007)) 21-4 WIPR. Publication 142.200.

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 ensures that the register reflects the reality of the marketplace. In this case, the requesting party is Brouillette Kosie Prince, an IP firm from Montreal. For its part, Italian wine manufacturer Guido Berlucchi & C. S.r.l. (hereafter: "Guido Berlucchi") is the owner in Canada of registration TMA282,873 secured in 1983 for the CUVÉE IMPÉRIALE BERLUCCHI & DESIGN trade-mark used in association with sparkling wines. On May 15, 2003, at the request of Brouillette Kosie Prince, the Registrar sent a Section 45 notice to Guido Berlucchi.

In response to the notice, Guido Berlucchi filed evidence which established that its sparkling wines had been sold in the ordinary course of business in Canada during the relevant period (May 15, 2000 – May 15, 2003) and, more particularly, that it had sold 300 bottles to Brunello Imports Inc., its exclusive agent for Ontario (Canada) on October 4, 2001. Supporting invoice material was filed in support of this sale.

The Registrar reviewed the evidence and concluded that it clearly showed a sale of sparkling wines having occurred in Canada during the relevant period. However, the Registrar found that the evidence was ambiguous as to whether the registered trade-mark itself (in the specific design under which it was registered) had been used during that period since Guido Berlucchi did not provide a sample of its label or a photograph of a bottle showing its trade-mark to illustrate the sale made in October 2001. Thus, the Registrar was not satisfied that the registered trade-mark in the specific form under which it appears on the register had been used in association with sparkling wines during the relevant period in Canada and proceeded to expunge the registration.

Guido Berlucchi appealed the Registrar's decision before Canada's Federal Court and, as permitted by Section 56 of the Act, filed additional evidence, notably a label showing the appearance of the trade-mark during the October 2001 transaction with Brunello Imports Inc. On the basis of this new evidence, Guido Berlucchi asked the Court to set aside the decision of the Registrar and to restore the CUVÉE IMPÉRIALE BERLUCCHI & DESIGN registration.

A first issue raised by the parties related primarily to whether the trade-mark used by Guido Berlucchi and submitted to the Court was so different from the trade-mark as registered that its use was not use within the meaning of Section 4 of the Act. Indeed, the label submitted by Guido Berlucchi showed a trade-mark used with a few small variations when compared to its registered version.

On this specific issue of the label, *i.e.* evidence that the Registrar did not consider, the Court discussed what was the appropriate standard of review for this finding and analysed general principles of administrative law: When additional evidence is filed on appeal that would have materially affected the Registrar's finding of fact or the exercise of his or her discretion (as here), the Court must decide the issue *de novo* after considering all of the evidence before it (*Maison Cousin (1980) Inc. v. Cousins Submarines Inc.*, 2006 FCA 409). In doing so, the Court will substitute its own opinion to that of the Registrar without any need to find an error in the Registrar's reasoning. On the other hand, where on appeal no new evidence is filed that would have materially affected the Registrar's findings or exercise of discretion, the standard is reasonableness *simpliciter*, whether the issue is one of fact or mixed fact and law (*Molson Breweries, A Partnership v. John Labatt Ltd.* (2000), 5 C.P.R. (4th) 580 (F.C.A.)).

During the hearing before the Court, Brouillette Kosie Prince put forth a new argument that was not specifically raised before the Registrar. It questioned whether Guido Berlucchi's single sale to Brunello Imports Inc. qualified as use of the trade-mark in the ordinary course of trade. This raised a debate as to whether this new issue was subject to a standard of review distinct from the one to be applied to the first question regarding the label. The Court had to tackle this separate issue and determine if the filing of additional evidence in the form of a label on appeal allowed the Court to revisit findings of fact made by the Registrar on issues that were not contentious until they were raised on appeal.

On this specific issue, Guido Berlucchi relied on a 2005 decision handed down by the Federal Court of Appeal in *Footlocker Canada Inc. v. Steingberg*, 2005 FCA 99 where the Federal Court of Appeal reversed a Federal Court Judge who had confirmed a Section 45 expungement decision on grounds that were totally different from those relied upon by the Registrar. In *Footlocker*, the Registrar expunged a registration because it was not clear that use had occurred during the relevant period. The owner appealed and produced evidence establishing use during such period. However, in *Footlocker*, the requesting party raised before the Court a new argument unrelated to the timing issue and argued that there was no evidence as to the identity of the user of the registered trade-mark, a point that had not concerned the Registrar. The latter argument found favour before the Federal Court Judge who accepted this new ground and confirmed the expungement of the registration despite the filing of additional evidence clarifying the timing issue.

On further appeal to the Federal Court of Appeal in *Footlocker*, Justice Marshall Rothstein (who now sits on the Supreme Court of Canada further to his appointment on March 1, 2006) allowed the registrant's appeal and

restored its registration. Writing for a unanimous bench, he indicated that the absence of new evidence on this particular issue (*i.e.* who was using the trade-mark) before the trial judge on appeal should have caused the latter to review that issue on the standard of reasonableness *simpliciter*. Thus, had the Federal Court Judge properly deferred to the Registrar's finding on this issue (as was required under the reasonable standard), he would have allowed the appeal.

The Federal Court Judge hearing Guido Berlucchi's appeal therefore concluded that different standards of review could be applied to separate issues raised in Section 45 expungement proceedings. She therefore rejected Brouillette Kosie Prince's argument that *Footlocker* is bad law because, in the requesting party's view, Section 45 of the Act calls for a single determination that should be subject to only one standard of review.

On the basis of *Footlocker* the Court resolved the issue of the standards of review in the following fashion: The issue related to the label and actual use of the registered trade-mark would be decided *de novo* while the issue of the ordinary course of trade – raised by the requesting party on appeal – would be reviewed on a standard of reasonableness *simpliciter*.

On the first point, the Court was satisfied that the label presented by Guido Berlucchi was use of the registered trade-mark, despite slight variations which were found to be inconsequential. On the issue of whether use was carried out in the normal course of trade, the Court found the Registrar's decision reasonable. Moreover, even if the Court had to determine this second issue *de novo*, it would have been satisfied that use in the ordinary course of trade had been established.

This case illustrates how very different issues raised in Section 45 expungement proceedings (and these issues can be numerous: Is there use of the trade-mark as it is registered? Is there use by the registrant? Is there use in association with the specific wares mentioned in the registration? Is there use during the relevant period?...) can each have their own separate standard of review on appeal, depending on the scope of any additional evidence filed before the Court that the Registrar did not have the opportunity to consider.

Guido Berlucchi & C. S.r.l. was represented by LEGER ROBIC RICHARD, L.L.P. in this case.