



RELEVANT DATE CRUCIAL IN ASSESSING DESCRIPTIVENESS RULES FEDERAL COURT OF APPEAL IN CANADA DRUGS CASE

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In a decision that underlines the importance of considering the relevant date established by statute when examining the descriptiveness of a trade-mark, Canada's Federal Court of Appeal recently allowed the appeal of a trade-mark owner and restored his registrations for the trade-marks CANADADRUGS.COM and CANADA DRUGS that had been expunged by the Federal Court in proceedings brought under subsection 57(1) of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter the "Act") (*Thorkelson v. Pharmawest Pharmacy Ltd.*, 2008 FCA 100 (F.C.A., Létourneau, Nadon and Sharlow, J.J.A., March 13, 2008)).

On May 20, 2003, the trade-marks CANADA DRUGS and CANADADRUGS.COM were registered in the name of Mr. Kris Thorkelson, a pharmacist, for use in association with the "operation of a drugstore, dispensary and pharmacy" along with the "online operation of a drugstore, dispensary and pharmacy". However, prior to securing registration, Mr. Thorkelson had disclaimed the exclusive right to use the words "Canada", "drugs" and ".com" apart from the marks as a whole. Mr. Thorkelson allowed companies he controlled to use under licence the registered trade-marks.

In 2006, one of Mr. Thorkelson's companies initiated an action in the Federal Court against Pharmawest Pharmacy Ltd. ("Pharmawest") who was using a trade-mark incorporating the words "Get Canadian Drugs.com". This prompted Pharmawest to commence judicial expungement proceedings against the CANADA DRUGS and CANADADRUGS.COM registered trade-marks under section 57 of the Act that gives the Federal Court exclusive jurisdiction to hear any application that concerns the content of the register.

Pharmawest's expungement application relied on paragraph 18(1)(a) of the Act that indicates that the registration of a trade-mark is invalid if the trade-mark was not registrable at the date of registration. As the Court noted, the ground of attack based on registrability requires an examination of section 12 of the Act that explains that a trade-mark is registrable if it is not "whether depicted, written or sounded, either

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clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin”.

Pharmawest’s application was heard on March 15, 2007. On April 19, 2007, Teitelbaum J. of the Federal Court granted the application and ordered the expungement of the CANADA DRUGS and CANADADRUGS.COM registered trade-marks on the basis of the descriptive message conveyed by each mark. After an appeal commenced by Mr. Thorkelson before the Federal Court of Appeal, the parties reached a settlement by which the infringement action was discontinued and Pharmawest ceased its participation in Mr. Thorkelson’s appeal.

Although the appeal proceeded unopposed, Mr. Thorkelson still had to convince the Federal Court of Appeal that the Federal Court judge’s decision could not stand either because of one or more palpable and overriding errors of facts by the trial judge or one or more findings of fact that had no evidentiary foundation. The grounds of expungement advanced by Pharmawest therefore required an examination of the record to determine whether there was before the Federal Court evidence establishing that as of the date of registration of the trade-marks CANADADRUGS.COM and CANADA DRUGS (*i.e.* May 20, 2003), those trade-marks were clearly descriptive or deceptively misdescriptive of the character or quality of the operation of an online pharmacy business.

Writing for a unanimous bench, Sharlow J.A. examined the affidavit evidence filed before the Federal Court judge; she noted that it purported to establish that the use of the words “Canada” and “drug” on the Canadian marketplace meant pharmacy services originating in Canada. However, the evidence did not appear to refer to the situation as it existed on May 20, 2003, the date when the CANADA DRUGS and CANADADRUGS.COM trade-marks were registered. She concluded that although the evidence did refer to possible descriptive aspects of each trade-mark, it also was clear that the Act’s requirement to consider the relevant date set out in paragraph 18(1)(a) was not met. For that reason, she concluded that it could not fairly be said that on May 20, 2003, the phrase “Canada Drugs”, which is the expression at the core of both trade-marks in issue, had a known meaning. On that basis, the Court allowed the appeal.

Although the Court allowed this appeal which was unopposed further to a settlement between the parties, the reasons released by the Court provide a reminder of the importance of considering the legal tests mandated by Parliament on the specific dates relating thereto. The point should be remembered when preparing evidence in this type of case since most proceedings challenging the registrability of trade-marks on the register are taken many months, if not years, after the time of registration which is the relevant date mentioned in paragraph 18(1)(a) of the Act.

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