QUEEN NO MORE: FEDERAL COURT OF APPEAL EXPUNGES SPEED QUEEN TRADE-MARK

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In a very recent decision, the Federal Court of Appeal overturned a lower court ruling that upheld a decision of the Registrar of Trade-Marks which maintained the registration of the trade-mark SPEED QUEEN after having decided its owner had provided the requisite use in an administrative cancellation proceeding in Canada [*Alliance Laundry Systems LLC* v. *Whirlpool Canada LP*, 2015 FCA 232 (Docket A-24-15) October 28, 2015].

Background Information

Section 45 of Canada's *Trade-marks Act* is the "use it or lose it" provision allowing the Registrar, via administrative proceedings, to expunge trade-mark registrations for marks not in use in Canada. Following a request made by any third party and upon payment of the prescribed fee, the Registrar gives Notice to the registered Owner of a trade-mark to prove use of its registered trade-mark in Canada with respect to each of the goods or services specified in the registration, at any time during the three year period immediately preceding the date of the Notice. Failing to establish use (or justify its non-use due to special circumstances) may lead to expungement of the mark.

The administrative cancellation proceeding

The SPEED QUEEN trade-mark was registered in 1941 in association with a number of goods and services, including laundry washing machines and laundry dryers (the latter referred to as the "Registered Goods"). On October 5, 2011, at the request of ALLIANCE LAUNDRY SYSTEMS LLC (ALS), the Registrar of Trade-marks forwarded a Notice to WHIRLPOOL CANADA LP, ("WHIRLPOOL") a wholly-owned subsidiary of the Whirlpool Corporation, who had acquired the SPEED QUEEN trade-mark in 2004, to furnish evidence of use of the SPEED QUEEN trade-mark between October 5,

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*Barry Gamache is a member of ROBIC, LLP, a firm of lawyers, patent and trademark agents. Published under the title "Canada Court Allows Appeal From TMOB Over Full Effect of Word Mark" (2015) 29:1 *Word Intellectual Property Report* 3-4. Publication 142.303.

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2008 and October 5, 2011 (“Material Period”) in association with the Registered Goods.

Whirlpool’s evidence

In response to the notice, Whirlpool filed the affidavit of Robert English, Director/General Manager of the Whirlpool Corporation, along with four exhibits. Mr. English’s affidavit (sworn March 27, 2012) contained the following allegations:

- The trade-mark SPEED QUEEN had been used by Whirlpool and its licensees in Canada, including the Whirlpool Corporation, in the normal course of trade during the Material Period;
- The trade-mark SPEED QUEEN is and was used during the Material Period by being prominently displayed on the front of the appliances themselves. Representative photos showing the display of SPEED QUEEN washers and dryers were attached as exhibit “B”;
- The SPEED QUEEN washers and dryers are and were sold during the Material Period by Whirlpool and its licensees in the normal course of trade to customers in Canada.
- A copy of an invoice dated December 20, 2011 from the Whirlpool Corporation to a retail customer in Canada for 108 washers bearing the SPEED QUEEN trade-mark was attached as exhibit “C” and a copy of an invoice dated December 22, 2011 from the Whirlpool Corporation to the same retail customer in Canada for 108 dryers bearing the SPEED QUEEN trade-mark was attached as exhibit “D”;
- The SPEED QUEEN trade-mark appears prominently in the center of each invoice and the description and model/part numbers correspond to sales of SPEED QUEEN washers and dryers in Canada. The current use of the Mark on invoices is representative of the nature of the use of the SPEED QUEEN trade-mark on invoices issued during the Material Period;
- Sales of SPEED QUEEN washers and dryers in Canada for the years 2001 to 2010 totalled $ 100,504.69 and without providing a breakdown, he adds that a portion of these sales occurred directly during October 2008 and October 2011.

Opposition Board decision

At the outset of the hearing, Whirlpool conceded that the SPEED QUEEN trade-mark ought to be amended to delete all goods and services except those described as “laundry washing machines” and “laundry dryers” (no evidence of use nor circumstances excusing the absence of use of the mark with respect to these other goods and services). Therefore, the Opposition Board focused its analysis solely on the Registered Goods.

ALS argued Whirlpool failed to meets its evidentiary burden as its evidence contained irrelevant material and vague and ambiguous statements. According to ALS, there was no evidence whatsoever of actual sales of the SPEED QUEEN Registered Goods during the Material Period as the invoices were dated outside the Material Period. Additionally, no exact sales figures were provided during said Period.

The Hearing Officer categorically disagreed with ALS and decided (i) when considering the evidence as a whole, it would be unreasonable to conclude the invoices represent "token sales" of the Registered Goods as they represented a continuity of sales and (ii) there was no reason not to accept Mr. English's clear statement that a portion of the sales for the years 2001-2010 occurred directly during the Material Period.

The Hearing Officer agreed with Whirlpool's submissions that to conclude otherwise would be tantamount to concluding that sales of SPEED QUEEN's Registered Goods happened to go from nil during the Material Period to orders worth tens of thousands of dollars each in the eleven weeks following the issuance of the section 45 notice, an unreasonable conclusion inconsistent with the summary nature of section 45 proceedings.

Federal Court decision

As no additional evidence was filed before the Court, the only issue raised on appeal was whether the Opposition Board's decision was reasonable. The Federal Court ruled that although the interpretation of the evidence is controversial, the outcome reached by the Hearing Officer fell within the range of acceptable outcomes defensible in fact and in law. In addition, the Court stated that even though the evidence was undoubtedly general and lacked specificity, Mr. English's assertions nonetheless provided an evidentiary basis for the Hearing Officer's findings.

Federal Court of Appeal decision

In a brief ruling, the FCA harshly stated "I am satisfied that the evidence of Mr. English, the Director/Manager of Whirlpool Corporation, does not, even on a generous view of its contents, meet the low threshold of evidence required to show use of the trade-mark at issue in association with the respondent's goods.". Consequently, the FCA considered the Federal Court's failure to intervene constituted a palpable and overriding error which justified its intervention and ordered the expungement of the SPEED QUEEN trade-mark.

Conclusion

It is trite law that the purpose and scope of section 45 of the *Trade-marks Act* is to provide a simple, summary and expeditious procedure for removing "dead wood" from the register.

As such, the evidentiary threshold that the registered Owner must meet is quite low. However, it appears the FCA has unequivocally reminded trade-mark practitioners that despite this low threshold, it should not be lowered to the extent where it becomes virtually impossible to have trade-mark registrations that have not been used for a considerable period of time removed from the register as long as an owner demonstrates non-abandonment of its mark. Consequently, a trade-mark owner should lead its best evidence of use devoid of general allegations lacking in specificity in favour of clear and explicit assertions.

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