



STRATEGIC ADVICE ON HANDLING AN APPEAL FROM THE TRADE-MARKS OFFICE TO THE FEDERAL COURT

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Here are a few thoughts on strategy in appeals from the Trade-marks Office to the Federal Court. These thoughts come from work in the field of trade-marks before the Trade-marks Office and the Federal Court for just over two decades. They are also based on experience in appeal cases where I presented arguments on behalf of one of the parties involved; I will accordingly refer to some of these cases to illustrate a few points.

Let's start with some advice that is relevant when you receive, unfortunately, that unfavourable decision from the Registrar.

1. Read the Registrar's reasons with a critical eye

When you receive an unfavourable decision from the Trade-marks Office, be it from the Opposition Board, the Section 45 Division or the Examination Section, you will of course be reading the decision and reporting on its content to your client along with a few recommendations.

The first piece of strategic advice that I can give at this stage is to read the decision with a critical eye in order to determine, first of all, whether any mistake in law has been made in the reasons.

Although it is recognized that the Registrar is an expert in the field of trade-marks and his decisions are usually not overturned lightly, it must also be acknowledged that the Registrar is not an expert in matters of pure law.

If you can identify a mistake made in law by the Registrar, it will be much easier, on appeal, to get the Court's attention in arguing that the Registrar's decision cannot stand.

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For example, in *Attorney General of Canada v. Effigi Inc.*, 2005 FCA 172 (F.C.A.), the Federal Court of Appeal indicated that on issues of pure law, the Registrar has no special expertise. His findings in law are therefore not subject to the usual deference granted to other types of findings.

The *Effigi* case (where I appeared on behalf of the respondent) offers a good example of reviewing the Registrar's reasons with a critical eye. This is the case that transformed Canada into a "first come, first served" country when examining trademark applications before the Examination Section. It also set aside a fifty year old policy whereby (up until *Effigi*) the priority of applications was determined by allegations of use rather than sequential filing; this meant that a subsequently filed application could "bump" a first application because of an allegation of earlier use in the subsequent application. In effect, the Registrar was interpreting paragraph 37(1)(c) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the "Act") by attaching thereto the various conditions of section 16. This was clearly stated in the Registrar's reasons refusing Effigi Inc.'s application. The Registrar's decision was not entirely a surprise since at the time, this was the understood and accepted method of determining priority when examining applications at the Examination Section.

I carefully considered the Registrar's reasons refusing Effigi Inc.'s application and concluded it was a practice that apparently everybody followed but it did not have, in my view, a basis in law. Thankfully, the Federal Court and the Federal Court of Appeal agreed but the lesson I took from this is that you should always review with a critical eye *any* decision rendered by the Registrar and you should not be afraid to challenge a practice or a policy if you can argue that such practice or policy is not what Parliament wanted or intended.

Whenever I receive a decision from the Registrar, especially if the decision is unfavourable and if I am about to make recommendations to a client, I always read the reasons to make sure that there is nothing *in law* that could be challenged since reviewing courts such as the Federal Court seem to me very interested in ensuring that a creature of statute such as the Registrar correctly applies the Act.

2. Examine (and prepare) the evidence very carefully

The evidence filed in any proceedings before the Registrar that is eventually reviewed by the Federal Court also warrants a very careful reading in a field as technical as trade-mark law. It is my experience that some cases can be won or lost by a careful analysis of the language used in the evidence submitted by the parties. For example, in section 45 proceedings under the Act, the registrant must file evidence of use during a specific period. If the evidence is ambiguous as to when the use has actually occurred, whether within or outside the relevant period, I have found that the Federal Court is usually receptive to this type of argument. For example in the case of

Grapha-Holding AG v. Illinois Tool Works Inc., 2008 FC 959 (F.C.) where I presented arguments on behalf of the requesting party, the Court agreed that the language used by the registrant in its evidence of use was not precise enough:

[22] Furthermore, referring to use on dates that are contained both within and outside the relevant period does not provide clear evidence, because it cannot be determined if any use has occurred specifically during the relevant period. Justice Pinard underlined this point in *88766 Canada Inc. v. Monte Carlo Restaurant Ltd.*, 2007 FC 1174, 63 C.P.R. (4th) 391 at paragraph 9:

The applicant submits that the affidavit of Mr. Galli does not establish that the mark was used during the relevant period with respect to either the services or the wares. I agree. The only period established by the affidavit on this point is Mr. Galli's statement that the circulars had been distributed during the preceding five years. The relevant period is the preceding three years. There is no evidence that the circulars were distributed during the latter period. ...

[23] The brochures contained in the affidavit show where the mark is situated on the various types of wares sold by the respondent. But, the evidence does not indicate that these brochures have been given at the time of transfer of the property in or possession of the wares. The relevant period is between October 30, 2000 and October 30, 2003. The Federal Court of Appeal stated this requirement in *BMW Canada Inc. v. Nissan Canada Inc.* (2007), 60 C.P.R.(4th) 181 (F.C.A).

[24] In Mr. Turfan' affidavit, the words :

- "currently sold in Canada... currently in use and has been in use since about 2002..." (paragraph 4);
- "...currently in use" (paragraph 6);
- "...currently sold in Canada... currently marked on... presently in use in Canada" (paragraph 6);
- "... similar brochures regularly accompany the sales of the wares in the normal course of trade..." (paragraph 10);

do not meet the test of the jurisprudence. The special circumstances in section 45 create an obligation on the Registrar to ensure that the evidence adduced is solid and reliable (*88766 Canada Inc. v. Monte Carlo Restaurant Ltd.*, above, citing at paragraph 8 *Boutique Limité Inc.*, above). Such is not the case here. The allegations in the affidavit are not precise enough.

In my view, this piece of advice is very important in trade-mark cases, either before the Registrar or on appeal before the Federal Court: Always read very carefully the evidence filed by the other side. Of course, also ensure that the evidence filed on

behalf of your own client is precise enough to survive any challenge of the type highlighted in the *Grapha-Holding* case (as the saying goes: what is sauce for the goose is sauce for the gander).

3. Know your standards or review and the nuances relating thereto

Any appeal from a decision from the Registrar will raise the issue of the standard of review. It is therefore important to know these standards and to determine which will be applicable in any given case.

As a general rule, the Federal Court of Appeal has held in *Chrisian Dior, S.A. v. Dion Neckwear Ltd.*, [2002] 3 F.C. 405 (F.C.A.) that:

[8] Decisions of the Registrar, whether of facts, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*, which is synonymous to "clearly wrong". Where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's decision, a judge must come to his or her conclusion as to the correctness of the Registrar's decision (see *Molson Breweries, A Partnership v. Labatt (John) Ltd. et al.* (2000), 252 N.R. 91 (F.C.A.) per Rothstein J.A. at p. 101; *United States Polo Assn. v. Polo Ralph Lauren Corp.* (2000), 9 C.P.R. (4th) 51, F.C.A., per Malone J.A. at para. 13 and Isaac J.A. at para. 10; *Garbo Creations Inc. v. Harriet Brown & Co.* (1999), 3 C.P.R. (4th) 224, F.C.T.D., per Evans J. at 234).

See also for example *United Grain Growers Ltd. v. Lang Michener*, [2001] 3 F.C. 102 (F.C.A.).

This description of the standard of review was quoted as recently as November 2010 by Mr. Justice Shore in *Diamant Elinor v. 88766 Canada Inc.*, 2010 FC 1184 (F.C.) who referred to the *Molson Breweries* case at paragraph 38 of his reasons. It was also approved by the Supreme Court of Canada in *Mattel, Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772, at paragraph 41.

However, as Mr. Justice Shore explained in the *Diamant Elinor* case, further to the Supreme Court of Canada's decision in *Dunsmuir v. New Brunswick*, [2008] 1 S.C.R. 190, the distinction between the "patent unreasonableness" and "reasonableness *simpliciter*" standards was abandoned and these two standards were merged into one:

[47] In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range

of possible, acceptable outcomes which are defensible in respect of the facts and law.

Finally, when new evidence is filed on appeal, the Federal Court judge will come to his or her own conclusion as to the correctness of the Registrar's decision only if this additional evidence is important and adds something noteworthy to the record. Where the new evidence is only repetitive and does not change the weight of the evidence already submitted, the standard of review will remain reasonableness.

As I alluded to with the *Effigi* case, in some instances, the standard of review will be correctness even if there is no additional evidence. This will be the case if the question raised is one of pure law and does not involve issues of fact or the Registrar's expertise.

That being said, the Court in *Christian Dior* indicated, *inter alia*, that the decisions of the Registrar, on issues of law, are also to be reviewed on a standard of reasonableness (described as *simpliciter pre-Dunsmuir*).

However, on issues of law, as I explained earlier, I believe that decisions from the Registrar should be reviewed on the correctness standard.

In fact, as the Federal Court of Appeal stated in *Effigi* (a case post-*Christian Dior* and post-*Molson Breweries*), decisions of pure law should be reviewed according to the standard of correctness just like any extricable question of law of general importance (as explained by the Supreme Court in *Mattel* at paragraph 40).

In short, as I mentioned earlier, always read any unfavourable decision by the Registrar with a critical eye in order to identify any error or law that might be found therein; furthermore, in any subsequent appeal, do not forget to refer the case law (such as *Effigi*) that identifies the standard of correctness for any issue of pure law (and not to any pre-*Effigi* Court decision that might suggest that issues of law are also to be reviewed on a standard of reasonableness). That is why it is important to know the case law on this issue.

4. The impact of additional evidence: What to file and for what issue?

In any appeal from a Registrar's decision, section 56 of the *Trade-marks Act* allows for the filing of additional evidence on appeal. Depending on its content, this additional evidence may have an impact on the standard of review applicable to the Registrar's decision.

If additional evidence is filed that would materially affect the Registrar's findings of fact, then the standard of review is correctness. However, this will not be the case for all aspects of the Registrar's decision. If additional evidence is filed before the

Federal Court that affects the Registrar's findings of fact on a specific issue, the standard of correctness will only apply to that specific issue while the standard of reasonableness will apply to all the other issues. This must be kept in mind when contemplating the content and extent of the additional evidence on appeal. The application of different standards of review for different issues was examined by the Federal Court in another case I argued, *Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince*, 2007 FC 245, this time on behalf of the registrant in a section 45 expungement case.

Guido Berlucchi was an appeal from the decision of the Registrar that had expunged the registrant's trade-mark. In her decision, the hearing officer acting on behalf of the Registrar concluded that the registrant's use was in the normal course of trade but she was not satisfied that the design trade-mark as registered was used during the relevant period (since no labels were filed in evidence). On appeal, additional evidence was introduced explaining the registrant's use of a label showing a variation of the trade-mark as registered during the relevant period. During the hearing of the appeal, the requesting party argued that since additional evidence was filed, the standard of review was now correctness and the issue of the normal course of trade (found to be acceptable by the hearing officer) could also be revisited on appeal by the Court.

The issue of different standards of review was not argued by the parties in their respective memorandums. However, in case the matter might be raised at the hearing (as the requesting party alluded to the issue of the normal course of trade in its memorandum), I had with me at the hearing three copies of the Federal Court of Appeal decision in *Footlocker Canada Inc. v. Steinberg*, 2005 FCA 99 (F.C.A.) where Mr. Justice Rothstein confirmed that different issues on appeal might warrant different standards of review. The Court agreed and applied the principles of *Footlocker*.

[26] In the case at hand, it is evident from the Registrar's decision that the determinative issue to be resolved was what trade-mark appeared on the label affixed to the bottles sold to Brunello Imports Inc. In paragraph 10 of his new affidavit and in exhibit AZ2, Mr. Ziliani provides the exact details of the trade-mark used on the said bottles. There is no doubt that this evidence would have materially affected the finding of the Registrar on this issue. This means that the Court must exercise its discretion *de novo* to determine whether or not the trade-mark affixed to the sparkling wines sold to Brunello Imports Inc. is sufficiently similar to the registered trade-mark to constitute use of the said trade-mark.

[27] But this is not the end of the matter. The Court must also decide what standard of review will be applied to the second issue raised by the respondent during the hearing of whether or not the mark was used in the ordinary course of trade.

[28] Berlucchi submits that it did not address this issue in Mr. Ziliani's second affidavit because this was not a contentious point. Thus, the Court should not intervene unless it is convinced that this finding was not one that was reasonably open to the Registrar on the basis of the evidence initially submitted.

[29] In this respect, the applicant relies on the decision of the Federal Court of Appeal in *Footlocker* (above), where the Court of Appeal reversed the trial judge who had confirmed an expungement decision but on grounds that were totally different from those relied upon by the Registrar.

[30] In *Footlocker*, the Registrar had found that the evidence provided by the registered owner about the use of its trade-mark on a sign affixed to the front of a store located in Toronto was vague because it did not expressly specify when that sign was displayed. The owner appealed and produced new evidence that specified that the sign had been affixed to the front of the store since 1999 and that it had remained there continuously until the date of the s. 45 notice.

[31] The respondent in *Footlocker* raised a new argument before the court unrelated to the timing of the trademark's use on the sign. The respondent argued instead that there was no evidence as to exactly which corporate entity operated the store. In so arguing, the respondent noted that the Registrar had not specifically addressed this issue and that the Registrar appeared to have simply assumed that the operator was the registered owner. Meanwhile, the original trademark holder argued that there was no new evidence on this issue and that this issue could not be raised as part of the appeal, especially when one considered that the respondent had chosen not to cross-examine their affiant.

[32] The trial judge in *Footlocker* accepted the position of the respondent and found that, given that it was now clear that the sign had been used during the relevant period, the resolution of the dispute would turn on the new issue raised by the respondent. He found that this was not a mere technicality but part of the *prima facie* case that had to be established by the registered owner. Ultimately, the trial judge concluded that this question of fact could not be assumed nor logically inferred from the evidence that was before the Registrar or the Court. Thus, he decided to confirm the expungement.

[33] On appeal in the *Footlocker* case, Justice Marshall Rothstein speaking for a unanimous bench said that there had been no new evidence related to this particular issue (ie proof of which corporate entity was the registered owner) before the trial judge. Therefore, the decision of the Registrar on this point should have been reviewed on the standard of reasonableness

simpliciter. Hence, the Court of Appeal found that had the trial judge properly deferred to the Registrar's finding on this issue (as was required under the reasonableness standard), he would have allowed the appeal.

In *Guido Berlucchi*, the Court therefore resolved the standard of review issue as follows: The question of the appearance of the trade-mark was decided *de novo* while the question of the ordinary course of trade was reviewed on a reasonableness standard.

If you file evidence on appeal limited to a particular issue, the Court will probably revisit that issue on the correctness standard if it considers that the evidence would have materially affected the Registrar's decision. This does not mean, however, that the correctness standard will apply to all issues raised by the Registrar in his or her decision. This point must be carefully considered when filing additional evidence on appeal.

5. Be ready for anything

This brings me to another point: On appeal from a decision of the Registrar, you should be prepared for *any* eventuality. I always try to foresee any issue that might come up from left field at the hearing. That is why I always bring along what I call my "just in case" case law. Most of the time, it goes unused; however, in some cases, such as in *Guido Berlucchi*, it can help the Court to deal with arguments that were not initially foreseen by the parties themselves. Sometimes, it will be the Court that will bring something up even if it is not something the parties covered in their written arguments. You must always respond to any such concerns and that is why I usually try to anticipate them and have with me my "just in case" case law.

I hope these thoughts were useful for any upcoming strategic decision as part of an appeal further to a decision by the Registrar.



