

FEDERAL COURT ALLOWS TRADE-MARK TO PROCEED TO REGISTRATION BASED ON USE OF BY EXCLUSIVE LICENSEE

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

INTRODUCTION

On an appeal of a decision of the Canadian Registrar of Trade-Marks (“Registrar”) refusing an application for registration pursuant to opposition proceedings based on a finding that the applicant had failed to show use of the trade-mark by its predecessor in title, the Federal Court of Canada reversed the Registrar’s decision and ordered that the trade-mark proceed to registration (*Sarasin Consultadoria e Servicos LDA v. Roox’s Inc.*, 2004 FC 431, Russell J., March 4, 2004).

THE FACTS

The Appellant *Sarasin Consultadoria e Servicos LDA* (“Sarasin”) was the named applicant for registration of the trade-mark NOSE DESIGN for use in association with shoes, boots, slippers and sandals, based on use by its predecessor in title, *Edit SRL* (“Edit”) since March 23, 1995. The NOSE DESIGN trade-mark was advertised and the Respondent, *Roox’s Inc.* (“Roox’s”) filed a Statement of Opposition alleging, amongst other grounds, that Sarasin’s trade-mark was confusing with Roox’s own registered trade-mark, namely TOES ON THE NOSE & DESIGN registered for, amongst others, athletic shoes, sandals, shoes, sneakers, tennis shoes, etc. Roox’s also alleged that Sarasin had failed to show use of the NOSE DESIGN trade-mark by its predecessor in title.

The Registrar rejected all the grounds of opposition raised by Roox’s, save and except for the ground relating to section 30(b) *Trade-marks Act* (R.S.C. 1985,

© LEGER ROBIC RICHARD/ROBIC, 2004

* Lawyer, Alexandra Steele is a member of the law firm LEGER ROBIC RICHARD, g.p. and of the patent and trade-mark agency firm ROBIC, g.p. Published at (April 2004) 6-4 World Licensing Law Report 4-6 under the title *Trademark Can Proceed to Registration Based on Use by Exclusive Licensee*. Publication 238.10.

c. T-13): according to Rook's, Sarasin's predecessor in title, Edit, had not in fact used the NOSE DESIGN trade-mark at the relevant date, namely March 23, 1995. The Registrar also dismissed Rook's argument of confusion between the parties' respective trade-marks in the absence of any evidence that Rook's mark had acquired any distinctiveness.

The parties appealed the decision of the Registrar: Sarasin argued that the Registrar erred in determining that Sarasin had not shown use of the NOSE DESIGN, and Rook's argued that the Registrar erred in deciding that there was no confusion between the trade-marks NOSE DESIGN and TOES ON THE NOSE & DESIGN.

THE FEDERAL COURT JUDGEMENT

The Court first proceeded to examine the decision of the Registrar, including the evidence, which consisted of two affidavits by the director of Edit, one that had been filed before the Registrar and one filed only before the Federal Court as additional evidence, as well as the documentary evidence relating to these affidavits.

The affidavit evidence was tendered to prove the date of first use of the NOSE DESIGN trade-mark and that the trade-mark had been used by Edit's exclusive licensee since that date. Sarasin argued that use of the NOSE DESIGN trade-mark by Edit's exclusive licensee inured to Edit as the owner/licensor of the mark in suit, and consequently, benefited Sarasin as the assignee of the trade-mark application. According to Sarasin, the Registrar had erred in failing to conclude that the trade-mark had in fact been used by Sarasin's predecessor in title.

Rook's adopted the position that the affidavits submitted by Sarasin did not establish use by Edit of the NOSE DESIGN trade-mark as of March 23, 1995.

In accordance with the principles set out in *Molson Breweries, a Partnership v. John Labatt Ltd*, (2000) 5 C.P.R. (4th) 180 (F.C.A.), the Court may substitute its decision to that of the Registrar "if the Registrar came to a wrong conclusion or if additional evidence is adduced on appeal that would have materially affect the Registrar's findings of fact or the exercise of her discretion". The standard of review in such a case is correctness, i.e. whether the Registrar's decision is correct in light of the evidence.

According to Sarasin, the affidavit evidence of the director of Edit clearly showed that Edit's exclusive licensee had in fact used the trade-mark and that said use benefited Edit despite the fact that the trade-mark was not registered at that time. At all times, although Edit did not itself use the mark, it

had control over the character and quality of the wares, namely shoes, boots, slippers and sandals; Edit was therefore deemed to have used the NOSE DESIGN mark as of the date of claimed first use, i.e. March 23, 1995. Roox's argued that Sarasin's evidence was ambiguous and that the additional evidence of the director of Edit did not show that the trade-mark was in fact used in association with the wares. Sarasin responded that the affidavits of the director of Edit should be read together: the combination of both affidavits and the documentary evidence appended thereto, such as invoices and samples of the various styles of wares bearing the NOSE DESIGN trade-mark, clearly demonstrate that the trade-mark was used as of March 23, 1995.

The Court agreed with Sarasin's position: both affidavits must be read together and use of the NOSE DESIGN trade-mark is established through these affidavits. The Court dismissed Roox's contention that the license agreement between Edit and its exclusive licensee did not include the territory of Canada. The Court reviewed the license agreement, as well as the cross-examination of the director of Edit on his additional affidavit and concluded that the license agreement could not be interpreted so as to exclude Canada. In addition, the Court rejected Roox's argument that the director of Edit did not possess sufficient personal knowledge of the commercial activities of Edit's exclusive licensee: it was argued by Roox's that his affidavit related facts based on information and belief, but during the cross-examination of Edit's director, it was revealed that he was a partner or shareholder of the licensee and had access to the licensee's corporate documents, as well as over the production of products bearing the NOSE DESIGN trade-mark.

Roox's also submitted to the Court that the Registrar's decision as to the absence of confusion, between Sarasin's NOSE DESIGN and Roox's registered TOES ON THE NOSE & DESIGN trade-marks, was erroneous. Roox's did not present additional evidence on the issue of confusion and argued that the Registrar's decision on this issue was clearly wrong. Roox's submitted that it was Sarasin's burden to show that there was no likelihood of confusion between the parties' respective marks and that such burden had not been discharged.

Sarasin argued that Roox's had not specifically pleaded confusion as a ground of opposition in its Statement of Opposition and that the evidence tendered in support of the argument on confusion, namely a certified copy of the TOES ON THE NOSE & DESIGN certificate of registration, was insufficient for the Court to conclude to the existence of confusion. The Court agreed that Roox's evidence was not sufficient or conclusive as concerned the issue of confusion, and since Roox's had not adduced any additional evidence on appeal, there was no reason to reverse the Registrar's decision on this issue.

The Court therefore concluded that the additional evidence of Sarasin would have materially affected the Registrar's decision and that Sarasin had shown, on appeal, that its predecessor in title had in fact used the trade-mark at the material date, namely March 23, 1995. The Court also concluded that the Registrar had not erred in its decision rejecting Rook's opposition based on confusion between the parties' marks. Consequently, the Court issued an order allowing the NOSE DESIGN trade-mark to proceed to registration.

CONCLUSION

In this case, both the Registrar and the Court had been faced with evidence that was either incomplete or unclear and this caused the decision-makers some difficulties in understanding the facts and the grounds of opposition. Although it may seem self evident, a case such as this reminds trade-mark practitioners that not only must a Statement of Opposition clearly and specifically include all the grounds of opposition the Opponent, but also that such grounds must be supported by proper and complete evidence. This is equally true for the Applicant defending its trade-mark application. The consequences of failing to adduce clear evidence may far outweigh the costs in time, effort and money to ensure protection of a party's trade-mark rights...

ROBIC + LAW
+ BUSINESS
+ SCIENCE
+ ART

ROBIC + DROIT
+ AFFAIRES
+ SCIENCES
+ ARTS

