

Excuses, Excuses: Saving a Canadian Trade-mark Registration in the Absence of Use

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In a recent decision of the Federal Court of Appeal (“FCA”), the FCA took the rare opportunity to consider an appeal from a section 45 expungement proceeding. In *One Group LLC v Gouverneur Inc.*, the FCA reviewed the Registrar’s decision not to expunge One Group LLC’s (“**One Group**”) trade-mark registration for STK (the “**Mark**”) on the basis of non-use, as well as the subsequent Federal Court (“FC”) decision to overturn the Registrar’s ruling.

One Group operates high end restaurants using the Mark outside of Canada. In preparation for a new restaurant in Toronto, One Group registered the Mark in Canada. However, due to failed discussions

with hotels and developers, a Toronto restaurant never materialized.

In due course, Gouverneur Inc. (“**Gouverneur**”) brought a section 45 proceeding, alleging that One Group failed to use the Mark in the three preceding years. The Registrar refused to expunge the Mark on the basis that there were special circumstances that excused the non-use, namely that the non-use was not in the control of One Group, and that there was evidence that One Group was close to coming to an agreement with a hotel chain which would see the Mark used in Canada.

Gouverneur appealed to the FC on the basis that the Registrar misunderstood or misapplied the test for special circumstances. The FC agreed and overturned the decision of the Registrar on the basis that it was not a reasonable finding that special circumstances excused the non-use of the Mark, and ordered the Mark expunged.

One Group then appealed to the FCA. In a relatively brief decision, the FCA allowed the appeal and reinstated the ruling of the Registrar.

This decision highlights a number of points:

- First, the FCA emphasized that deference must be given to the Registrar in expungement proceedings, as well as in those instances where the Registrar is applying its “home statute”. As a result, courts should not disturb the Registrar’s findings of fact except in those circumstances where such findings are clearly not correct.
- Second, it appears that there is a general willingness of the Registrar to preserve registrations. Hence, to the extent the Registrar makes factual findings in support of preserving a registration, the court’s deference to those findings on an appeal presents a potentially difficult hurdle to overcome.
- Third, this case is a reminder that there is a “special circumstances” exception to non-use which can be used to preserve registrations. The criteria for determining if “special circumstances” exist are:
 - the length of time during which the trade-mark has not been used;
 - whether the reasons for non-use were beyond the registered owner’s control; and
 - whether the registered owner has a serious intention to shortly resume use of the trade-mark.

Whether special circumstances exist will be determined by the Registrar from the evidence. Such findings, as stated above, will be given deference by the courts.

With this deference in mind, the FCA found no error in the Registrar’s decision that justified judicial intervention, and restored the decision of the Registrar.

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