Showing Use under the Trademarks Act

A recent decision of the Federal Court of Appeal appears to set a fairly high standard for the quality of evidence required in s. 45 proceedings.

Section 45

The purpose of section 45 of the *Trade-marks Act* is to provide a summary procedure for trimming the register of "dead wood".

The section provides that the Registrar at the written request made, after three years from the date of the registration of a trademark, by any person who pays the prescribed fee, shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trademark requiring the registered owner to furnish within three months an affidavit or statutory declaration showing with respect to each of the wares or services specified in the registration, whether the trademark was in use in Canada at any time during the three-year period immediately preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since such date.

Section 45 requires an affidavit or statutory declaration not merely stating but "showing" sufficient facts to demonstrate trademark use within the meaning of the definition of a "trade mark" in section 2 and of "use" in section 4 of the *Act*.

The Proceedings

Section 45 proceedings were brought by Alliance Laundry Systems LLC ("Alliance") relating to the trademark SPEED QUEEN owned by Whirlpool Canada LP ("Whirlpool").

Whirlpool responded to the notice and filed an affidavit that stated that Whirlpool and its licensees had used the mark SPEED QUEEN in the normal course of trade in

association with washers and dryers during the relevant three year period. The mark was used by prominently displaying it on the front of the appliances. Representative photos showing the mark displayed on SPEED QUEEN washers and dryers was included as exhibits. Invoices were also produced relating to the sale of 108 washers and 108 dryers to the same retail customer but the invoices were dated 11 weeks after the relevant period. Total sales of the SPEED QUEEN appliances for the period 2001-2010 which included the relevant period were claimed to be in excess of $100,000.

The Trade Marks Opposition Board

The hearing officer, who presided at the initial hearing, acknowledged that the invoices were dated after the relevant period but found that they were consistent with sales during the relevant period as they represented a continuity of sales when the evidence was considered as a whole.

It was also found that it was unreasonable to conclude that the invoices came from a "token" sale. To reach such a conclusion the hearing officer would have had to find that sales of the appliances went from nil during the relevant period to orders worth tens of thousands of dollars just weeks following the relevant period. Making such a finding would be inconsistent with the summary nature of the proceedings.

The Federal Court

Alliance appealed from this decision to the Federal Court. Alliance insisted that Whirlpool was required to present evidence establishing the dates on which commercial transactions occurred in order for the hearing officer to determine whether the transactions occurred during the relevant period.

It was submitted that the pictures were not evidence of a transaction in the normal course of trade and the Whirlpool affidavit was a bald assertion instead of setting out facts showing use.

Since no additional evidence was filed with the court the decision was reviewed under the reasonableness standard of review. In this context the primary concern is the existence of justification, transparency and intelligibility within the decision making process. In addition, the court must consider whether the decision falls within a range of possible acceptable outcomes which are defensible in respect to the facts and law.

Whirlpool was required to establish the use of its trademark within the meaning of the *Act* by showing that the trademark was marked on the wares at the time of transfer in the relevant period.

The judge found that the affidavit filed by Whirlpool was general and lacked specify and could have been clearer and more explicit. However, it was found that the affidavit showed trademark use by Whirlpool relating to SPEED QUEEN washing and drying machines during the period 2001-2010 since a certain portion of these sales must have occurred during the relevant period.

Viewing the evidence as a whole the judge concluded that it provided an evidentiary basis for the hearing officer's decision. In addition, it was not unreasonable to conclude that the sale of 216 of the machines which occurred 11 weeks after the end of the relevant period represented a continuity of use and that these invoices corroborated the statements contained in the affidavit. As a result the appeal was dismissed.

The Federal Court of Appeal

Alliance appealed from the decision of the Federal Court to the Federal Court of Appeal.

The court did not release detailed reasons but stated that the affidavit filed by Whirlpool did not, even on a generous view of its contents, meet the low threshold of evidence required to show use of the trademark in issue in association with appliances in the relevant period. The judge should have intervened and her failure to do so constituted a palpable and overriding error which justified intervention by the court. As a result the appeal was allowed and the registration was expunged. There was a dissent by one judge who was not persuaded that the Federal Court judge had made a palpable and overriding error.

Comment

The moral of the story seems to be that evidence filed in section 45 proceedings should clearly show use, as required by the *Act*, in the relevant period. Attempting to show use indirectly or by way of inference is a dangerous course of action.

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