

Federal Court



Cour fédérale

Date: 20150805

Docket: T-1909-14

Citation: 2015 FC 943

Ottawa, Ontario, August 5, 2015

PRESENT: The Honourable Madam Justice Kane

BETWEEN:

PADCON LTD.

Applicant

and

GOWLING LAFLEUR HENDERSON LLP

Respondent

JUDGMENT AND REASONS

[1] The applicant is the owner of the Canadian trade-mark No TMA656,692 for the mark “THE OUTRIGGER STEAKHOUSE AND BAR” [mark]. The mark is used in association with “restaurant, bar and pub services”.

[2] In 2012, the respondent, Gowling Lafleur Henderson LLP, challenged the applicant’s use of the mark. At the request of the respondent, the Registrar of Trade-marks [Registrar] issued a

notice under section 45 of the *Trade-marks Act*, RSC 1985, and c T-13 [Act] on February 20, 2012 to Padcon Ltd. [applicant] requiring Padcon to show use of the mark.

[3] The Registrar found that the applicant did not establish use during the relevant period, three years preceding the date of the notice, February 20, 2009 and February 20, 2012, in accordance with section 45 of the Act and expunged the trade-mark. The applicant now appeals the decision of the Registrar pursuant to Rule 300(d) of the *Federal Courts Rules*, SOR/98-106 and section 56 of the Act.

[4] On appeal, the applicant submits that the Registrar erred in finding that the applicant failed to show use of the mark during the relevant period. The applicant also relies on new evidence to address the issues raised by the Registrar and argues that this new evidence is probative and significant. The applicant submits that if this new evidence had been considered by the Registrar, the Registrar would have found use of the mark and, as a result, the Court must conduct a *de novo* review.

[5] For the reasons that follow, I find that the applicant's new evidence would not have materially affected the Registrar's assessment. Therefore, the standard of reasonableness applies. I also find that the Registrar's decision is reasonable in that it is justified, transparent and intelligible and falls within a range of possible outcomes justified by the facts and the law.

[6] In the alternative, if I had found the new evidence to have probative significance and had conducted a *de novo* review considering both the new and the original evidence, I would arrive at

the same conclusion; the Registrar did not err. The applicant has not established the use of the mark as registered in the relevant period.

Background

[7] Section 45 of the Act requires that, upon written notice, the registered owner of a trade-mark must show whether the trade-mark has been used with respect to each of the goods (or wares) and services specified in the registration at any time in the three years preceding the date of the notice or, if the trade-mark has not been used in those three years, the reason for the absence of use since the date when it was last in use.

[8] Subsections 4(1) and (2) of the Act define “use” with respect to goods and with respect to services as follows:

4. (1) A trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

(2) A trade-mark is deemed to be used in association

4. (1) Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

(2) Une marque de commerce est réputée

with services if it is used or displayed in the performance or advertising of those services.

employée en liaison avec des services si elle est employée ou montrée dans l'exécution ou l'annonce de ces services.

[9] In response to the notice from the Registrar, the applicant submitted the affidavit of Fred Lopreiato dated August 20, 2012 [2012 affidavit] to the Registrar to establish use of the mark. Mr. Lopreiato is an officer of Padcon and the Owner and an Officer of Shoeless Joe's Limited, which owns and operates the Shoeless Joe's Sports Grill chain of restaurants. In his affidavit, Mr. Lopreiato explained that Padcon licensed the use of the mark in association with the services to Shoeless Joe's. The use of the mark commenced in December 2005.

[10] Mr. Lopreiato attached three exhibits to his 2012 affidavit. Each exhibit was a page from a menu used at Shoeless Joe's during the relevant period or an example of a typical menu. Two of the menu pages referred to the "Outrigger Salad" and one of the menu pages referred to the "Outrigger ® Seafood Topper". Mr. Lopreiato indicated that the menus are changed "fairly frequently and some items are seasonal" and "the Outrigger Trade-mark does not always appear on our menus or all of our menus but is used periodically but on a regular basis."

[11] Mr. Lopreiato indicated that at some point, Shoeless Joe's began to use the term "Outrigger", rather than use the mark in its entirety. He stated that the "OUTRIGGER" mark was used on menus and promotional materials promoting the applicant's restaurant, bar and pub services. Although the mark had been varied, Mr. Lopreiato indicated that the mark was shown as a registered mark by using the ® symbol.

The Registrar's Decision

[12] The Registrar found that the mark had not been used as registered and expunged it.

[13] The Registrar first considered whether the exhibited menus were sufficient to demonstrate use of the mark in association with the registered services.

[14] The Registrar noted that, although a menu can be a means of promotion or marketing for a restaurant, the determination of whether a particular trade-mark displayed on a menu can be considered a display in the advertisement or performance of restaurant services generally, or only in association with a particular menu item, will be decided on the facts of each case.

[15] The Registrar found that the appearance of a trade-mark in a restaurant or on a menu does not necessarily constitute display of that mark in association with the services performed in that restaurant. The Registrar noted, as comparators, a menu in a restaurant and a catalogue in a retail store. For catalogues, a distinction is drawn between trade-marks displayed in association with particular goods appearing in the catalogue and trade-marks displayed by the retailer (e.g. the store name or slogan). Generally, trade-marks displayed in association with particular goods are considered to be in association with wares and trade-marks displayed by the retailer are considered to be in association with services. The Registrar noted that, similarly, a trade-mark displayed in a menu is not necessarily in association with restaurant services.

[16] The Registrar found that there was nothing about the way that the "OUTRIGGER" mark was displayed that indicated that it should be considered in association with the broader

restaurant services. It was only displayed in association with one menu item in each of the exhibited menus. The Registrar added that there was nothing in the evidence to suggest that Shoeless Joe's used the mark outside of the exhibited menus in promotional materials, noting that promotional materials were not in evidence, or that customers would have been aware of the mark other than the menus.

[17] The Registrar then considered whether the use of the marks "OUTRIGGER" or "OUTRIGGER SALAD" in association with the wares constituted use of the mark as registered.

[18] The Registrar referred to *Canada (Registrar of Trade Marks) v Compagnie Internationale pour l'Informatique CII Honeywell Bull*, [1985] 1 FC 406 at 525, 61 NR 286 (FCA) [*Honeywell*], as establishing the applicable test for deviation:

... The practical test to be applied in order to resolve a case of this nature is to compare the trade mark as it is registered with the trade mark as it is used and determine whether the differences between these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin.

[19] The Registrar also noted, from *Honeywell*:

That question must be answered in the negative unless the mark was used in such a way that the mark did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used.

[20] The Registrar also referred to *Promafil Canada Ltée v Munsingwear, Inc.*, [1992] FCJ No 611, 142 NR 230 (FCA) [*Promafil*], noting that in determining whether the mark remained recognizable in spite of the differences, he must consider if the "dominant features" of the mark

have been preserved. The Registrar noted that the assessment of the dominant features and whether the deviation is minor enough to permit a finding of use of the mark as registered is a question of fact.

[21] The Registrar then considered Mr. Lopreiato's affidavit which refers to "OUTRIGGER" as the "distinctive principal component" of the mark and "STEAKHOUSE AND BAR" as "purely descriptive matter."

[22] The Registrar disagreed with Mr. Lopreiato's submission that the deviation from the mark as registered was not substantial. The Registrar found that the words "STEAKHOUSE AND BAR", as part of the whole, form a dominant element of the mark, noting that these words "make for a wholly different trade-mark and their omission changes the identity of the mark as registered." The Registrar added that if the mark had been displayed in its entirety (i.e., "THE OUTRIGGER STEAKHOUSE AND BAR") or had been displayed in association with multiple menu items in close proximity, he may have reached a different conclusion. The Registrar found that, "it is clear that, in context, the manner of display and the omission of these 'descriptive' words changes the identity of the Mark such that it is fatal to the registration."

The New Evidence on Appeal

[23] The applicant filed a new affidavit of Fred Lopreiato, dated December 18, 2014 [2014 affidavit] to address the deficiencies noted by the Registrar. It attaches three exhibits: Exhibit 1 is a menu for Shoeless Joe's; Exhibit 2 is a large poster advertising a contest to win a Rickard's Backyard BBQ event (and a BBQ); and Exhibit 3 is a combination of a menu on one side and the

same advertisement for the contest to win the Rickards Backyard BBQ event (and a BBQ) on the other side.

[24] Mr. Lopreiato attests that Exhibits 1 and 2 were promotional items and were used throughout the applicant's restaurants, in the restaurant, bar and pub areas and in public areas. The affidavit also attests that similar promotional pieces were used in the relevant period.

[25] He also attests that the Outrigger meals were closely associated with the restaurant, bar and pub specials. He states that the word "Outrigger" was embedded in the names of various menu items such as salads and a topper for steak. He confirms that food was served in the restaurant, bar and pub sections of the restaurant.

The Applicant's Overall position

[26] The applicant submits that it has filed significant and substantial evidence on appeal that addresses the deficiencies noted by the Registrar and which would have materially affected the Registrar's decision. The 2014 affidavit addresses the deficiencies identified by the Registrar regarding the proof of use of the mark in association with the services and the use of the mark in the promotion and services of the applicant. The applicant submits that this warrants a *de novo* review. Upon examination of all the evidence, the applicant submits that the Court should find that it has established use of the Mark.

[27] The applicant also submits that the Registrar misdirected himself on the facts and law regarding the use of the mark in association with services, including the sufficiency of the

evidence, the use of the mark as registered, and the law as to variation of trade-marks from that which is registered.

The Respondent's Overall Position

[28] The respondent acknowledges that the evidentiary onus or threshold on the applicant to establish use of the mark is low and submits that the applicant has failed to meet even this low threshold.

[29] The respondent argues that the applicant's new evidence is not significant or material, rather repetitive. The new evidence would not have affected the Registrar's finding. Therefore, the review of the Registrar's decision should be conducted on a reasonableness standard and be found to be reasonable.

[30] In the alternative, if the Court finds that the new evidence is material and conducts a *de novo* review, the respondent argues that the Court should still reach the conclusion that the applicant has failed to establish use of the trade-mark as registered.

[31] The respondent submits that the decision of the Registrar to expunge the trade-mark was both reasonable and correct. There was no evidence before the Registrar to show that the trademark "The Outrigger Steakhouse and Bar" was in use. The use of the term "Outrigger" appears separately and only with food items and this only constitutes use in association with goods (i.e., wares), not services.

The Standard of Review

[32] On an appeal under the Act from a decision of the Registrar, where no new material evidence is adduced, the applicable standard of review is reasonableness. However, where additional evidence is adduced on appeal and this evidence would have materially affected the Registrar's decision, this Court must conduct a *de novo* review and determine whether use has been established. If the evidence would not have materially affected the Registrar's decision, the Court will review the Registrar's decision on a standard of reasonableness, based on the evidence that was before the Registrar.

[33] This well-known principle was articulated by the Federal Court of Appeal in *Molson Breweries v John Labatt Ltd*, [2000] 3 FCR 145 at para 51, [2000] FCJ No 159 (FCA):

I think the approach in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.* and in *McDonald's Corp. v. Silverwood Industries Ltd.* are consistent with the modern approach to standard of review. Even though there is an express appeal provision in the Trade-marks Act to the Federal Court, expertise on the part of the Registrar has been recognized as requiring some deference. Having regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

[34] In *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at paras 35 and 37, [2006] 1 SCR 772 [*Mattel*], the Supreme Court conducted a standard of review analysis of the administrative process set out by the Act and reiterated that the standard of review of the

Registrar's decision depends on the content of the additional evidence adduced pursuant to subsection 56(5) of the Act, and that the fresh evidence may lead to fresh hearing, noting at para 35:

Section 56 suggests a legislative intent that there be a full reconsideration not only of legal points but also of issues of fact and mixed fact and law, including the likelihood of confusion. See generally *Molson Breweries v. John Labatt Ltd.*, [2000] 3 F.C. 145 (C.A.), at paras. 46-51; *Novopharm Ltd. v. Bayer Inc.* (2000), 9 C.P.R. (4th) 304 (F.C.A.), at para. 4, and *Garbo Creations Inc. v. Harriet Brown & Co.* (1999), 3 C.P.R. (4th) 224 (F.C.T.D.).

[35] Despite the possibility of conducting fresh hearing, the Court noted that the Registrar's expertise remains a relevant consideration, at para 37:

[T]he decision of the registrar or Board "should not be set aside lightly considering the expertise of those who regularly make such determinations": *McDonald's Corp. v. Silcorp Ltd.* (1989), 24 C.P.R. (3d) 207 (F.C.T.D.), at p. 210, aff'd (1992), 41 C.P.R. (3d) 67 (F.C.A.). Reception of new evidence, of course, might (depending on its content) undermine the factual substratum of the Board's decision and thus rob the decision of the value of the Board's expertise. However, the power of the applications judge to receive and consider fresh evidence does not, in and of itself, eliminate the Board's expertise as a relevant consideration: *Lamb v. Canadian Reserve Oil & Gas Ltd.*, [1977] 1 S.C.R. 517, at pp. 527-28.

[36] In *Brouillette Kosie Prince v Orange Cove-Sanger Citrus Association*, 2007 FC 1229 at para 9, 322 FTR 212, Justice Martineau reviewed the jurisprudence and summarized the principles concerning the applicable standard of review in situations where new evidence has been adduced on appeal, noting at para 9:

However, where additional evidence is adduced in Court that would have materially affected the Registrar's findings of fact or the exercise of her or his discretion, the Court must decide the issue *de novo* after considering all of the evidence before it. In

doing so, the Court will substitute its own opinion to that of the Registrar without any need to find an error in the Registrar's reasoning. To determine whether the new evidence is sufficient to warrant a determination *de novo*, this Court must look at the extent to which the additional evidence has a probative significance that extends beyond the material that was before the Registrar. If the new evidence adds nothing of significance, but is merely repetitive of existing evidence, without increasing its cogency, the issue will be whether the Registrar's decision can survive a somewhat probing examination.

[37] The applicant and respondent also referred to additional cases where the same principles have been articulated and applied.

The Issues

[38] Given the principles which will govern the standard of review and the applicant's submissions, the issues to be addressed on this judicial review are:

- 1) Would the applicant's new evidence have materially affected the Registrar's findings of fact or the exercise of the Registrar's discretion?
- 2) If so, on a *de novo* review, has the applicant established use of the mark?
- 3) If not, is the decision of the Registrar reasonable with respect to the use of the mark in association with services and the use of the mark as registered?

Would the applicant's new evidence have materially affected the Registrar's findings of fact or the exercise of the Registrar's discretion?

The Applicant's Submissions

[39] The applicant notes the applicable principles and submits that when significant and substantial new evidence is filed on appeal, as in the applicant's 2014 affidavit, the judge should proceed by way of a fresh hearing on the extended record (*Mattel* at para 35; *Maison Cousin (1980) Inc v Cousins Submarines Inc*, 2006 FCA 409 at para 7).

[40] The applicant submits that the 2014 affidavit fills in the deficiencies identified by the Registrar: it provides a promotional poster for a contest for a BBQ event noting "Outrigger Surf and Turf"; it provides a specialty menu typical of a menu in the relevant period; it attests that the posters were displayed in the bar and in other places; and, it attests to the use of the mark since 2005. The applicant also notes that the mark was registered for restaurant, bar and pub services. The 2014 affidavit clarifies that food is served in both the bar and the restaurant.

[41] The applicant notes that the Registrar stated that if the mark had been used with multiple menu items, he would have decided differently and submits that this evidence has now been provided.

[42] The applicant also submits that the 2014 affidavit is unchallenged since the respondent did not cross-examine the affiant.

The Respondent's Submissions

[43] The respondent acknowledges the principles noted above and highlights that in assessing whether the new evidence materially affects the Registrar's findings of fact or exercise of discretion, the Court must consider whether the new evidence has probative significance extending beyond the material that was before the Registrar. If it adds nothing of significance, but is merely repetitive of existing evidence, without enhancing its cogency, the reasonableness standard will apply (*Fairweather Ltd v Canada (Registrar of Trade-marks)*, 2006 FC 1248 at para 26, [2006] FCJ No 1573).

[44] In response to the applicant's submission that the new evidence is unchallenged, the respondent notes that it did not cross-examine the affiant because there was no point in doing so. The respondent's decision to not cross-examine Mr. Lopreiato does not mean that the respondent accepts this evidence as meeting the test.

[45] The respondent submits that the 2014 affidavit is simply more of the same and would not have materially affected the Registrar's findings of fact or exercise of discretion.

[46] The new evidence fails to demonstrate use in association with services as opposed to a single menu item and fails to show use as registered. The respondent notes that the terms "Outrigger Salad" or "Outrigger Topper" are not the mark. A single brochure and a single poster both of which refer to one menu item, "Outrigger Surf and Turf" is not sufficient to show use of the mark as registered.

[47] Despite two attempts to show use as registered, the applicant has failed to show a single use in association with the services identified in the registration.

[48] The respondent acknowledges that new evidence responds to the Registrar's comment about promotional materials, but argues that the lack of promotional materials was not the basis for the Registrar's decision to expunge the mark. The Registrar simply commented that there was no indication that the mark had been used on promotional materials because the 2012 affidavit did not include any such evidence in support.

[49] The respondent submits that the new evidence does not demonstrate use of the mark in association with restaurant, bar and pub services as distinguished from a specific menu item. In each of the new exhibits, the mark is used in association with a specific menu item, in isolation from other menu items.

[50] The respondent further submits that the new evidence does not demonstrate use of the mark as registered. Although it may demonstrate use of "OUTRIGGER" or "OUTRIGGER SURF AND TURF" in association with wares, i.e. the food items, it does not demonstrate use of "THE OUTRIGGER STEAKHOUSE AND BAR" in association with restaurant, bar and pub services.

[51] The respondent submits that the new evidence is not significant or probative and does not warrant a *de novo* review. Therefore, the reasonableness standard applies; the Court must assess whether the decision is justified, transparent and intelligible, and whether the decision falls

within a range of possible, acceptable outcomes that are defensible in respect of the facts and the law (*Jose Cuervo SA de CV v Bacardi & Company Limited*, 2009 FC 1166 at para 55, [2009] FCJ No 1469; *Dunsmuir v New Brunswick*, 2008 SCC 9 at para 47, [2008] 1 SCR 190).

[52] However, if the Court accepts the new evidence and conducts a *de novo* review, even on a correctness standard, the respondent submits that the decision of the Registrar is correct.

The additional evidence would not have materially affected the Registrar's findings of fact or the exercise of the Registrar's discretion

[53] The Registrar's decision was based on two key findings:

- the mark had not been used in association with restaurant services;
and,
- the mark had not been used as registered, as "THE OUTRIGGER STEAKHOUSE AND BAR".

[54] The new evidence does not have probative significance that extends beyond the material that was before the Registrar in 2012. The new evidence is more of the same and is not more cogent than the original evidence submitted. To some extent, it is less so, given that three new exhibits only refer once each to the same single menu item.

[55] Exhibit 1 is a menu that includes one menu item bearing the term "Outrigger" – which is a reference to "Outrigger Surf and Turf".

[56] Exhibit 2 is a large poster advertising the contest to win a Rickards BBQ event and BBQ and includes in the upper right hand corner a reference to “Try our new feature menu including our famous Outrigger Surf and Turf”.

[57] Exhibit 3 is a combination menu and BBQ contest notice which refers to only one menu item bearing the term “Outrigger”, which is again a reference to “Outrigger Surf and Turf”.

[58] The 2014 affidavit and exhibits do not sufficiently demonstrate that the mark was used in association with broader restaurant services, only that “Outrigger Surf and Turf” was a menu item.

[59] Moreover, in my view, the Registrar’s reference to the lack of promotional materials was not a significant factor in his decision. The Registrar noted that the applicant had not provided any evidence of the “promotional materials” that were referred to in the 2012 affidavit. This was simply a comment and not an indication that such evidence would have had an impact on the Registrar’s assessment of use.

[60] There is nothing in the new evidence that would materially affect the Registrar’s decision regarding the use of the mark as registered. The new evidence includes a menu, stated to be typical of menus in the relevant period. However, as noted above, the menu shows only one reference to “Outrigger Surf and Turf” and does not demonstrate multiple menu items bearing the mark, which the applicant described as signature or feature dishes. The Registrar had noted that if multiple menu items had been displayed in close proximity his conclusion may have been

different. However, the new evidence does not show multiple menu items; the same menu item is noted only once on the new exhibits.

[61] The applicant provided no new (or old) evidence that the Outrigger Steakhouse and Bar had ever operated as an entity or that it had ever used the mark as registered.

[62] As a result, the new evidence does not meet the threshold test of probative significance extending beyond the material that was originally before the Registrar and the Court is not required to conduct a *de novo* review of the new and previous evidence to determine whether the applicant has demonstrated use of the mark as registered during the relevant period.

[63] The standard of review regarding the Registrar's findings of fact or exercise of discretion is, therefore, reasonableness.

Is the Registrar's decision reasonable?

The Applicant's Submissions

[64] With respect to the Registrar's finding that the applicant had not demonstrated use of the mark in association with restaurant services by the appearance of the mark on a menu, the applicant submits that the Registrar erred by misdirecting himself on the facts and the law.

[65] The applicant submits that it used the mark as required by subsection 4(2) of the Act which provides that: “A trade-mark is deemed to be used in association with services if it is issued or displayed in the performance or advertising of those services.”

[66] The applicant argues that the menu is the manner in which the restaurant, bar and pub services are provided. The customer identifies their choice from the menu and the restaurant provides the services by delivering the item.

[67] The applicant submits that the Registrar failed to consider that the mark is depicted with an ® symbol, indicating a trade-mark registration, on one of the menu items submitted in 2012.

[68] The applicant also argues that the determination that the display on the menu did not show use in association with services was a legal determination, not a factual determination, and is outside the jurisdiction of the Registrar in proceedings pursuant to section 45 of the Act (*Gesco Industries, Inc v Sim & McBurney*, [2000] FCJ No 1766 at para 5, 195 DLR (4th) 239 [Gesco]).

[69] The applicant relies on *Gesco* as analogous. In that case, the trade-marked product was used before sale of the finished product to the consumer. The Court found that whether the services are applied before or after sale did not affect whether the mark was used in association with wares or services. By analogy, a restaurant uses the menu to describe and deliver services. The applicant submits that the Registrar erred in law in making the legal determination that the menu reference did not constitute services.

[70] The applicant also contests the Registrar's finding that the use of "OUTRIGGER" and "OUTRIGGER SALAD" do not constitute use of the mark as registered because the words "STEAKHOUSE AND BAR" form a dominant element of the registered mark. The applicant argues that the Registrar erred in interpreting the law regarding variations.

[71] The applicant points to section 2 of the Act which defines "trade-mark" as "a mark that is used by a person for the purpose of distinguishing or so as to distinguish goods or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others."

[72] The applicant submits that the practical test for deviation established in *Honeywell* (at 525) was modified by the Court of Appeal in *Promafil* to be a test of continuing commercial impression. The mark as used and the mark as registered need not be identical as long as the commercial impression remains the same. The applicant notes that many factors may lead to modification of a mark, including the need to update styles with changing times.

[73] The applicant argues that this new or modified standard has been cited with approval and applied by this court in *Alibi Roadhouse Inc v Grandma Lee's International Holdings Ltd*, [1997] FCJ No 1329, 136 FTR 66 [*Alibi*]. In *Alibi*, the term "Bar & Grill" was found not to be a dominant characteristic.

[74] The applicant submits that in the present case, the Registrar erred in applying the test in *Honeywell* and focusing on whether the mark as used had the same identity. The applicant

submits that the use of “OUTRIGGER” on its own, as in *Alibi*, is the dominant characteristic, has not changed and conveys the same continuing commercial impression.

[75] The applicant notes that in *Promafil*, the trade-mark design of the penguin had changed from a corpulent to a slimmed down penguin. The applicant submits that the present circumstances are analogous. In *Promafil*, the penguin shed fat and was still identifiable and in the present case, “OUTRIGGER” shed superfluous descriptive words (“STEAKHOUSE AND BAR”) and remained identifiable and recognizable.

[76] The applicant submits that the use of the mark in the relevant period was use of the dominant portion of the registered mark and that the consumer would likely recognize it and not be confused or misled.

The Respondent’s Submissions

[77] The respondent submits that the Registrar reasonably found that the display of the mark in association with a specific menu item does not constitute use of the mark in association with restaurant services.

[78] In response to the applicant’s submission that the Registrar went beyond a “factual determination” and made a “legal determination” by deciding that there was nothing about the way that the mark was displayed that indicates its use in association with restaurant, bar and pub services, the respondent argues that the Registrar did not make a legal determination, unlike the finding in *Gesco*. The Registrar acknowledged that a trade-mark displayed on a menu *could* be

considered to be display in the advertisement or performance of restaurant services, but that this determination will depend on the facts of each case. On the facts of this case, the Registrar found that the mark was only in association with a particular menu item.

[79] The respondent submits that the Registrar did not err in determining that the words “STEAKHOUSE AND BAR” form a dominant element of the mark and that their omission is fatal to the registration of the mark. The respondent notes that the applicant has not indicated when it varied the mark from “THE OUTRIGGER STEAKHOUSE AND BAR” to “OUTRIGGER” and reiterates that the applicant did not establish that it ever used the mark in its entirety. Given that the applicant has rarely, if ever, displayed the mark as registered, customers would not have gained any familiarity with the mark in its totality.

[80] The respondent submits that the Registrar properly applied *Honeywell* and *Promafil*. The applicant’s reliance on *Alibi* to support its argument that “STEAKHOUSE AND BAR” can be omitted is misplaced. *Alibi* is distinguishable from the present case because it dealt with the dominant element of a design (in which the subject word dominated the center of the design) and because the issue was the comparison between “Alibi Roadhouse” and “Alibi Bar & Grill”. The respondent points out that, in the present case, the issue is the use of “OUTRIGGER” as opposed to “THE OUTRIGGER STEAKHOUSE AND BAR” by a restaurant of a different name, i.e. Shoeless Joe’s.

[81] The respondent notes that in *Promafil*, the Court of Appeal warned that every variation was “playing with fire” but that cautious variations within certain limits were possible (at

paras 38-39). Although absolute identity between the mark as registered and as used is not required, recognisability must be maintained.

[82] With respect to the applicant's argument that the test for variations has been modified to one of continuing commercial impression, the respondent notes even if the test has been modified, there is no restaurant known as the Outrigger Steakhouse and Bar, so there is no continuing commercial impression. The use of "Outrigger" on the menu does not lead the consumer to think it is a trade-mark for restaurant, bar or pub services, even if the ® symbol is used.

[83] The respondent also submits that the facts in *Promafil* are not analogous. Although the original penguin and the modified penguin were different in size, it was still the same penguin, with the same features. In the present case, the differences between the marks are significantly greater.

[84] The respondent submits that the Registrar reasonably concluded that the words "STEAKHOUSE AND BAR" make for a wholly different trade-mark and their omission changes the identity of the mark as registered.

[85] In response to the applicant's argument that it disclaimed the use of "STEAKHOUSE AND BAR" and these words should, therefore, not be considered a dominant element of the mark, the respondent points out that the applicant has mischaracterised the impact of a disclaimer pursuant to section 35 of the Act. The disclaimer simply prevents the registrant from claiming

“the right to exclusive use” of the disclaimed words, i.e. STEAKHOUSE AND BAR apart from the trade-mark (pursuant to section 35). This means that the applicant cannot claim exclusive use of the words “STEAKHOUSE AND BAR”, but does not affect whether the disclaimed words can form a dominant element of the mark.

The Registrar’s decision is reasonable

[86] The Registrar did not err in law in determining that the mark was not used in association with restaurant, bar and pub services. Unlike the finding in *Gesco*, this was not a “legal determination.” The Registrar is tasked with determining whether a display is in association with wares and/or services. In this case, while acknowledging that a trade-mark displayed on a menu could be a display in the advertisement or performance of restaurant’s services, on the facts of the case, the Registrar found that the mark was only in association with a particular menu item. This was a reasonable finding given that there were only a few sporadic references to menu items bearing only the “Outrigger” descriptor of the item.

[87] It is not necessary to determine, as a more general proposition, that a reference to a trade-mark on a menu can constitute use of the mark in association with services as opposed to goods or wares. The Registrar noted that such a reference could do so, but on the facts, it did not.

[88] This is distinct from the situation in *Gesco*, where the Court of Appeal found that the Registrar made an implicit legal determination by finding that services include only services applied to a product after it is sold to the public (at para 5). The Court of Appeal explained that the Registrar undertook a “fundamental issue of statutory interpretation that has a significance

beyond the facts of this case with respect to which the Court is entitled to intervene” and erred in its legal interpretation (at para 5). In this case, the Registrar did not interpret the statute and made it clear that the decision was limited to the facts of the case.

[89] The Registrar did not base his decision on the lack of promotional materials. This was noted by the Registrar as one factor supporting his conclusion that there was nothing about the way the mark was displayed to show it to be in association with the licensee’s broader restaurant services. The Registrar noted that no promotional materials were provided with the 2012 affidavit.

[90] The 2014 affidavit includes two exhibits which are promotional, but the new evidence, as noted above, would not materially affect the Registrar’s conclusion that there is nothing about the way the mark was displayed that indicates that it should be considered in association with the licensee’s broader restaurant services because it only referred to one menu item.

[91] With respect to the Registrar’s findings that the mark had not been used as Registered, i.e., as “THE OUTRIGGER STEAKHOUSE AND BAR”, the Registrar reached a reasonable conclusion and did not err in interpreting or applying the jurisprudence regarding variation of the mark.

[92] The Registrar referred to the test in *Honeywell* at page 525 to assess whether the mark retained its identity and remained recognizable, i.e., “determine whether the differences between

these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin.”

[93] The applicant’s argument that *Honeywell* has been modified by *Promafil* to be a test of “continuing commercial impression”, as noted above, requires a closer look at several passages in *Promafil* rather than isolated extracts.

[94] At paras 32-34, the Court of Appeal noted with interest the developments in the US law which permits amendments to a mark.

[95] At para 34, the Court of Appeal found that the trial judge erred, noting:

Looking at the facts of this case in light of the Canadian law, which emphasizes the maintenance of identity and recognisability and the preservation of dominant features, I can respectfully conclude only that the Trial Judge committed a palpable and overriding error in finding that the visual impact of the two designs is substantially different. My conclusion would not be weakened if I were to take account of the American standard of “the same continuing commercial impression.”

[96] The Court of Appeal went on to find that although the two designs were different, the differences were only “petty details” and the dominant impression and the dominant features in both designs were the same. The Court of Appeal concluded that the “corpulent penguin” was a “mere variation of the slim penguin, because it maintains the same dominant features” (at para 36).

[97] After making this finding, the Court of Appeal provided further guidance regarding variations at paras 38-40:

Obviously, with every variation the owner of the trade mark is playing with fire. In the words of Maclean J., "the practice of departing from the precise form of a trade mark as registered . . . is very dangerous to the registrant." But cautious variations can be made without adverse consequences, if the same dominant features are maintained and the differences are so unimportant as not to mislead an unaware purchaser.

Small and unimportant differences between various designs are explainable when one considers the various materials on which penguins used in connection with sales of shirts may need to be affixed, and the consequently varying techniques by which they may need to be affixed. Consider, for example, the mark as found on the plastic bag in which shirts may be packed, through that on the embroidered front pocket of a cotton shirt or the stitched material of a neck label or the hard plastic of a hang tag to that on rough-textured newsprint and smooth-textured magazines. What can be drawn and what can be stitched may be somewhat different, especially in finer detail. One thing that was clear even from the poor-quality photocopies in the record of this case was that the appellant had made use, and often simultaneous use, of slightly different penguin designs. I see no inherent fault in that leading to a conclusion of abandonment, provided that the continuing commercial impression remains the same.

The law must take account of economic and technical realities. The law of trade marks does not require the maintaining of absolute identity of marks in order to avoid abandonment, nor does it look to minuscule differences to catch out a registered trade mark owner acting in good faith and in response to fashion and other trends. It demands only such identity as maintains recognizability and avoids confusion on the part of unaware purchasers.

[Emphasis added]

[98] I do not share the applicant's view that the Court of Appeal's reference to the US law regarding continuing commercial impression suggests a move away from the *Honeywell* test and toward a test of continuing commercial impression.

[99] Although the Court of Appeal was attracted to this as an additional or alternative way to consider the variations in the mark, the Court of Appeal applied the Canadian law regarding identity and recognizability. The Court of Appeal compared the marks and found that the dominant features were not different and the differences between the corpulent and slim penguin were petty details. As noted, absolute identity is not required and miniscule differences may be tolerated to respond to trends.

[100] The finding was not based simply on a continuing commercial impression, but on the lack of difference in the dominant features of the marks. The Court of Appeal noted that it would have reached the same conclusion if continuing commercial impression had been the test, but it clearly indicated that it applied the Canadian law.

[101] In my view, the Court of Appeal's guidance in *Promafil* should not be interpreted as endorsing continuing commercial impression as the test for variation of a mark to the exclusion of the *Honeywell* test.

[102] In *Alibi*, the Court cited *Promafil* and characterized the Court of Appeal's decision as follows, at para 33:

The court held that if the same dominant features are used with minor differences which would not confuse or deceive an unaware purchaser, then the registered mark is still being used. The court was concerned with whether the "continuing commercial impression remain[ed] the same".

[103] Again, I do not consider this reference to be an adoption of a modified test. Nor do I agree that the Court of Appeal in *Promafil* was concerned with continuing commercial impression to any greater extent than maintaining the dominant features.

[104] I also note that the applicant's argument regarding continuing commercial impression is weakened by the fact that there was no original commercial impression of "THE OUTRIGGER STEAKHOUSE AND BAR" given that there is no evidence that this entity ever operated as a restaurant and bar, that there is no evidence of use of the mark as registered and that the applicant cannot indicate when it adopted the term "Outrigger" on its own with reference to specific menu items.

[105] The term "Outrigger" on its own does not indicate whether it is a steakhouse, restaurant or something else (e.g., a type of boat) and particularly, since there is no evidence that there ever was an Outrigger Steakhouse and Bar, it is difficult to find that there would be any continuing commercial impression, if there was no commercial impression in the first place.

[106] The omission of "Steakhouse and Bar" is also not a result of updating or modernising the mark to respond to trends.

[107] With respect to the applicant's argument that the facts in *Promafil* are somewhat analogous because in *Promafil* the penguin shed unnecessary fat and in the present case "OUTRIGGER" shed unnecessary descriptive words, I do not agree that this analogy works. First, in *Promafil*, the original mark was a slim penguin and the modified mark was a "corpulent"

penguin, so the penguin did not shed unnecessary fat. Second, in *Promafil*, the penguin retained all of its distinctive and unique features despite its more corpulent physique and the differences were found to be petty details. Although the continuing commercial impression of the penguin remained the same, this was due to the retention of the distinctive features of the mark as registered.

[108] In the present case, the Registrar did not err in interpreting the law and applying the principles of the jurisprudence. The Registrar cited both *Honeywell* and *Promafil* and correctly noted that the jurisprudence directed him to consider if the dominant features of the mark had been preserved and that this was a question of fact. He reasonably found that the words “STEAKHOUSE AND BAR” make for a wholly different trade-mark and their omission changes the identity of the mark as registered.

[109] I also agree with the respondent that the applicant’s disclaimer of the words “STEAKHOUSE AND BAR” is irrelevant to the determination of whether they form a dominant feature of the mark. The Registrar did not err by failing to address the fact that these words had been disclaimed. The disclaimer only prevents the applicant from claiming exclusive use of the generic words “STEAKHOUSE AND BAR” on their own apart from the mark as registered.

[110] The Registrar’s decision falls within the range of reasonable outcomes justified by the facts and the law and deference is owed to the Registrar’s decision in the present case.

[111] In the alternative, if I had found that the new evidence submitted in the 2014 affidavit had probative significance and would have materially affected the Registrar's decision, on a *de novo* review, I would reach the same conclusion. The applicant has not demonstrated use of the mark as registered.

[112] The use of the term "Outrigger" beside one menu item on large and small posters advertising a contest to win a BBQ event and on a menu does not establish use in association with restaurant and pub services. Similarly, the menus provided in 2012 refer only to single menu items bearing the descriptor "Outrigger" which do not show use in association with restaurant, bar and pub services, despite the affidavit which explains that food is served in both the restaurant and bar/pub areas.

[113] There is no evidence that the mark as registered, "THE OUTRIGGER STEAKHOUSE AND BAR" has ever been used.

[114] The application is dismissed with costs awarded to the respondent. If the parties are not able to agree on costs, the respondent may file submissions not to exceed three pages, in addition to its bill of costs, within 14 days of this decision. The applicant may file submissions in response not to exceed three pages within 14 days thereafter.

JUDGMENT

THIS COURT'S JUDGMENT is that the application is dismissed with costs to the respondent.

"Catherine M. Kane"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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