

Federal Court



Cour fédérale

Date: 20200416

Docket: T-384-15

Citation: 2020 FC 520

Ottawa, Ontario, April 16, 2020

PRESENT: Mr. Justice Pentney

BETWEEN:

FFAUF S.A.

Applicant

and

INDUSTRIA DI DISENO TEXTIL, S.A.

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] This is an appeal by FFAUF S.A. (FFAUF, or the Applicant) pursuant to section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [the *Act*] from a decision dated January 12, 2015, of the Registrar of Trademarks (the Registrar), expunging the Applicant's PASTA ZARA & DESIGN mark (Canadian Trademark Registration No. TMA395,023) from the Register, pursuant to section 45 of the *Act*. The mark is shown below:



[2] The Registrar expunged the mark because she found that the evidence filed by the Applicant was not in the proper form, as will be explained in more detail below. The Registrar went on, however, to indicate that had the evidence been admissible, she would have found that the Applicant had used the mark during the relevant period, and therefore would not have expunged it.

[3] The Applicant appeals this decision, and has filed new evidence, as is permitted under section 56(5) of the *Act*.

[4] For the following reasons, this appeal is allowed.

[5] This is one of two related appeals filed by FFAUF in respect of decisions by the Registrar pursuant to section 45 applications. This decision relates to the registration for the design mark “PASTA ZARA & DESIGN,” shown above. The companion case deals with the registration of a

word mark “LE DELIZIE ZARA” (Court File Number T-385-15). There is considerable overlap in regard to the factual history and the applicable law in both cases, and they were heard together. Separate decisions have been prepared for each file.

II. Context

[6] The Applicant is a family holding company for the Bragagnolo family. Its name is taken from the first letters of the names of the father and children (Franco, Furio, Arianna, Umberto, and Franca). FFAUF is a marketing company that sells and distributes Italian food products in Europe, the Middle East, the Far East, as well as North and South America. It is the owner of the PASTA ZARA & DESIGN registration, and is the majority shareholder of Pasta ZARA. The Bragagnolo family is involved in the daily operations of Pasta ZARA, and the children comprise the majority of the Board of Directors of that company.

[7] The registration is for the design mark used in association with “alimentary pasta.”

[8] Pasta ZARA is a leading Italian exporter of pasta, and the second largest pasta manufacturer in Italy. During the period that is relevant for this matter, Pasta ZARA was the exclusive worldwide licensee of the PASTA ZARA & DESIGN mark.

[9] At the request of Industria de Diseno Textil, S.A. (the Respondent) a section 45 proceeding under the *Act* was commenced on December 18, 2012, requiring the Applicant to show its use of the mark in Canada during the three-year period preceding the date of the notice, namely December 18, 2009, to December 18, 2012.

[10] In response to the notice, the Applicant filed an affidavit of Massimo Storaro, the administrator of FFAUF. This affidavit describes the background to the business and the registration of the mark. It also provides a copy of the licencing agreement that granted the worldwide exclusive licence to Pasta ZARA to use the mark, and sets out measures by which FFAUF seeks to ensure control over the quality of the goods produced by Pasta ZARA. In addition, the affidavit describes sales of goods displaying the registered mark to companies in Canada, and provides copies of invoices regarding sales during the relevant time period. The affidavit also provides a copy of a sales catalogue showing examples of the packaging of the products.

[11] The Respondent objected to this affidavit, arguing that it did not meet the legal requirements for a sworn document on several grounds: there was no signature of any person authorized to receive the oath and that part of the form was blank; the page attached to the affidavit was in Italian, and no translation into either English or French had been provided; the statement on the page appeared to indicate that the person signing was attesting to the identity of Mr. Storaro, and did not indicate that he had been duly sworn.

[12] The Registrar found that the document was inadmissible, noting that section 45 of the *Act* requires that proof of use be established by way of an affidavit or statutory declaration. The Registrar concluded that the document did not meet the requirements of the law because there was no proof that it had actually been sworn or declared before a commissioner for taking oaths. The Registrar noted that FFAUF had notice of the Respondent's objections and an opportunity to correct the situation, but it chose to proceed on the basis that the Storaro document was a properly sworn affidavit. It did not provide a translation or explanation of the document that

indicated it had been properly sworn, and therefore the Registrar treated it as the equivalent of a document that had been stamped by a Canadian notary, but without the proper jurat indicating that it had been sworn or affirmed.

[13] In the absence of any admissible evidence to demonstrate use of the trademark during the relevant period, the Registrar decided that the registration should be expunged.

[14] The Registrar went on, however, to find that had the Storaro document been admissible, she would have found that use of the mark in Canada during the relevant period had been demonstrated. The Registrar found that use of the mark by Pasta ZARA inures to the benefit of FFAUF under the terms of the licence agreement, and that FFAUF retained the right to exercise control over the character and quality of the goods as well as their marketing. The invoices and shipping labels attached as exhibits to the Storaro document demonstrated sales of the goods in Canada during the relevant period, and the evidence from the product catalogues as well as product labels on packages demonstrated use of the mark in the ordinary course of trade. The Registrar stated she also would have found that the mark displayed on the packaging did not substantially deviate from the mark as registered, and that the dominant features of the mark had been preserved so that the mark retained its identity and remained recognizable.

[15] For these reasons, the Registrar indicated that if the Storaro document had been admissible, she would have found use of the mark during the relevant period. However, because of the deficiencies noted previously, the Registrar concluded that the document was inadmissible and that FFAUF had not filed evidence to demonstrate its use of the mark. She therefore expunged the registration.

[16] FFAUF is appealing this decision, and has filed new evidence.

III. Issues

[17] The parties both put forward the following statement of the issues:

- A. What is the appropriate standard of review?
- B. Given that the new evidence is essentially the same as the previous evidence (but with the proper jurat), should the Registrar's finding that the evidence was sufficient to demonstrate use of the mark in the normal course of trade with pasta during the relevant period be disturbed?
- C. Do the additional evidence and cross-examination change the Registrar's finding?
- D. Should the Decision of the Registrar, cancelling the registration of the mark, be overturned?

[18] I would reformulate the issues in the following way:

- A. What is the appropriate standard of review?
- B. Has the Applicant established "use" of the trademark during the relevant period, as required by section 45 of the *Act*?

IV. Analysis

A. *What is the appropriate standard of review?*

[19] The traditional approach to the review of a decision of the Registrar where new evidence is filed was recently summarized by Justice Gauthier in *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 [*Seara*]:

[22] When new evidence is admitted on an appeal of a TMOB [Trademarks Opposition Board] decision under section 56 of the Act, the Court undertakes a *de novo* review of the record. However, admitting new evidence does not necessarily displace the TMOB's findings in respect of every issue. Only those issues to which the new evidence speaks warrants a fresh analysis by the Court. Otherwise, the TMOB's findings are to be assessed on a reasonableness standard (see *Saint Honore Cake Shop Limited v. Cheung's Bakery Products Ltd.*, 2015 FCA 12 at para. 18 [*Saint Honore*]). In other words, where additional evidence is adduced before the Federal Court that would have materially affected the TMOB's findings of fact or exercise of discretion, the Court must come to its own conclusion on the issues to which the new evidence relates (see *Molson Breweries, A Partnership v. John Labatt Ltd.*, [2000] 3 F.C. 145 (C.A.) at paras. 46-51, leave to appeal to S.C.C. refused, 27839 (September 14, 2000) [*Molson Breweries*]).

[20] This application of the reasonableness standard to an appeal where no new evidence was filed, or in regard to issues not affected by the new evidence, was based on the approach to determining the standard of review set out in *Dunsmuir v New Brunswick*, 2008 SCC 9. It must now be re-assessed in light of the recent decision of the Supreme Court of Canada in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*]. The parties provided additional submissions on this question, and these have been considered in this analysis.

[21] In this case, the Applicant has filed new evidence; that is, an affidavit of Arianna Bragagnolo, who is Deputy President of the Board of Directors of Pasta ZARA, as well as its export manager. This affidavit, together with its exhibits and the cross-examination by the Respondent constitutes the entirety of the evidence regarding the Applicant's use of the mark in Canada during the relevant period.

[22] The Applicant submits that this is not a typical trademark appeal because the new evidence that it filed does not merely supplement the record that was before the Registrar in order to address a deficiency. Instead, in this case, the Registrar found that there was no evidence of use because the only affidavit that had been filed was deemed inadmissible. The new evidence filed on appeal is virtually identical to that which was before the Registrar, and the new affidavit and exhibits, as well as the cross-examination by the Respondent on it constitute the entire evidentiary record.

[23] The Applicant contends that this evidence is clearly new, material, probative, and reliable, and it would have materially affected the Registrar's findings of fact. The cross-examination on the Bragagnolo affidavit did not affect the substance of the evidence. The new evidence is therefore admissible on the appeal, and this Court is required to undertake its own analysis of the issue of whether use has been demonstrated as required by section 45 of the *Act*. In this regard, the Applicant submits that the findings by the Registrar are not affected by the new evidence, and therefore the Court must show deference to the Registrar's findings in these matters and they must be reviewed on a palpable and overriding error standard.

[24] In the alternative, the Applicant argues that if the Court is of the opinion that it must undertake a *de novo* review on a correctness standard, the new evidence meets the low evidentiary threshold for demonstrating use pursuant to section 45 of the *Act*.

[25] The Respondent submits that the circumstances of this case call for a *de novo* examination by the Court, because there was a complete absence of admissible evidence before the Registrar. There is nothing to “re-examine” because the Registrar’s decision is based solely on the absence of evidence. The determinative finding by the Registrar is set out in the following passage from the decision:

[17] As the Registrant has not complied with the requirements of section 45 of the *Act*, the evidence not being in the proper form of an affidavit or statutory declaration, then I conclude that this amounts to a failure to furnish evidence. Accordingly, the registration ought to be expunged.

[26] Despite the comments of the Registrar on the merits of the case, the intention of the legislature is clear: pursuant to subsection 56(5) of the *Act*, where new evidence is filed, the Court must undertake its own review of the facts and the law in order to come to its own determination. In this case, the new evidence addresses the entirety of the case, and so the Court must undertake its own assessment of the matter.

[27] I agree with the position of the Respondent. For reasons which will be explained below, I find the new evidence to be admissible. The new affidavit and exhibits, together with the cross-examination, constitute the entire factual record rather than merely supplementing the record below. In such a circumstance, the Court must undertake a *de novo* review of the case, and in that sense the usual standard of review analysis is simply inapplicable.

[28] The starting point for the analysis of this question is *Vavilov*. In *Vavilov*, the Supreme Court departed from its previous jurisprudence, and decided that where legislation provides for a statutory appeal from the decision of an administrative tribunal, the applicable standard of review is the usual appellate standard, since that is what is presumed to flow from the legislator's use of the term "appeal" in the legislation (*Vavilov* at para 37). This is rooted in respect for the legislature's intent in adopting an appeal provision (*Vavilov* at para 36). The Court specifically notes that legislatures may prescribe limitations on appeal rights in a variety of ways, and these choices must also be respected (*Vavilov* at paras 50-52).

[29] The Court set out the following summary of the appellate standard:

[37] It should therefore be recognized that, where the legislature has provided for an appeal from an administrative decision to a court, a court hearing such an appeal is to apply appellate standards of review to the decision. This means that the applicable standard is to be determined with reference to the nature of the question and to this Court's jurisprudence on appellate standards of review. Where, for example, a court is hearing an appeal from an administrative decision, it would, in considering questions of law, including questions of statutory interpretation and those concerning the scope of a decision maker's authority, apply the standard of correctness in accordance with *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235, at para. 8. Where the scope of the statutory appeal includes questions of fact, the appellate standard of review for those questions is palpable and overriding error (as it is for questions of mixed fact and law where the legal principle is not readily extricable): see *Housen*, at paras. 10, 19 and 26-37. Of course, should a legislature intend that a different standard of review apply in a statutory appeal, it is always free to make that intention known by prescribing the applicable standard through statute.

[30] Therefore, where no new evidence is filed on a section 56 appeal, the usual appellate standard must now apply. However, I agree with the Respondent that it has long been recognized that section 56 is a somewhat unusual appeal provision, in that it includes provisions for both

notice to the public and the filing of additional evidence (*Austin Nichols & Co, Inc v Cinnabon Inc*, [1998] 4 FCR 569 (CA)):

Public Notice

56(4) The Federal Court may direct that public notice of the hearing of an appeal under subsection (1) and of the matters at issue therein be given in such manner as it deems proper.

Additional Evidence

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

Avis public

56(4) Le tribunal peut ordonner qu'un avis public de l'audition de l'appel et des matières en litige dans cet appel soit donné de la manière qu'il juge opportune

Preuve additionnelle

(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

[31] In *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 35 [*Mattel*], the Supreme Court of Canada described the legislative intent underlying section 56:

The Act provides for a full right of appeal to a Federal Court judge who is authorized to receive and consider fresh evidence (ss. 56(1) and 56(5)). There is no privative clause. Where fresh evidence is admitted, it may, depending on its nature, put quite a different light on the record that was before the Board, and thus require the applications judge to proceed more by way of a fresh hearing on an extended record than a simple appeal (*Philip Morris Inc. v. Imperial Tobacco Ltd. (No. 1)* (1987), 17 C.P.R. (3d) 289 (F.C.A.)). 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.).

[32] The standards of review that apply to a section 56 appeal can be summarized in the following way: (i) where no new evidence is admitted, the usual appellate standard of review applies; (ii) where new evidence is admitted on an appeal, the usual appellate standard will apply

to any issue that is not affected by the new evidence. However, the Court must consider *de novo* the issues to which the new evidence relates (*Molson Breweries v John Labatt Ltd*, [2000] 3 FC 145 at para 51 (FCA); *Spirits International BV v BCF SENCRL*, 2012 FCA 131 at para 10 [*Spirits International*]).

[33] While the new evidence may “undermine the factual substratum of the Board’s decision and thus rob the decision of the value of the Board’s expertise,” this does not “eliminate the Board’s expertise as a relevant consideration” (*Mattel* at para 37).

[34] In this case, the new evidence meets the test for admissibility. This test was summarized recently in *Seara*:

[25] The question is thus: could this new evidence, because of its significance and probative value, have had a bearing on a finding of fact or the exercise of discretion of the TMOB? In other words – in the context of the confusion analysis in this case – could this evidence lead to a different conclusion in respect of one or more of the factors set out in subsection 6(5) of the Act and the balancing underpinning the conclusion as to whether confusion was likely?

[35] Applying this to the case at bar, the question is whether the new evidence, because of its significance and probative value, would have had a bearing on the finding of the Registrar on the question of use of the trademark during the relevant period? The answer is obvious, in that the new evidence constitutes the entire proof of use, and the Registrar’s decision makes clear that had the evidence been admissible she would have found that use of the mark had been established. As discussed in more detail below, the evidence is significant and probative. It is admissible on the appeal.

[36] This leaves the question of whether the findings made by the Registrar warrant any deference. Again, this case must be examined in light of its particular circumstances; this is not a situation where only some of the findings of the Registrar are affected by the new evidence. It must be recalled that the Registrar found the Storaro document to be inadmissible in its entirety. It was the equivalent of an unsworn document that had been stamped by a notary, and did not meet the requirements set out in section 45 of the *Act*. There was no admissible evidence to support FFAUF's claim that it used the trademark during the relevant period, and so the Registrar concluded that the mark should be expunged from the Registry.

[37] In this case the new evidence does not merely "undermine the factual substratum of the Board's decision," but rather replaces it entirely. In any case, the effect is the same: it robs "the decision of the value of the Board's expertise" (*Mattel* at para 37) insofar as the decision is based on a complete absence of admissible evidence.

[38] The fact that the Registrar went on to comment on the findings she would have made on the evidence if it had been admissible does not erase the earlier finding that there was no admissible evidence of use and therefore the mark should be expunged. At best, these comments must be treated as *obiter dictum*. I disagree with the Applicant that these findings should be subject to the palpable and overriding error standard of appellate review, because they are not findings of fact or mixed fact and law on which the decision was based. The only finding of that nature by the Registrar was that the Storaro document was inadmissible, and this is not challenged in this appeal.

[39] On this basis, the comments by the Registrar on the merits of the case are to be given little weight. Instead, I must conduct a *de novo* review of the matter.

B. *Has the Applicant established “use” of the trademark during the relevant period, as required by section 45 of the Act?*

(1) Legal Framework

[40] Use is defined in subsection 4(1) of the *Act*:

When deemed to be used

4(1) A trademark 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.

Quand une marque de commerce est réputée employée

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.

[41] The procedure under section 45 of the *Act* is meant to be simple, summary in nature, and expeditious. All that is required is that the trademark owner must establish a *prima facie* case of use in Canada within the relevant period: *Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d) 289 at p 293, [1987] FCJ No 26 (QL) (FCTD). The burden of proof in doing so is not onerous: *Black & Decker Corporation v Method Law Professional Corporation*, 2016 FC 1109 at para 12; *Spirits International* at para 8.

[42] Since use here is by a licensee, it must be shown that the relationship between FFAUF and PASTA ZARA satisfies the requirements of subsection 50(1) of the *Act*:

Licence to use trademark

50(1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trademark to use the trademark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the goods or services, then the use, advertisement or display of the trademark in that country as or in a trademark, trade name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trademark in that country by the owner.

Licence d'emploi d'une marque de commerce

50(1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des produits et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial – ou partie de ceux-ci – ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.

(2) Position of the Parties

[43] The Applicant contends that the new evidence demonstrates use in Canada during the relevant period, as well as the requisite degree of care and control over the use of its trademark by its licensee. The new evidence comprises the affidavit of Arianna Bragagnolo and includes the exhibits to her affidavit as well as the cross-examination by the Respondent.

[44] The Bragagnolo affidavit describes the product quality certifications that Pasta ZARA has obtained, as well as the control that FFAUF exercises over the character and quality of the goods sold in association with its trademarks. Under the terms of the licencing agreement, Pasta ZARA is required to maintain a high level of quality in terms of the raw materials used, as well as the processing, packaging, and commercialization of the products. Quality control efforts include internal laboratory testing of raw materials, as well as ongoing quality control checks of

the finished products. The licence agreement also requires FFAUF's consent to any outsourcing of the production of ancillary products, while ensuring that all pasta production occurs within Pasta ZARA factories.

[45] The affidavit also provides copies of an annual company profile for 2010, 2011, and 2012, showing images of products bearing the mark that were sold in each of those years. It also included copies of a product catalogue produced by Pasta ZARA for 2012 and 2013, showing examples of the product packaging displaying the mark. It states that the catalogues for 2010 and 2011 were "more or less identical" to the 2012 version, and that the goods imported into Canada had the same packaging as displayed in these catalogues. These catalogues were sent to Canadian distributors; Pasta ZARA does not sell directly to consumers, but rather provides its product to distributors.

[46] The affidavit states that sales of the goods in association with the mark amounted to in excess of \$200,000 CAD during the relevant period. Copies of invoices and shipping labels were provided, and these display the mark and demonstrate sales and delivery of the goods to Canadian distributors.

[47] The Applicant submits that this evidence meets the low threshold for demonstrating use of the mark in the ordinary course of trade in a section 45 proceeding, as well as the type of control of the character or quality of the goods required by subsection 50(1). It argues that the decision of the Registrar should be overturned and that the registration of its mark should be maintained.

[48] The primary argument of the Respondent is that the Applicant did not use the mark as registered. The mark is registered as shown above, but is displayed on the packaging in a different manner:



[49] The Respondent argues that the product catalogues and other information showing the products do not contain a single example of use of the mark as registered. Instead, they consistently show the use of a variation of the mark. The Respondent submits that the variation is significant.

[50] The Respondent argues that the test to be applied is that the elements of the trademark must have been preserved so that the mark as used maintains its identity and remains recognizable as the registered mark *per se*. The Respondent submits that the test was correctly

stated in *Canada (Registrar of Trade Marks) v Cie internationale pour l'informatique CII Honeywell Bull SA* (1985), 4 CPR (3d) 523 (FCA) at p 252 [*CII Honeywell Bull*]:

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.

[51] The Respondent contends that in order to be able to claim that the variation of a trademark is not substantially different and that the use of the variant actually amounts to use of the trademark as registered: “the registered owner must maintain identity and recognisability; he must preserve the dominant features of the registered trade-mark to avoid misleading the unaware purchaser” (*Guido Berlucchi & C Srl's v Brouillette Kosie Prince*, 2007 FC 245 at para 22).

[52] The Respondent argues that the statement of the guiding principles by the Registrar in *Nightingale Interloc Ltd v Prodesign Ltd* (1984), 2 CPR (3d) 535 at pp 538-39 [*Nightingale*] correctly states the law on this question:

[6] The jurisprudence relating to the question of what deviations in a trade mark are permissible is complicated and often contradictory but in my opinion it is best viewed as establishing two basic principles:

Principle 1

[7] Use of a mark in combination with additional material constitutes use of the mark per se as a trade mark if the public, as a matter of first impression, would perceive the mark per se as being used as a trade mark. This is a question of fact dependent upon such factors as whether the mark stands out from the additional material, for example by the use of different lettering or sizing [...] or whether the additional material would be perceived as purely descriptive matter or as a separate trade mark or trade name [...]

Principle 2

[8] A particular trade mark will be considered as being used if the trade mark actually used is not substantially different and the deviations are not such as to deceive or injure the public in any way [...]. In general, however, this principle would appear applicable only where the variations are very minor [...].

[Citations omitted.]

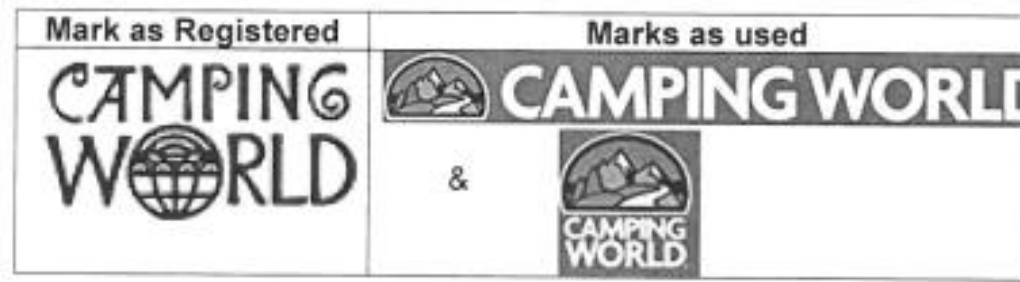
[53] The Respondent adds that when an owner chooses to use a modified version of its trademark, it does so at its own peril. The approach is correctly described by Justice Gauthier in *Pizzaiolo Restaurants Inc v Les Restaurants La Pizzaiolle Inc*, 2016 FCA 265 [*Pizzaiolo*] at para 16:

[16] Obviously, the registration of the Design Mark would provide some flexibility as to how the appellant could use it; however, the registration of a specific design limits the graphic variant that would constitute use by the appellant of its registered mark pursuant to section 4 of the *Act*. The deviations from the registered design must not change the distinctiveness of the mark; it must retain its dominant features (*Promafil Canada Ltée v. Munsingwear Inc.*, 142 N.R. 230 at paragraph 38, [1992] F.C.J. No. 611).

[54] The Respondent argues that the key difference between the mark as displayed and the mark as Registered is the absence of the circle that encompasses the picture of the woman holding sheaves of wheat and the “pasta ZARA” words, which are in an ellipse. In addition, in some of the displays of the mark the ellipse with the words “pasta ZARA” does not overlap with the picture of the woman.

[55] The Respondent argues that the mark as registered is contained within a circle and that is one of its dominant elements. The overall shape of the Mark as registered is essential; all of the other dominant features are contained within the circle, and this is not a secondary feature of the

design mark. The Respondent contends that this case is similar to the situation in *CWI, Inc v Thompson Dorfman Sweatman LLT*, 2018 FC 941 [*CWI, Inc*], where Justice Richard Mosley found the variation rendered the trademark as used substantially different from the trademark as registered. The differences are set out below:



[56] Justice Mosley found that the Registrar’s conclusion that the dominant feature of the mark as registered was the globe design in place of the “o” in “WORLD” was reasonable: “[t]he evidence submitted showed a substantial deviation from the registered design. Since this was a design mark, the visual essence was critical to the Registrar’s analysis on deviation” (at para 32).

Justice Mosley went on to state:

[33] The use of additional design material, such as the mountains that appear in some of the exhibits, would not constitute a deviation if the trade-mark actually used was not substantially different and preserved the dominant feature – the globe design replacing the letter “O”. The modified mark as it appears in the several different forms in the exhibits retained nothing from the registered design except for the words CAMPING WORLD. In most instances, those words appear in line, not stacked. In the one instance in which they are stacked, they appear with the mountain design but not the globe design. It is not clear that they represent the same brand as the registered mark. The differences are such that they could confuse or deceive an unaware purchaser.

[57] The Respondent argues that the same analysis applies here. The mark as displayed does not maintain its identity because it does not preserve the dominant feature of the mark as

registered. As stated in *CWI Inc* at paragraph 35, “[t]here is a difference between adding a design feature and removing a design feature.” In this case, the removal of the circle encompassing the design removes the dominant feature of the mark.

[58] The Applicant argues that the dominant features of the mark as registered are the words “pasta ZARA” in an ellipse, as well as the depiction of the woman holding sheaves of wheat.

These are the dominant feature of the mark, and the circle is simply a background to the design.

The Applicant notes the following finding of the Registrar:

[24] I would have found that the Mark displayed on such packaging does not substantially deviate from the Mark as depicted in the subject registration. The dominant features of the Mark, namely the design of a peasant woman holding sheaves of cereals and the words “pasta ZARA” displayed within an ellipse underneath have been preserved so that the Mark as used maintains its identity and remains recognizable as the registered Mark *per se* [see *Registrar of Trade-marks v Compagnie Internationale pour l’Informatique CII Honeywell Bull* (1985), 4 CPR (3d) 523 (FCA); and *Promafil Canada Ltee v Munsingwear Inc* (1992) 44 CPR (3d) 59 (FCA)].

[59] The Applicant submits that the variations in the display of its design do not make the mark unrecognizable, and would not deceive or injure any consumer. The displays are all consistent, including on the catalogues, invoices, delivery notices, and product packaging. The minor variations in the display of the mark are insignificant. While variations from registered designs may be risky, the position of the Respondent would not allow any alteration, and this is not consistent with the jurisprudence.

(3) Discussion

[60] I agree with the Applicant. The new evidence meets the threshold to demonstrate use in the context of a section 45 proceeding, and the displays of the mark on the packaging constitute use of the mark because the differences are unimportant and do not change the distinctiveness of the mark. The dominant elements of the trademark have been preserved so that the mark as used maintains its identity and remains recognizable as the registered mark.

[61] On the issue of use, as discussed above, the terms of the licencing agreement entitle FFAUF to exercise a considerable degree of control over the use of its mark and the quality of the goods produced by Pasta ZARA. The evidence also demonstrates an ongoing effort to maintain quality control. The use of the mark by Pasta ZARA inures to the benefit of FFAUF, and FFAUF exercises ongoing control of the character and quality of the goods produced and sold in association with its mark. This is sufficient to meet the requirements of subsection 50(1) of the *Act*.

[62] The evidence shows that sales of these products, in packaging bearing the mark, has occurred in Canada during the relevant period. The invoices and shipping labels confirm that sales of a variety of pasta products occurred, and the Bragagnolo affidavit and cross-examination indicate that these products were sold in packaging that displayed the mark, as shown in the product catalogue. This evidence is sufficient to meet the relatively low burden on the owner of a mark in a section 45 proceeding to establish a *prima facie* case of use during the relevant period.

[63] I am not persuaded by the Respondent's argument that the Applicant did not demonstrate use of their mark because the display on the packaging was significantly different from the mark

as registered. I agree with the Respondent that when an owner of a registered design mark chooses to use a modified version of the design, it does so at its own peril. However, the key question is whether the deviations from the registered mark change the distinctiveness of the mark, and whether it retains its dominant features (*Pizzaiolo* at para 16). As stated by the Federal Court of Appeal in *Promafil Canada Ltee v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA) at para 37: “Canadian law does not incorporate a linear view of trade mark registration but can tolerate ... cautious variations without adverse consequences, if the same dominant features are maintained and the differences are so unimportant as not to mislead an unaware purchaser.”

[64] In this case, the dominant features of the mark are the words “Pasta ZARA” in an ellipse, as well as the picture of the woman holding sheaves of wheat. These features are evident in the display of the mark on the packaging, the invoices and shipping labels, as well as the displays in the product catalogue. They are prominent in all of the examples in evidence. The absence of the background circle does not rob the mark of its distinctiveness, and would not be likely to injure the public in any way. I am not persuaded that an ordinary purchaser of such a product would be confused or likely to mistake the mark simply because of the image of the woman holding the sheaves of wheat and the “Pasta ZARA” words in the ellipse are not superimposed over the background circle, or the words in the ellipse appear below the image rather than being superimposed over it. The absence of the background circle, and the different placement of the words in the ellipse are unimportant variations and the mark retains its dominant features.

[65] For these reasons, I find that the evidence establishes that the Applicant has used its registered mark, and I am not persuaded by the Respondent’s argument that the mark has lost its identity.

V. Conclusion

[66] For the reasons set out above, I find that the Applicant has demonstrated use of its trademark “PASTA ZARA & DESIGN” (TMA395,023) in Canada during the period between December 18, 2009, and December 18, 2012.

[67] The new evidence filed by the Applicant on this appeal is admissible, under the test set out in *Seara*. This evidence establishes that FFAUF both had and exercised control over the character and quality of the goods produced and sold in association with its mark by its licensee Pasta ZARA, namely pasta. The evidence also establishes that these goods were sold in packaging displaying the mark to Canadian distributors during the relevant period.

[68] Finally, the display of the mark in the form shown on the product packaging, invoices, and shipping labels, as well as the product catalogues constitute use of the mark, even though the design is a slight deviation from the mark as registered. The dominant features of the design are the words “Pasta ZARA” in an ellipse and the picture of the woman holding sheaves of wheat, and these are preserved and very evident in the mark as it was actually used. The mark as used maintains its identity and remains recognizable as the registered mark.

[69] For these reasons, the decision of the Registrar dated January 12, 2015, expunging the Registration No. TMA395,023 is set aside. The Registrar is directed to maintain the Registration of the mark.

[70] On the issue of costs, in exercise of my discretion under Rule 400 of the *Federal Court Rules*, SOR/98-106, there is no basis to depart from the usual rule. The Respondent shall pay the costs of the Applicant, in accordance with Column III of Tariff B. If the parties cannot reach an

agreement on costs, they may make submissions not exceeding five (5) pages, within fourteen (14) days of the release of this judgment.

JUDGMENT in T-384-15

THIS COURT'S JUDGMENT is that:

1. The decision of the Registrar dated January 12, 2015, expunging the Registration No. TMA395,023 is set aside.
2. The Registrar is directed to maintain the Registration of the trademark "PASTA ZARA & DESIGN" in the Register.
3. The Respondent shall pay the costs of the Applicant, in accordance with Column III of Tariff B. If the parties cannot reach an agreement on costs, they may make submissions not exceeding five (5) pages, within fourteen (14) days of the release of this judgment.

"William F. Pentney"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-384-15

STYLE OF CAUSE: FFAUF S.A. v INDUSTRIA DI DISENO TEXTIL, S.A.

PLACE OF HEARING: OTTAWA, ONTARIO

DATE OF HEARING: APRIL 29, 2019

JUDGMENT AND REASONS: PENTNEY J.

DATED: APRIL 16, 2020

APPEARANCES:

Jonathan Roch

FOR THE APPLICANT

Barry Gamache

FOR THE RESPONDENT

SOLICITORS OF RECORD:

MBM Intellectual Property Law LLP
Barristers and Solicitors
Ottawa, Ontario

FOR THE APPLICANT

Robic, S.E.N.C.R.L.
Barristers and Solicitors
Montreal, Québec

FOR THE RESPONDENT