

Date: 20061208

Docket: T-189-06

Citation: 2006 FC 1472

Ottawa, Ontario, December 8, 2006

PRESENT: The Honourable Mr. Justice Blais

BETWEEN:

OMEGA ENGINEERING, INC.

Applicant

and

OMEGA SA (OMEGA AG) (OMEGA LTD.)

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] This is an application made under section 57 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13 (the “Act”), for an order that Trade-mark Registration No. TMDA05009, for the trade-mark OMEGA & Design, be amended or in the alternative, a declaration that the trade-mark has been abandoned.

BACKGROUND

[2] The applicant is the owner of three trade-marks, Nos. 849,631, 849,629 and 849,630 for OMEGA and ΩE DESIGN, ΩE DESIGN and OMEGA respectively. All three trade-marks are for

use in association with scientific and industrial clocks and timers, amongst other measuring instruments used in science and industry. The respondent is the owner of the trade-mark registration No. TMDA05009, for the trade-mark OMEGA & Design. The statement of wares as described in the TMDA05009 trade-mark currently reads as follows:

1. Montres et boîtes pour montres;
2. Chaînes de montres, outils et accessoires ainsi que toutes fournitures et parties détachées employées dans l'horlogerie et la bijouterie y soient inclus;
3. Étuis et emballages, nommément: contenants sous forme de housses et tissus et botes; compteurs et chronographes qui servent au chronométrage sportif; et appareils techniques et scientifiques pour l'électricité, l'optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie, nommément: la (*sic*) cellules photo-électriques, portails à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contacts électriques.

[3] The respondent's TMDA05009 trade-mark was originally registered in 1895 and, as a result, it has initiated separate opposition proceedings in respect of the applicant's three, more recent trade-marks. These proceedings are still ongoing and allege that the applicant's trade-marks are not registrable in light of the TMDA05009 trade-mark.

[4] On August 2, 2001, counsel for the applicant initiated proceedings pursuant to section 45 of the Act, which allows for expungement of a trade-mark for non-use, on application to the Registrar. Pursuant to these proceedings, a Hearing Officer removed part of the statement of wares of the TMDA05009 trade-mark. On appeal to the Federal Court, the trial judge further amended the statement of wares, removing essentially the same part of the statement of wares that is at issue in this application.

[5] On appeal to the Federal Court of Appeal, the Hearing Officer's decision was restored. The Court of Appeal determined that the trial judge had no authority to amend the statement of wares herself on a section 45 proceeding. The Federal Court of Appeal held that under expungement proceedings, the validity of the registration is not in dispute. Rather, only under section 57 can the validity or the register be questioned and struck out or amended, when it does not accurately express or define the existing rights of the owner of the mark (see: *Ridout & Maybee LLP v. Omega SA et al.*, 2005 FCA 306, 43 C.P.R. (4th) 18).

[6] In light of the Federal Court of Appeal's ruling, the applicant instituted the present proceedings under section 57.

ISSUES FOR CONSIDERATION

[7] There are two issues before the Court in this application:

- a) Whether the definition of wares, “appareils techniques et scientifiques pour l'électricité, l'optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie” and the specific wares “ la (*sic*) cellules photo-électriques, portails à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contacts électriques” accurately express the existing rights of the respondent under the TMDA05009 trade-mark.

- b) Whether the respondent has abandoned its use of the TMDA05009 trade-mark in association with “appareils techniques et scientifiques pour l'électricité, l'optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie, nommément: la (*sic*)

cellules photo-électriques, portails à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contacts électriques”.

ANALYSIS

Proceedings Under Section 57

[8] Section 57 of the Act grants this Court exclusive jurisdiction to strike out or amend any entry on the register on the ground that the entry as it appears does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark. The purpose of this provision is to provide a summary procedure whereby the Registrar of Trade Marks or any interested party, may apply to the Court to clarify the validity of a registration of a trade mark in the register (*Pitney Bowes Inc. v. Canada (Registrar of Trade Marks)*, [1993] F.C.J. No. 476, 63 F.T.R. 241 (Fed. T.D.)).

[9] Section 57 reads as follows:

57. (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

(2) No person is entitled to institute under this section any proceeding calling into question

57. (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

(2) Personne n'a le droit d'intenter, en vertu du présent article, des procédures mettant

any decision given by the Registrar of which that person had express notice and from which he had a right to appeal.

en question une décision rendue par le registraire, de laquelle cette personne avait reçu un avis formel et dont elle avait le droit d'interjeter appel.

[10] Section 57 clearly requires that a proceeding be undertaken only when it is brought by a “person interested”. Section 2 of the *Act* defines a “person interested” as follows:

2. [...]

“person interested” includes any person who is affected or reasonably apprehends that he may be affected by any entry in the register, or by any act or omission or contemplated act or omission under or contrary to this Act, and includes the Attorney General of Canada;

2. [...]

« personne intéressée » Sont assimilés à une personne intéressée le procureur général du Canada et quiconque est atteint ou a des motifs valables d'appréhender qu'il sera atteint par une inscription dans le registre, ou par tout acte ou omission, ou tout acte ou omission projeté, sous le régime ou à l'encontre de la présente loi.

[11] The jurisprudence confirms that there is a *de minimis* threshold which the applicant must satisfy to establish that it is a person interested (*John Labatt Ltd. v. Carling Breweries Ltd.*, [1974] F.C.J. No. 1104, 18 C.P.R. (2d) 15 (Fed. T.D.)). In the case at bar, both parties are owners of similar marks. Further, the respondent has already initiated opposition proceedings against the applicant in respect of the TMDA05009 trade-mark. It is clear, therefore, that the applicant in this case is an interested party capable of instituting this application.

[12] Proceedings under section 57 place an onus on the applicant to show that the registration should be expunged. As the respondent correctly notes, there is always a presumption that a trade-

mark is valid (*Consorzio Del Prosciutto di Parma v. Maple Leafs Meats*, [2001] 2 F.C. 536, 11 C.P.R. (4th) 48).

[13] In *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, [2006] S.C.J. No. 22, at paragraph 5, Justice Binnie held:

...Under s. 19 of the Act, the respondents' marks are presumptively valid, and entitles them to use the marks as described above.

Later on, at paragraph 15, Justice Binnie continues:

...Again, however, the onus of proof to establish the likelihood of such depreciation rested on the appellant. Despite the undoubted fame of the mark, the likelihood of depreciation was for the appellant to prove, not for the respondents to disprove, or for the court to presume.

[14] Generally, an application to amend or strike out an entry in the register is made under one of the grounds in subsection 18(1) of the Act. However, there have also been other instances beyond the scope of subsection 18(1) where the Court has amended or struck out an entry on the register. These include instances where an agent has not fulfilled his fiduciary duty by registering his principal's trade-mark in his own name, cases of fraudulent or material misrepresentations or cases where a mark is invalidated where it is primarily functional (see, for example, *Ling Chi Medicine Co. (H.K.) Ltd. v. Persaud* (1998), 81 C.P.R. (3d) 369 (Fed. C.A.) or *Andres Wines Ltd. v. E. & J. Gallo* (1975), 25 C.P.R. (2d) 126 (Fed. C.A.))

[15] While the Act is designed in part to protect the consumer, as well as the rightful owners of trade-marks from unfair competition, section 57 has a particular function to protect the public

interest by preserving the purity of the register (see Harold G. Fox, *The Canadian Law of Trade Marks and Unfair Competition*, 3rd ed. (Toronto: Carswell Co. Ltd., 1972)).

[16] At page 11-24, Fox also reviews when it will be appropriate to amend or strike out an entry in the register. He writes:

Section 57 of the Act permits the court to strike out or amend any registration if it does not accurately express or define the existing rights of the person appearing as the registered owner. The courts have interpreted this power to mean that if the registration as a whole is invalid, it will be struck out. If the registration is invalid only in respect of certain wares, for example, the registration will be amended accordingly.

Amendment of an Invalid Trade-Mark

[17] The applicant argues that the Hearing Officer, the Federal Court and Federal Court of Appeal, were prohibited by the Act from determining whether the wares as described in the trade-mark TMDA05009 were properly associated with the general classification of “appareils techniques et scientifiques pour l’électricité, l’optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie”, under the previous section 45 hearing.

[18] It submits, however, that under section 57 proceedings, the Court may consider whether the description of wares is consistent with the classification of “appareils techniques et scientifiques”. Therefore, the Court may seek to determine whether the description should be amended to either remove the general classification altogether, or substitute the classification with one proposed by the applicant, namely “appareils sportifs”.

[19] While not challenging the Court's role in a section 57 proceeding, the respondent submits numerous reasons why this Court should decline to amend the register. It notes that there have been several limitations placed on the Court's jurisdiction when acting under section 57 and that creating the new "appareils sportifs" classification would ignore the rights of third parties who may see their own marks infringed as a result of its adoption.

[20] The respondent further submits that the Court may only amend the register where the mark is open to expungement. Acting under section 57, therefore, only allows the Court to save an otherwise invalid mark. The respondent argues that, in any event, the wares appropriately fall under the general classification as it currently reads.

[21] Even if the Court were to determine that the description of wares in the general classification is inappropriate, the respondent argues that the proposed amendment to "appareils sportifs" would not be a satisfactory replacement. The term "sportif" is normally associated with products that are used directly by athletes in their sporting discipline. However, the respondent submits that its products are destined for *measuring* athletes' performances.

[22] To summarize, there is no suggestion by the applicant in the case at bar that the registration of the respondent's trade-mark as a whole is invalid. Rather, the applicant submits that the general classification that precedes the statement of wares is not descriptive of the wares that follow that statement.

[23] The applicant is essentially making two arguments in support of its application. First, the applicant states that a 1994 world wide settlement agreement (the “Co-existence Agreement”) between the parties forbids the respondent from selling products that fall under the description of wares as it currently exists. Second, the applicant relies on the affidavit of Philip Lefebvre, Director of Servtrotech Inc., which the applicant claims demonstrates that although the respondent used the trade-mark in association with the specific wares, there was no evidence that those wares could be described as technical or scientific apparatus for use in the fields of electricity, optics, telegraphy, cinema, radio and telephony.

[24] Regarding the first argument, I am not satisfied that the 1994 Co-existence Agreement proves the respondent is prohibited from using the trade-mark as argued by the applicant.

[25] Paragraph 4(b) of the Co-existence Agreement states:

OMEGA SA undertakes not to use, register or apply to register any trademark consisting of or containing the word OMEGA or the Greek letter Ω , or any element colourably resembling either of those two elements, in respect of:

“Apparatus industrially and/or scientifically employed for measuring or controlling variable parameters such as temperature, pressure, force, load, vibration, electrical conductivity, liquid level, acidity, humidity, strain and flow”. [Emphasis in original.]

[26] In my opinion, the products that are listed in this agreement are not similar to the wares that are described in the register. While the agreement prohibits the use of the products for scientific purposes, it does so in the context of measuring or controlling variable parameters such as temperature, pressure, force, load, vibration, electrical conductivity, liquid level, acidity, humidity, strain and flow. The description of wares at issue in this application are for “appareils techniques et

scientifiques pour l'électricité, l'optique, la télégraphie, le cinéma, la radio, la téléphonie, la télégraphie". Therefore, the wares are not similar to those whose use is prohibited by the agreement.

[27] However, as already noted, the applicant also relies on the affidavit of Mr. Lefebvre that was affirmed for the purposes of the section 45 proceedings as a second argument in support of its application. Attached to Mr. Lefebvre's affidavit are several orders for products sold under the trade-mark at issue. They describe the sale of various devices for sport timekeeping, such as a starting gate, a starting gun, and a digital scoreboard. Other products sold under the trade-mark include such items as cameras, computers and their accessories and tripods. The respondent alleged in the section 45 proceedings that the sale of these products demonstrated use of the wares.

[28] In the section 45 proceedings, the trial judge concluded that the products sold by the respondent did not fall within such a general description (see *Ridout & Maybee LLP v. Omega SA et al.*, 2004 FC 1703, 39 C.P.R. (4th) 261). However, as already noted, this decision was reversed by the Federal Court of Appeal on the grounds that the validity of a registration is not in dispute on a section 45 proceeding and a trial judge is precluded from considering the wording of the registration. Nevertheless, the Court of Appeal held in *Ridout & Maybee LLP v. Omega SA* (2005), 43 C.P.R. (4th) 18, 2005 FCA 306, at paragraph 3:

... But the Federal Court judge, in deciding to expunge the wares and the general class in question, undertook this kind of analysis, which lies beyond the scope of section 45 and the jurisdiction of the Registrar, although there was evidence, recognized and accepted by the judge and by the respondent firm, not only of the sale of the wares in association with the trade-mark (which held the monopoly (section 19 of the Act)), but also evidence linking these wares to some of the areas listed in the general class.

[29] In my opinion, there is no question that the respondent's equipments are "appareils techniques et scientifiques" pursuant to the usual definition that is provided. There is also evidence that they are "pour l'électricité" and also "pour l'optique", pursuant to documents provided by Mr. Lefebvre.

[30] As discussed above, the respondent also suggests that we cannot use section 57 application to modify a valid registered trade-mark. The respondent refers to paragraphs 10 and 11 of the decision in *Patou (Jean) Inc. v. Luxo Laboratories Ltd.*, [1998] F.C.J. No. 1910, 158 F.T.R. 16, which read as follows:

Patou's application for the expungement of the trademark BOOSTER raises two issues: (a) was the trademark BOOSTER distinctive of Luxo's wares when this proceeding was commenced, pursuant to s. 18(1)(b) of the Act; and (b) if so, has Luxo abandoned the trademark through non-use, pursuant to s. 18(1)(c) of the Act?

If the trademark is found to be valid and is not expunged, Patou seeks an order from this court amending the entry in the register so that Luxo's use of its trademark in association with its wares be limited "for the hair salon market". This raises two further issues, namely, the jurisdiction of this court to grant this relief and the appropriateness of doing so in this case.

[31] In paragraph 42 of the above decision, Justice Allan Lutfy, now Chief Justice Allan Lutfy, held:

In my opinion, the power to amend the register as set out in s. 57(1) is only to be exercised where a trademark is otherwise open to expungement. The ability to amend the register in this way allows the court to save an otherwise invalid mark and not to restrict the existing rights of the registered owner of a valid mark.

[32] As suggested by the respondent, to be successful in these proceedings the applicant must demonstrate that the registration of the mark in question is invalid but that, nevertheless, the registration can be saved through an amendment reflecting the real use of the trade-mark.

[33] As was noted at paragraph 14, an application to amend or strike out an entry in the register is normally made under one of the grounds in subsection 18(1) of the Act, which reads as follows:

18. (1) The registration of a trade-mark is invalid if

(a) the trade-mark was not registrable at the date of registration,

(b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or

(c) the trade-mark has been abandoned,

and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.

18. (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;

b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;

c) la marque de commerce a été abandonnée.

Sous réserve de l'article 17, l'enregistrement est invalide si l'auteur de la demande n'était pas la personne ayant droit de l'obtenir.

[34] The first and second grounds listed, namely the registrability of the trade-mark at the date of registration and the lack of distinctiveness of the mark at the time the proceedings are commenced, were not in fact argued by the applicant. As for the third ground, namely that the trademark has been abandoned, it will be discussed in the next section of our analysis.

[35] What the applicant would have this Court do, as set out in paragraph 18 of this decision, is to replace the existing general classification of wares which forms part of the respondent's valid registration, and replace it with a different general classification.

[36] The respondent for his part argues, and I agree, that the remedy suggested by the appellant – that the general classification should be found inappropriate and replaced by another description of general classification – is not allowed in a section 57 application, as explained by Justice Barry L.

Strayer in the following passage from *Royal Doulton Tableware Ltd. v. Cassidy's Ltée*, [1984]

F.C.J. No. 270:

The plaintiff is also entitled, as requested, to an order expunging registration number 162,829 in the name of Cassidy's Ltd. – Cassidy's Ltée from the trade mark register. Such an order is clearly within the exclusive jurisdiction of this Court set out in subsection 57(1) of the *Trade Marks Act*.

Later on, at paragraph 22, Justice Strayer continues:

It was suggested by counsel for the plaintiff, and resisted by counsel for the defendant, that it would be open to me simply to substitute as registered owner Paragon China Limited for Cassidy's Ltd. with respect to registration number 162,829. Counsel for the plaintiff contended that this could be regarded as an amendment of the register which by subsection 57(1) of the *Trade Marks Act* the Court is entitled to order. In *Friendly Ice Cream Corp. v. Friendly Ice Cream Shops Ltd.*, [1972] F.C. 712; 7 C.P.R. (2d) 35 (T.D.), Heald J. held at page 717 F.C.; at page 40 C.P.R. that the Court has no jurisdiction to make an amendment of this sort and I respectfully concur. If one examines the scheme of the *Trade Marks Act*, particularly the procedure by which registration of trade marks is obtained, it is clear that parliament contemplated a process of examination to be carried out with respect to any registrant which process has not taken place here with respect to Paragon China Limited. In particular section 29 of the Act requires a considerable amount of information to be provided by an applicant to the Registrar which has not happened in this case with respect to Paragon china Limited. There is of course also the process of advertising under

section 36 and the process of considering opposition to registration under section 37, none of which has happened here. In my view any specific proposed registration should go through these processes and it matters not that another applicant, Cassidy's Ltd, has undergone this process with respect to the same trade mark. I can find nothing in the Act nor in the jurisprudence which would support an interpretation of the Court's power of amendment of the register so as to include ordering the involuntary substitution – as compared to a transfer consented to by the registrant – of one registrant for another.

[37] In my view, the respondent is also correct when he suggests that section 37 of the Act and rule 16(f) of the Regulations apply. In fact, since such an amendment could negatively impact the rights of third parties, notice would have to be given to allow anybody to oppose the new general classification if they have any reason for it. Therefore, the suggestion that we should simply substitute another description that would fit more with what the respondent is doing is simply not an acceptable remedy.

[38] In other words, while the applicant's objection could have been properly raised as a ground of opposition, it cannot be entertained in a section 57 application. As was mentioned before, the only remaining possibility for the applicant to succeed is to prove the abandonment of the trade-mark.

Abandonment of the Trade-Mark

[39] The applicant has argued that in the alternative, this Court should find that the respondent has abandoned its trade-mark due to a long period of disuse.

[40] The Court may strike out or amend an entry in the register where the use of the mark has been abandoned. The grounds upon which this application may be made are set out at paragraph 18(1)(c) of the *Act*. For the sake of clarity, I repeat the relevant part of section 18:

18. (1) The registration of a trade-mark is invalid if

[...]

(c) the trade-mark has been abandoned,

[...]

18. (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

[...]

c) la marque de commerce a été abandonnée.

[...]

[41] The burden lies on the applicant to prove abandonment under subsection 18(1). It is trite law that in abandonment proceedings, the applicant must prove both the actual non-use of the mark, as well as intent on the part of the owner of a trade-mark to abandon the mark (*Promafil Canada Ltée v. Munsingwear Inc.* (1992), 44 C.P.R. (3d) 59 (Fed. C.A.)).

[42] That is, the mere non-use of a trade-mark does not establish abandonment. Non-use must also be accompanied by an intention to abandon. The respondent can successfully oppose a claim of abandonment by demonstrating the smallest use of the trade-mark. Such evidence will renounce any claim for abandonment (*Philip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 17 C.P.R. (3d) 289 (Fed. C.A.)).

[43] The applicant correctly notes that an intention to abandon a trade-mark may be inferred from a long period of disuse (*Good Humor Corp. of America v. Good Humor Food Products Ltd.* [1937] Ex. C.R. 61). However, each case of abandonment is a question of fact that must be

determined according to the circumstances of the case. Other factors, such as for instance whether the trade-mark owner has maintained the trade-mark on the register, must be considered.

[44] The applicant submits that the use of the general classification has been abandoned. However, it concedes that during the section 45 proceedings, both the Hearing Officer and the Federal Court of Appeal showed use of the trade-mark in association with the specific wares listed in the registration, namely, “cellules photo-électriques, portraits à contact, compteurs enregistreurs sur bande de papier, pistolets de start à contact électriques.” As such, there is clearly evidence of use of the trade-mark with the specific wares under the general classification.

[45] While the general classification that precedes the description of wares may not be very specific, an applicant is nonetheless free to identify broadly the general classes of wares associated with its mark (*Kom Inc. v. Levitan, Kohl & Associates Ltd.*, [1991] T.M.O.B. No. 19, (1991) 35 C.P.R. (3d) 121).

[46] Finally, the statement of wares cannot be examined in isolation. Given that there is evidence of use of the trade-mark with the specific wares that follow the general classification, I do not believe that the applicant has met its burden to show that use of the trade-mark has been abandoned solely in respect of the general classification.

JUDGMENT

1. The application under section 57 is dismissed;
2. Costs in favour of the respondent.

« Pierre Blais »

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-189-06

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