

## Section 45 and the Consequences of Partial Use

An innocent misstatement is not sufficient to make a trade-mark unregistrable. On January 8, 2009, the Federal Court of Canada (the “Court”) in the case of *Parfums de Coeur, Ltd. v. Christopher Asta*, (2009) 71 C.P.R. (4<sup>th</sup>) 82), refused to expunge a trade-mark registration that contained false information. Although the applicant, Parfums de Coeur, Ltd. (“PDC”), attempted to introduce the United States doctrine of fraud on the Trade-marks Office for an innocent mistake, the Court held that under Canadian law where the misstatement is innocent and in good faith, there is opportunity for the registrant to amend its registration under Section 45 of the *Trade-marks Act*.

On November 23, 1999, Christopher Asta (“Asta”) (carrying on business as Asta Hairstyling School), filed a trade-mark application for BOD based on proposed use in connection with hair care products, skin care products, cosmetics and body care products (the “Wares”). Asta signed a Declaration of Use on February 12, 2004 declaring that he (either by himself or through a licensee), commenced use of the trade-mark BOD in connection with all the Wares in the application. Based on the Declaration of Use, on March 11, 2004, the registration for BOD was issued by the Canadian Intellectual Property Office (“CIPO”). In fact, Asta used the mark in connection with only two of the wares in the registration, namely, shampoo and conditioner. Asta misunderstood the trade-mark system in Canada. He believed that he could file a broad Declaration of Use in connection with all the Wares as long as he used BOD in relation to just one of the Wares in the application.

Asta’s registration for BOD was cited by CIPO as a bar to PDC’s application to register BOD MAN in association with “men’s fragrances, namely, cologne, eau de toilette, aftershave, scented body sprays and personal deodorants” on the grounds that PDC’s mark was confusing with Asta’s BOD registration. In order for PDC to overcome this citation, PDC sought to strike the amended registration from the trade-marks register pursuant to Section 57 of the *Trade-marks Act*. As a consequence, Asta amended its registration to reflect use of those wares he was actually using, namely, shampoo and conditioner. Under Section 57 of the *Trade-marks Act*, the Federal Court is allowed to strike or amend from the trade-marks register any entries that do not accurately express or define the existing rights of those who appear to be the registered owner of the mark.

PDC argued that the BOD registration was void or invalid as it was issued by CIPO by means of a Declaration of Use containing either a fraudulent misrepresentation or a materially false statement which was fundamental to the registration. In the case at hand, the Court confirmed that there are two types of misstatements that could invalidate a registration (i) fraudulent, intentional misstatements, and (ii) innocent misstatements that are material to the registration as without them, the registrant would not be able to overcome the barriers found under Section 12 of the *Trade-marks Act*. The Court held that although there was a misstatement, it did not consider it fraudulent. As a result, in order for PDC to succeed in having Asta’s registration removed from the trade-marks register, it was necessary for it to show that Asta had obtained his amended registration through a material misstatement. The Court found that an overly broad misstatement does not render the mark unregistrable in connection with the wares actually used. In contrast, it also distinguished Asta’s case from situations where an owner of a trade-mark did not use it at all at the time a Declaration of Use was filed with CIPO. In this situation, the Court held that by amending a registration could not repair the fundamental flaw of the Declaration of Use, namely, a material misstatement.

Another issued PDC had the Court consider and adopt was the United States doctrine of fraud. Under this doctrine, the United States Patent and Trademarks Office is permitted to void entire registrations that contain

material misstatements (innocent or not) within descriptions of goods and services used in connection with a trade-mark. The result, an application or a registration will be denied or cancelled. The Court commented that while there is something attractive in adopting the notion that a material misstatement will render the registration void, in Canada, Parliament has not embraced such principle and, absent an amendment to the *Trade-marks Act*, the Court will not do so now. Although adopting such a doctrine in Canada would be an incentive for those to tell the truth, the Court held that adopting such an approach would have draconian results for even an innocent mistake. The Court preferred a more nuanced and balanced approach.