

Federal Court of Appeal Reviews Significant Issues in Trade Mark Law

March 17, 2008

Below is a summary of the most recent installment of *Remo Imports Ltd v. Jaguar Cars Limited and Ford Motor Company of Canada* (2007 F.C.A. 258). This concerns a trade mark dispute involving the trade mark JAGUAR decided by the Federal Court of Appeal which addresses many areas of trade mark law. The dispute primarily involves the use of JAGUAR with tote bags, handbags, school bags and the luggage.

The Court of Appeal noted that the Amended Notice of Appeal was 49 pages and that some of the alleged errors of law argued by the Appellant (Remo) were not addressed in its Memorandum of Fact and Law or the Amended Notice of Appeal. The decision by the Court comments that the Court had expressed concern that it had become an appeal by ambush. As a general rule, the Court of Appeal will not hear grounds of appeal that were not raised in the Notice of Appeal or the Memorandum of Fact and Law. Not a good start for Remo.

Justice Létourneau for the Court of Appeal noted that there was an extensive record of six thousand exhibits, hundreds of binders and dozens of samples and, in particular, stated:

I should add that, as an American appellate judge once said, judges are not ferrets: cited in *Dow AgroSciences Canada Inc. v. Philom Bios Inc.*, 2007 ABCA 122, at paragraph 53. It cannot be expected that appeal judges will embark on a search of the record to find pieces of evidence which could support or particularize broad allegations made by a party to the appeal.

Remo, which had a registration for JAGUAR, launched an action for infringement against Jaguar Cars. Remo registered its trade mark in 1981 for tote bags and luggage and amended it in 1984 for handbags and school bags. Jaguar Cars counterclaimed also alleging confusion. The trial judge found in favour of the respondents. In its declaration (Statement of Claim), Remo had stated that Jaguar's use of wares such as wallet cases and other wares were confusing with Remo's wares used with the trade mark JAGUAR and that Jaguar Cars' wares are in the same general category of wares as those of Remo.

As of 1991 and the time of trial, Remo admitted that there was actual confusion between its wares and those of Jaguar of a slightly different category of luggage wares. Accordingly, the Court of Appeal commented that it is hard to imagine how and why the trial judge could not conclude there would be at least a likelihood of confusion between similar wares or wares of the same category, namely Remo's baggage, tote bags, school bags and handbags and Jaguar Cars' luggage, baggage and bags. The Court of Appeal commented that the trial judge was entitled to draw that conclusion after having found that Jaguar Cars' trade marks were famous and extended to the impugned wares.

Justice Létourneau pointed out that having lost at trial, Remo was now contending that there is no confusion between its wares consisting of baggage, tote bags, handbags and school bags and all of the luggage wares of Jaguar Cars, i.e. it had changed its argument significantly from what it claimed before the trial judge.

One ground raised by Jaguar Cars in attacking Remo's trade mark registration was that the registration was invalid on the basis of depreciation and deception to the public with reference to Section 22(1) of the *Trade-Marks Act*, which provides a remedy, i.e. no person shall use a registered trade mark of another in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto. Section 18(1) of the *Trade Marks Act* states that a registration is invalid if the trade mark was not registrable at the date of registration; the trade mark is not distinctive; or the trade mark has been abandoned. Depreciation and deception of the public are not recognized grounds under Section 18 of the *Trade Marks Act* for invalidity. The Court of Appeal noted that non-statutory grounds of invalidity have been recognized, such as misappropriation of a trade mark in violation of a fiduciary duty and fraudulent or material misrepresentations for the purposes of registration.

Although the trial judge expressed some surprise, he accepted the testimony of the sole shareholder of Remo who had lived in Beirut, Paris and Montreal for years and travelled in Canada, Holland, Belgium, Northern Italy and Asia (Hong Kong and Korea) but never saw or heard of Jaguar Cars' trade mark

JAGUAR for cars and luggage before Remo's application was filed for the trade mark JAGUAR covering tote bags and baggage. The Court of Appeal found that, on the basis of the evidence, the trial judge could not conclude that the trade mark was invalid because it was calculated to deceive and mislead the public. The Court of Appeal also found that the remedy within Section 22(1) is not a ground of invalidity of the registration.

Section 17(2) provides that no registration shall be expunged or held invalid on the ground of previous use unless it is established that the person who adopted the registered trade mark in Canada did so with knowledge of that previous use. It is also necessary for the previous user to bring such expungement proceeding. Section 17(2) denies the right to an expungement where the proceedings are commenced after the expiration of five years from the date of the registration of the trade mark and the five-year limitation period applies unless it is established that the person who adopted the registered trade mark knew of the previous use. Since the parties were not aware of each other at the onset of the proceedings, the Court of Appeal held that the trial judge erred in ordering expungement of the registration on the basis of prior use. In this case, the five-year limitation period had expired.

Since both parties were unaware at the time and until 1991 of the existence of each other, the Court of Appeal questioned how Remo could have engaged in passing off (a willful or negligent misrepresentation creating confusion in the public) when it did not know of the existence of the trade marks of Jaguar Cars. However, Remo did not appeal against the judge's conclusion with respect to a finding of passing off.

Remo had a valid registration until found invalid and expunged by the trial judge in 2006, therefore, Jaguar Cars was entitled to damages or profits for infringement but only as of the date of the judgment by the trial judge, i.e. January 16, 2006.

Given the animosity between the parties, it is unlikely that this is the last time the Federal Court or Federal Court of Appeal will be asked to resolve issues between the parties.

Dale E. Schlosser is a partner in the Intellectual Property Group in Toronto. Contact him directly at dschlosser@langmichener.ca or 416-307-4110.

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