



## FRAUD IN TRADE-MARK LAW

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A false declaration filed by a trade-mark owner, during trade-mark prosecution, even if it was made innocently and with no intention to defraud, will definitively vitiate a registration obtained in the United States.

But what is the situation in Canada?

Statutory grounds of invalidity of a registration are specified at Section 18 of the *Trade-marks Act* (the "Act"), namely: i) the trade-mark was not registrable at the date of registration, ii) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, iii) the trade-mark has been abandoned, and iv) the applicant for registration was not the person entitled to secure the registration. There is no reference in the Act to fraud as a ground for invalidity.

There is Canadian case law regarding declarations filed by a trade-mark applicant or owner, but, in general, this case law is not conclusive on the consequences of filing a false declaration. Consequently, this area of the law remains unclear.

A decision rendered on January 8, 2009 by the Federal Court of Canada in *Parfums de Coeur, Ltd. v. Asta* (2009 FC 21) clarifies the situation at least with respect to one aspect of the proceeding. This case is about an expungement action lodged against a trade-mark owner.

When a trade-mark application is based on proposed use in Canada (namely that the trade-mark was not used in Canada at the time the trade-mark application was filed), a statement of use shall be produced before registration is obtained (and the government's registration fee duly paid). The declaration is simply signed and no specimen of use has to be provided. The mark must however have been used in association with all of the wares and all of the services mentioned in the application, and not only with one of them. If one ware or service is not used, it has to be withdrawn from the declaration of use and registration will only be issued for the services and wares effectively offered or used in Canada.

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In the *Parfums de Coeur* decision, the trade-mark registration in question initially listed numerous wares in Class 3 (cosmetics). The declaration of use then filed attested to the use of the trade-mark in association with each of those wares while in fact, it was only used for shampoos and conditioners.

Shortly before proceedings to expunge this registration were instituted, the owner of the trade-mark had the fortunate idea to request the amendment of the registration to have it narrowed to only those wares actually used in Canada at the time of signature of the declaration of use.

The Court indicates that a registration can be invalidated for two types of false declarations, namely i) a fraudulent or voluntary erroneous declaration, and ii) the declaration relating to a substantial aspect of the matter, even if the falsehood was involuntary. The Court added that the identification of wares in a statement of use was a substantial matter.

Since the date for determining whether the registration under review correctly reflects the rights of its owner is the date of the institution of the proceedings, the request for expungement had to be rejected seeing as though, prior to the proceedings, the trade-mark owner had amended the registration to reflect only the wares truly used.

More particularly, the Judge indicates that the Court does not wish to import American legal principles into Canada and that the Canadian *Trade-marks Act*, in the absence of an intention to that effect from the Legislator, did not encompass this aspect.

One should therefore keep in mind that if a trade-mark application is filed on a proposed use basis covering numerous wares and/or services, when the time comes to sign a declaration of use, such declaration can only cover the wares or services truly used or offered in association with the trade-mark at issue. The use of a trade-mark in association with only one of those services or one of those wares will not cover a general class of services or wares.

It may sometimes be necessary or prudent to request one or several extensions of time for the filing of a statement of use in order to cover as many wares or services as possible, the whole depending on the evolution of the market.



