Federal Court Affirms that Trademark “Use” and “Intent to Use” are Not Interchangeable

March 12, 2020

Pentastar Transport Ltd. v. FCA US LLC, 2020 FC 367.

In this case, Pentastar Transport Ltd. (“PTL”) exercised its statutory right of appeal from a decision of the Registrar, as prescribed by s. 56 of the *Trade-marks Act*. The Registrar had rejected PTL’s opposition to FCA US LLC’s (“FCA US”) trademark application. In its application, FCA US proposed to use the word mark PENTASTAR for vehicle engines. Meanwhile, PTL owned the word mark PENTASTAR in association with oil and gas services.

The hearing before the Registrar occurred under the old *Trade-marks Act* (“the Act”) and therefore the Act also governed the appeal. PTL appealed the Registrar’s decision that FCA US did not violate s. 38(2)(a) of the Act, which states that non-conformity with s. 30 is a ground for opposition. PTL argued that FCA US did not conform with s. 30(e) of the *Act,* because FCA US did not intend to use the trademark in Canada at the time of the application.

Justice Kane of the Federal Court dismissed the appeal. She began by describing the parties’ burdens in opposition proceedings. First, there is an evidential burden on the opponent (PTL in this case) to support the facts pleaded in its statement of opposition. If this evidential burden is met, there is a legal burden on the applicant (FCA US in this case), to show that the application does not contravene the provisions of the Act as alleged by the opponent. The Registrar had found that PTL had not met its evidentiary burden, and in any event, FCA US had met its legal burden.

Justice Kane decided that there was no palpable and overriding error when the Registrar found that PTL had not met its initial evidential burden to show that FCA US did not have a genuine intention to use the mark as of the filing date, despite it being a light one. The Registrar “clearly understood” and addressed PTL’s arguments and evidence. It was open to the Registrar to conclude that the evidence of PTL’s private investigator witness, who visited one of FCA US’ car dealerships on one occasion and reportedly saw no use of the PENTASTAR mark, was not sufficient to meet PTL’s evidential burden. The Registrar did not err in stating that the concepts of “use” and “intent to use” are not interchangeable, and that use of the mark since the filing date may be considered, but is not a proxy for its intended use. There was no evidence

presented indicating that FCA US did not have an intention to use the mark at the filing date, and therefore the Registrar made no reviewable error.

Justice Kane also found that the Registrar did not err in deciding that FCA US had met its legal burden. Although PTL alleged that FCA US' only use of the PENTASTAR mark was on promotional materials, the Registrar found that the mark also appeared on point of sale materials (invoices), and that the press releases bearing the mark were distributed shortly after FCA US filed its application. This evidence was sufficient to support FCA's intent to use the mark at the filing date, and the appeal was dismissed.

Although section 30(e) is no longer a ground of opposition under the new *Trademarks Act* (the "New Act"), section 38(2)(e) of the *New Act* contains a similar provision. The new section 38(2)(e) states that a trademark application can be opposed if, at the filing date of the application, the applicant was not using and did not propose to use the trademark in Canada in association with the good or services specified in the application. Therefore, it is likely that case law interpreting the old s. 30(e) will still have precedential value.

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