

1996 CarswellNat 1967
Federal Court of Canada — Trial Division

National Car Rental System, Inc. v. Megill-Stephenson Co.

1996 CarswellNat 1967, 1996 CarswellNat 3442, 67 A.C.W.S. (3d) 41, 70 C.P.R. (3d) 295

**National Car Rental System, Inc., Plaintiff v. The Megill-Stephenson Company
Limited, Defendant**

Nadon J.

Judgment: November 5, 1996
Docket: Doc. T-2678-95

Counsel: *Mr. John C. Cotter*, for the Plaintiff.
Mr. R.B. McNicol, Q.C. for the Defendant.

Subject: Intellectual Property; Civil Practice and Procedure; Property

Related Abridgment Classifications

Civil practice and procedure

X Pleadings

X.4 Statement of defence

X.4.b Reasonable defence to be disclosed

Intellectual property

III Trade-marks

III.5 Registration

III.5.c Effect of registration

Nadon, J.:

Order and Reasons for Order

1 By its motion, the plaintiff seeks to strike paragraphs 10, 14(b), 14(c)(i), 14(c)(ii), 14(c)(iii) and 15 of the Statement of Defence.

2 With respect to paragraphs 10, 14(b), 14(c)(i) and 15 of the Statement of Defence, I have not been convinced that it is “plain and obvious” that the defence raised in these paragraphs cannot succeed.

3 The plaintiff submits that in virtue of s. 17(2) of the *Trade-Marks Act* the defendant can only succeed on its argument of prior use if it can establish that the plaintiff adopted its registered trade-marks with knowledge of the defendant’s prior use. Plaintiff submits that the defendant does not, in fact, allege that it had prior knowledge. In that regard, the plaintiff refers to the particulars filed by the defendant on June 28, 1996 in relation to paragraphs 10 and 15 of its Statement of Defence. The particulars read as follows:

The Defendant understands that the Plaintiff had an international affiliation with Tilden Rent-a-Car Company ("Tilden") which commenced in or about 1960. Tilden represented the Plaintiff in Canada. The Plaintiff's affiliation with Tilden has been well advertised. Tilden was aware that National Rent-a-Car Ltd. carried on business in Winnipeg. In fact, National Rent-a-Car Ltd. was a member of the Tilden Rent-a-Car system as late as 1955.

As the Defendant has been using its names/marks for years in various Canadian provinces, Tilden must have had knowledge of such use and knowledge of the existence of the Defendant.

4 In paragraph 15 of its Statement of Defence, the defendant alleges that the plaintiff, upon registration of its trade-marks, had knowledge of the defendant's prior use. When providing the said particulars, the defendant was responding to the following questions: How and when the plaintiff knew of the previous use by the defendant or its predecessor in title?

5 The plaintiff's submission, in reality, is simply that the factual basis to the plaintiff's allegations with regard to knowledge of prior use, is not very strong. That may well be the case, but it seems to me that the plaintiff's argument goes only to the weigh of the evidence that the defendant will be submitting at trial. At this stage of the proceedings, I cannot say that it is plain and obvious that the defendant cannot succeed on this point. Consequently, the impugned paragraphs relating to this issue shall not be struck.

6 I now turn to the plaintiff's attack concerning paragraphs 14(c)(ii) and (iii) of the Statement of Defence. According to the plaintiff, the defendant, through these paragraphs, is asserting the invalidity of its trade-marks by reason of the plaintiff's failure to comply with s. 30 of the *Trade-marks Act*. The plaintiff submits that it is not open to the defendant to attack the validity of the trademarks on the basis of s. 30.

7 Specifically, the plaintiff argues that the defences raised in these paragraphs may constitute grounds for opposing a registration but cannot constitute grounds for invalidating a registration. Counsel referred me to this Court's decision in *Biba Boutique Ltd. v. Dalmys (Canada) Ltd.*, 25 C.P.R. (2d) 278, where Mr. Justice Thurlow (as he then was) stated at page 283:

The failure of an applicant for registration to comply with s. 29 [now s. 30], as by stating inaccurately the date from which the trade mark has been used by him, may afford ground for opposition under s. 37(2) if raised prior to the registration. But under s. 18(1) the failure of an applicant to comply with s. 29 is not a ground for invalidating a registration. Once the registration has been made, the question, in my opinion, is simply one of whether on the facts the registrant is entitled to maintain it.

8 In my view, Thurlow J's comments are an accurate statement of the law. Consequently, the fact that the plaintiff may not have complied with s. 30 is not ground for invalidating its registrations. Thus, the defences raised in the impugned paragraphs cannot, in my view, succeed. Subparagraphs 14(c)(ii) and (iii) shall therefore be struck from the Statement of Defence.

9 Costs shall be in the cause.