



## Infringement, Expungement, No Damages—Oh My!

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The latest chapter in the *Group III International Ltd. v. Travelway Group International Ltd.* saga has closed. The Federal Court has ordered Travelway's trademark registrations expunged for invalidity, but has ordered no damages or accounting of profits to Wenger S.A. (2019 FC 1104). This result assuages some of the uncertainty created by the underlying Federal Court of Appeal decision that had left two registered but confusing trademarks on the Register, suggesting that where confusion is found, expungement (if sought) should follow. Moreover, this result suggests that registered trademark owners can shelter their infringing use under the section 19 defence as long as the trademark registrations are not invalid *ab initio*.

The Federal Court of Appeal ("FCA") ruled nearly two years ago (2017 FCA 215) that use by Travelway of modified versions of its registered trademarks that included a Swiss cross-design in association with luggage infringed and passed off on Wenger's registered trademark rights in its own Swiss cross-design used in association with luggage. It overturned the Federal Court's initial decision, which found that no infringement or passing off occurred by Travelway's use (2016 FC 247). The FCA granted Wenger, amongst other things, a permanent injunction prohibiting Travelway from using its own registered trademarks on its luggage products. The FCA did not, however, order expungement of Travelway's trademark registrations or any monetary relief — instead returning these questions to the same Federal Court judge as had issued the initial decision on Travelway's infringement and passing off in 2016.

Our article discussing the FCA's 2017 decision, and the underlying facts of the case, is available [here](#).

The FCA's referral back to the Federal Court on the issue of invalidity created a rather perplexing outcome: registrations for trademarks found to be confusing were nevertheless allowed to co-exist on the Trademarks Register awaiting this later decision. Although the FCA had not explicitly stated that the Travelway registrations were invalid, the Federal Court Judge held such outcome had to be implied and that the marks "must be expunged". The FCA had found passing off, and the case law clearly establishes that under section 19 of the Canadian *Trademarks Act*, a trademark registration is an "absolute defense" to a passing off claim, but the FCA made no indication it intended to depart from such case law.

To expunge the Travelway registrations, the Federal Court Judge relied on invalidity grounds going to non-distinctiveness and non-entitlement — both of which tie into confusion between the parties' respective marks. She declined to consider other invalidity grounds, specifically, non-registrability due to confusion with a registered mark. It appears the parties disagreed whether this ground was established (they agreed that the other two grounds of invalidity were applicable). There was also some doubt whether it *could* be established, as the material date for this ground of invalidity is the attacked mark's registration date; as of that date, only one of the three trademark registrations relied on by Wenger in their court application had issued. Of note, the Judge did not hold the Travelway registrations void *ab initio*, finding the circumstances that would allow for expungement on such conditions were "not in play".

The combination of this finding, plus the case law that a trademark registration is an "absolute defense" to passing off, appears to have fundamentally informed the decision to order no monetary relief to Wenger, despite the infringement and passing off. In particular, the Federal Court Judge observed that if Wenger were to be compensated, it would have to be for Travelway's past action, but Travelway's infringing conduct occurred when it had valid registrations, excusing it from having to pay damages.

The Federal Court Judge cited statements in *Remo Imports Ltd v Jaguar Canada Ltd*, 2007 FCA 258 that unless a trademark registration is invalidated *ab initio*, the owner could claim the benefit of the exclusive right under section 19 up until the time it was expunged, as well as obiter from Justice Binnie in the *Veuve Cliquot Ponsardin v Boutique Cliquot Ltée*,



2006 SCC 23 decision that a defendant ought not to be liable to pay compensation attributable to the period when their own trademark registrations were in effect. Together, these suggested to the Federal Court Judge that a defendant need not be liable to pay any damages during the period their trademark registration is in effect (i.e., is valid). Since the Court's expungement ruling did not hold Travelway's registrations void *ab initio*, and since Travelway's infringing conduct ceased after the FCA decision, the Federal Court Judge found that there would be no monetary relief owing to Wenger.

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