

SECTION 45 PROCEEDINGS
TRADE-MARK: PDC
REGISTRATION NO.: 490,730

On May 30th, 2001, at the request of Messrs. Gowling Lafleur Henderson, the Registrar forwarded a Section 45 notice to IBM Canada Limited, the registered owner of the above-referenced trade mark registration.

The trade mark PDC is registered for use in association with the following wares and services:

wares: Network computing software applications for industry worldwide, namely in the industry fields of government, health care, digital libraries, social sciences, distance learning, citizen access to government records, global freight tracking, and port management and customs/brokerage.

services: Development of network computing software applications for industry worldwide, namely in the industry fields of government, healthcare, digital libraries, social sciences, distance learning, citizen access to government records, global freight tracking, and port management and customs/brokerage; consulting services in the areas of Internet and multimedia application development and implementation.

Section 45 of the Trade-marks Act requires the registered owner of the trade-mark to show whether the trade-mark has been used in Canada in association with each of the wares and/or services listed on the registration at any time within the three-year period immediately preceding the date of the notice, and if not, the date when it was last in use and the reason for the absence of use since that date. The relevant period in this case is any time between May 30, 1998 and May 30 2001.

In response to the notice, the affidavit of Wade Schreder together with exhibits has been furnished. Each party filed a written argument. An oral hearing has not been held in this case.

In his affidavit, Mr. Schreder states that he is Operations Manager of the PDC division of IBM Canada Limited (the registrant) and that the registrant is a related company and wholly owned subsidiary of International Business Machines Corporation (hereinafter "IBM"). He alleges that as a consequence of his current position, and the other positions he has held within IBM since 1978, he has knowledge of the facts stated in his affidavit. He indicates that the registrant uses the trade mark PDC in association with products and services provided through its PDC division and that the products and services developed are typically custom software solutions which are delivered to the customers electronically or software solutions which are installed on customer equipment directly by members of the PDC division. The products and services provided may be the results of: a contract for products and/or services between an external customer and IBM, the registrant or a related company or, in some cases, a contract between a customer and the PDC division directly. In the former instance, IBM, or one of its subsidiaries, contacts the PDC division to provide some or all of the products and/or services to be provided under the contract. The PDC division then typically provides the relevant products and/or services directly to the customer. The costs associated with providing the products and/ or services are then forwarded to the contracting IBM subsidiary which then forwards an invoice to the customer.

Mr. Schreder states that the PDC trade mark has been extensively and continuously used by IBM and its subsidiaries as an "umbrella" mark, that is, the trade mark is used to identify all of those products and services which are provided by the PDC division. Further, the trade mark is

often used to precede a term(s) which describes the product or service being offered by the PDC division (e.g. PDC Technical Services, PDC Training Services, etc.). He indicates that in association with the PDC trade mark and other trade marks, the PDC division has generated revenues exceeding \$ 65,100,000 derived from the high technology services and products during the period of January 1, 1998 and December 31, 2000. The revenues of the PDC division derived, at least in part, from products and/or services identified on the trade mark registration on a yearly basis are as follows: for the calendar year 1998 - \$ 15,600,000; for calendar year 1999 - \$21,800,000; and for calendar year 2000 - \$ 27,700,000. The products and services developed, licensed, or sold by the registrant relate to the sale or licensing of custom application software for use in a networked environment; the provision of services relating to custom application software development; the provision of training and consulting services related to network computer software applications.

Mr. Schreder submits that it provided the wares and services to such customers as the Government of the province of British Columbia; Lucent Technologies; and other leading businesses and government organizations. As exhibit A he provides a copy of a contract and as exhibit B he provides two (2) invoices relating to the contract of Exhibit A. He specifies that the products and services were provided both in Canada and in New Zealand. As exhibit C he attaches a copy of another contract and as exhibit D he provides an invoice relating to the contract of exhibit C. As exhibit E he submits a copy of another contract. He then explains the products and services that were provided in association with the trade mark. As exhibit F, he provides an invoice relating to the contract of exhibit E. As exhibits G and H, he provides two (2) excerpts from training manuals which were provided to a customer during the time periods of

February 22 - 25 and May 10 - 11, 1999, respectively. The training manuals pertain to the "PDC ICMS" product which was also developed and provided to the customer by the PDC division. He confirms that the PDC division personnel delivered the courses directly to customer representatives during the time periods indicated. Exhibit I is a "Statement of Work" for work provided to Metronet Communications Corp for the training of Metronet employees on, inter alia, the "PDC ICMS" product.

In addition to the above, Mr. Schreder states that the registrant has provided high technology related products and services similar to those described in association with the trade mark to Air Canada, the Alberta Government, CU Electronic Transaction Services , the National Hockey League Players Association (which has its headquarters in Toronto, Ontario) as well as many other companies and organizations during the period from May 30, 1998 to may 30, 2001.

The requesting party has raised several arguments concerning the evidence furnished. The main arguments are summarized as follows:

Any use shown by the evidence is not by the registrant and does not accrue to the registrant pursuant to Section 50 of the Trade-marks Act.

Any use shown of the term PDC is as a trade-name and not as a trade-mark.

Concerning the first issue, I am satisfied that the evidence shows that the products and services associated with the trade-mark are developed and provided by a division of the registrant company namely the PDC division. As the PDC division does not appear to be a separate legal entity from the registrant, I accept that any use of the trade-mark by such division is use by the

registrant. Concerning use of the trade-mark by IBM and its other subsidiaries, I am prepared to infer from the evidence as a whole that any use of the trade-mark PDC by such companies is authorized by the registrant. Concerning control by the registrant of the character and quality of the wares and/or services, I am satisfied that as the products and services emanate from the PDC division of the registrant, then it is clear that the registrant has the control required under Section 50(1) of the Trade-marks Act. Accordingly, any use of the trade-mark by IBM or its other subsidiaries is use that would accrue to the registrant in accordance with the provisions of Section 50(1) of the Act.

The next issue is whether the use shown by the evidence is of the term PDC as a trade mark in association with the wares and in association with the services or whether the use shown is merely as a trade name.

I agree with the requesting party that exhibits A,B,C,D,E and F show the letters PDC being used as a trade-name and not as a trade mark. The term PDC is clearly listed thereon as the name of the department providing the services, consequently I am of the view that on those documents it clearly would be perceived as representing the registrant's division and not as a trade mark being used in association with the wares and services.

However, I am prepared to accept that the two excerpts from the training manuals (exhibits G and H) which Mr. Schreder states were provided to a customer during the periods of February 22-25 and May 10 and 11, 1999, respectively, and which refer to an ICMS product namely the "PDC ICMS" product developed and provided to the customer, show the use of PDC not merely

as a trade-name but also as a trade-mark. As pointed out by the registrant, the case law clearly indicates that a trade-mark and a trade-name can be one and the same.

As Mr. Schreder has indicated that the PDC trade-mark is used as an “umbrella” mark, that is, it is used to identify all of those products and services which are provided by the PDC division and that it is often used to precede a term which describes a particular product or service being offered, I am prepared to accept that on the training manuals the term PDC would probably be perceived not only as a trade name but also as a “house mark” with respect to the wares and services being provided while the term ICMS would probably be perceived as the trade-mark for the particular product and course being provided.

Given that the registrant’s products are typically custom application software delivered to customers by electronic means or installed at the purchaser’s place of business by members of the PDC division (paragraph 4 of the affidavit) and considering that training and consulting services are provided in association with the products specifically developed for the customers, I am prepared to infer that the registrant’s customers would be aware of and would be shown the training manuals relating to their custom software prior to and after the transfer of the software to their equipment. Accordingly, the training manuals would provide the notice of association between the trade-mark and the wares required by Section 4(1) of the Act (see *BMB Compuscience Canada Ltd. v. Bramalea Ltd.*, 22 CPR (3d) 561), and also would show use of the trade-mark in the advertising and performance of the registered services in compliance with Section 4(2) of the Act.

As there are sufficient facts in the affidavit to permit me to conclude that the trade-mark PDC was being used in association with the registered wares and services during the relevant period, and as I have concluded that the use was by the registrant or accrued to the registrant, I conclude that the trade-mark registration ought to be maintained.

Registration No. TMA 490,730 will be maintained in compliance with the provisions of Section 45 (5) of the Trade-marks Act.

DATED AT GATINEAU, QUEBEC, THIS 24TH DAY OF NOVEMBER 2004.

D. Savard
Senior Hearing Officer
Section 45 Division