

Federal Court



Cour fédérale

**Date: 20181213**

**Dockets: T-149-18  
T-150-18**

**Citation: 2018 FC 1261**

**Ottawa, Ontario, December 13, 2018**

**PRESENT: The Honourable Mr. Justice Roy**

**BETWEEN:**

**UNIVERSAL PROTEIN SUPPLEMENTS  
CORPORATION**

**Applicant**

**and**

**H. YOUNG (OPERATIONS) LIMITED**

**Respondent**

**JUDGMENT AND REASONS**

[1] The applicant, Universal Protein Supplements Corporation, has appealed a decision rendered by the Registrar of Trade-marks, pursuant to section 56 of the *Trade-marks Act*, (R.S.C. 1985, c. T-13) [the Act]. The decision, arising from expungement proceedings governed by section 45 of the Act, concluded that the two trade-marks registered to the respondent, H. Young (Operations) Limited, had to be amended to reflect the list of associated goods in use in Canada

during the relevant period. The applicant is not satisfied with the amended list of goods and wishes to see the Marks expunged completely from the register.



I. Facts

A. *The Parties*

[2] The applicant is an American corporation having a place of business in the city of New Brunswick, New Jersey, USA. The respondent is a corporation based in Berkshire, United Kingdom. Its business includes the sourcing, distribution, sale and marketing of apparel and accessories with an emphasis on sports lifestyle. It is said that its products are distributed in Canada, as well as 24 other countries around the world.

B. *Registration of trade-marks*

[3] This case is concerned with the use that has been made of two trade-marks by H. Young (Operations) Limited (s. 45 of the Act). These trade-marks bear Nos TMA448,527 and TMA512,970. I reproduce the trade-marks and their associated statements of goods:

<p>TMA448,527</p> 	<p>TMA512,970</p> 
<p>Goods:                  (1) Watch straps.                  (2) Sports caps namely baseball caps; and sports clothing namely, T-shirts, jackets, belts, shirts, and beach shoes; and beach clothes namely sweatshirts, shorts and trousers.</p>	<p>Goods:                  (1) Watches; articles made from leather and from imitations of leather, bags, backpacks, rucksacks, wallets and purses, belts; clothing, namely, underwear, swimwear, socks, shorts, shirts, jackets, trousers, jeans, jogging pants, skirts, dresses, sweatshirts, t-shirts; hats; sports clothing, namely, sports t-shirts, sports hats, sports shorts, sport sweatshirts; footwear, namely, shoes; headgear, namely, baseball caps.</p>

[4] The applicant argues that the two trade-marks ought to be expunged because they have not been used by the respondent during a three-year period.

[5] The Registrar of Trade-marks disagreed and that decision is appealed before this Court in accordance with section 56 of the Act.

## II. Proceedings before the Registrar

[6] Proceedings under section 45 of the Act allow the Registrar to expunge or amend trademarks that are no longer deemed to be used by the owner of a trade-mark.

[7] At the behest of the parties, TMA448,527 and TMA512,970 were deemed to constitute one single Mark for purposes of the proceedings, referred to collectively as “the Mark”. The same convention will be used here. In the appeals before this Court, the appeal concerning TMA448,527 bears the Court file number T-149-18 and the appeal concerning TMA512,970 bears the Court file number T-150-18. Both cases are identical, with the same arguments being made in each case. A copy of the judgment and its reasons will be deposited in each file as there will be one set of reasons with respect to both Trade-marks.

[8] The applicant argued before the Registrar that the respondent abandoned - and therefore did not use - the Mark in Canada during the three-year period, preceding a notice to the registered owner of the Mark issued by the Registrar.

[9] The Registrar of Trade-marks was asked to consider whether the said Mark was in use in Canada at any time during the three years immediately preceding a notice given to the owner of the Mark at the request of the applicant, Universal Protein Supplements Corporation (ss. 45(1) of the *Act*). The evidence of use to be provided by the registered owner of the Mark takes the form of an affidavit which is to show, with respect to each of the goods specified in the registration, their use (in this case it is not disputed that the three-year period is between July 8, 2012 and July 8, 2015).

[10] Section 4 of the Act governs when a mark is deemed to be used:

**When deemed to be used**

**4 (1)** A trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

**Idem**

**(2)** A trade-mark is deemed to be used in association with services if it is used or displayed in the performance

**Quand une marque de commerce est réputée employée**

**4 (1)** Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

**Idem**

**(2)** Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans

or advertising of those services.

l'exécution ou l'annonce de ces services.

...

[...]

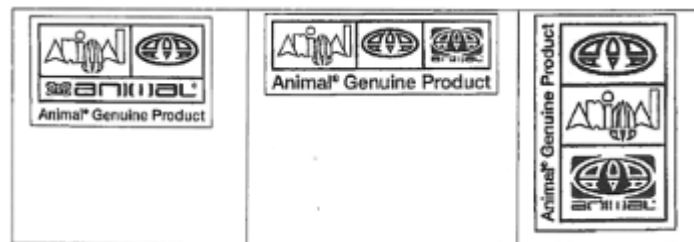
[11] H. Young (Operations) Limited produced the required affidavit and also written representations. Only the applicant offered oral submissions before the Registrar. Indeed, the registration owner chose not to participate in the appeal before this Court: it did not produce a respondent's record, with a respondent's Memorandum of Fact and Law, and it advised the Court that it did not wish to appear. Thus, H. Young (Operations) Limited had a somewhat limited participation before the Registrar and none before this Court.

[12] The applicant argued before the Registrar that the Mark in use was not the Mark as registered, but rather, an unacceptable deviation thereof. The applicant contended that the incorporation of the Mark into the respondent's "Genuine Product Graphic" failed to preserve the dominant features of the Mark. The applicant cited *Robichaud v Clio/Oz Division of Mainline Fashions Inc.*, 2015 TMOB 210 [*Clio/Oz*] in support of the proposition that where a registered mark has been incorporated into a graphic such that the dominant features of the mark are not preserved, the use of the graphic does not constitute the use of the mark as registered.

[13] Further, the applicant took issue with the evidence presented by the respondent to justify its use of the Mark. In effect, the applicant sought to establish that the affidavit was not sufficient to establish the use of the Mark in Canada. The Act provides that once a notice has been given to the registered owner of the Mark, an affidavit "showing, with respect to each of the goods or services specified in the registration, whether the trade-mark was in use in Canada ..." must be submitted. It is that affidavit that is alleged to be deficient and it is at the heart of the appeal.

[14] Before the Registrar, the respondent submitted the affidavit from Mr. Richard Tape, the Financial Director of the Animal division of the H. Young (Operations) Limited. Mr. Tape noted that the respondent used the Mark during the relevant period in connection with the distribution, sale and marketing of a variety of apparels and accessories (focusing on action sport lifestyle) in his division. The respondent's Corporate Branding Guidelines, presented in support of the affidavit, required that products display a "Genuine Product Graphic" that incorporated the Mark, particularly on labels and hangtags, but also was featured on the interior lining of some products. Mr. Tape also asserted that the Mark appeared on the packaging of certain products.

[15] The "Genuine Product Graphic" in effect was any one of the three graphics:



As can be seen, the Mark is incorporated with other elements.

[16] The affidavit claims that products were sold in Canada by referring specifically to a third-party retailer in Chateauguay, Quebec. Are submitted in Exhibit E to the affidavit invoices for some products that are said to evidence sales. However, there are no corresponding photographs of these products. As a replacement, the affiant offers "design images" in his Exhibit F. He explains at paragraph 12 of his affidavit:

12. Attached at **Exhibit F** are design images of the products noted in paragraph 11 above that are in H. Young's business records. As H. Young no longer has any of these products in its inventory, no photographs of these products are available. I can confirm, however, that each of these products sold to the Chateauguay, Quebec retailer in 2014 was in compliance with the Animal Corporate Branding Guidelines that were in effect at the relevant time. In other words, the "genuine product graphic" that incorporates the Trade-marks referred to in paragraph 7 above, and/or the Trade-marks themselves, would have appeared on the hangtags and/or labels, interior linings and/or the packaging (as applicable) of these products as described in paragraphs 8 and 9 above and shown in **Exhibits C and D**.

[Bold in original and my emphasis.]

[17] It should be noted that the affidavit concedes that the photographs of sample labels, hangtags and interior linings featured in Exhibit C to the affidavit are those that were "currently in use" (affidavit of Richard Tate, para 8). That is readily apparent at Exhibit C as the prices shown are in pound sterling. The same is true of Exhibit D which is presented as some sample packaging for a watch: it is clearly a product packaged for the United Kingdom market. With respect to the applicant's allegation that the photographs supplied in evidence were not representations of goods sold in Canada during the relevant period, the respondent could do no better than to refer to the affidavit that states that they no longer had any of these products in their Canadian inventory, and as such, they were unable to supply these photographs.

[18] Thus, the evidence offered by H. Young is limited to:

- Guidelines on corporate branding, without evidence that the guidelines are followed in Canada and how the branding, if any, is done;
- The evidence of sample labels, hangtags and interior linings is limited to photographs of products currently in use in the UK (Exhibit C). The affidavit is

dated January 29, 2016, some six months after the expiry of the three-year period under consideration;

- Invoices for products to a retailer in Chateauguay, Quebec. No evidence was offered as to these products as they are not in H. Young's inventory and no photographs of them, hopefully showing the branding, was made. At best, the affiant states that "the "genuine product graphic" ... would have appeared on the hangtags and/or labels, interior linings and/or the packaging (as applicable) of these products ..." (para 12).

### III. The Decision under Review

[19] In the decision that followed, dated November 21, 2017, the Registrar of Trade-marks was satisfied, only in part, of the use of the Mark.

[20] First, the Registrar sided with the applicant in that some of the goods had not been proven to be in use and, accordingly, altered the statement of goods in TMA448,527 and TMA512,970 where the evidence of use was either non-existent or insufficient. Given the absence of a respondent in the proceedings before the Court, that finding is not disputed.

[21] The associated statement of goods to which TMA448,527 pertains now reads:

Sports caps namely baseball caps; and sports clothing namely, T-shirts, jackets, shirts; and beach clothes namely sweatshirts and trousers.

[22] The associated statement of goods to which TMA512,970 pertains now reads:

Watches; backpacks, wallets; clothing, namely, shirts, jackets, jogging pants; sports clothing, namely, sports t-shirts, sports hats,



sport sweatshirts; footwear, namely, shoes; headgear, namely, baseball caps.

[23] The Registrar identifies the real issue as being the manner of display of the Mark. It is incorporated in the genuine product graphic on hangtags and labels, and on the interior lining in the case of two of the products, certain wallets and backpacks. Do these displays satisfy the requirements of subsection 4(1) of the Act? There is also the issue of whether the affidavit of Mr. Tape is sufficient. It was alleged that the affidavit was deliberately vague and ambiguous, thus not satisfying the requirements of section 45.

A. *Deviation*

[24] The Registrar presented the first issue as being one of deviation. It was considered established that the Mark never appears alone. Rather it is incorporated in the Genuine Product Graphic as one of the four elements found in all three Genuine Product Graphics. In fact, the Corporate Branding Guidelines, filed in support of the Tape affidavit, refer to four corporate logos, none of which uses the Mark. Even the word “animal” is not presented the way the Mark is registered.

[25] For the Registrar, more than one trade-mark may be used at the same time as long as they are not combined to render the Marks indistinguishable. Here, the Mark remains recognizable in its own right. Three justifications are offered in support of that conclusion:

- The Mark has its own box, which avoids linking it or being integrated to the remaining elements;

- The word “animal” is found in two other boxes, together with the clear design and references to the ® symbol which would tend to reinforce an impression of the Mark being displayed with other trade-marks; and not being a part of a composite trade-mark;
- The impression of a Mark being displayed with other trade-marks or logos is said to be further reinforced by “(t)he fact that there are variations of the Genuine Product Graphic and that most of the goods depicted under Exhibit C (of the Tape affidavit) also display one or more of the corporate logos ... on their own ...” (decision, para 50).

[26] On that sole basis, the Registrar considers that the present case is distinguished from the *Clio/Oz* decision on which the applicant relied heavily. In that case, the trade-mark was Oz. Another trade-mark was Clio and they were both depicted in this fashion:



The Registrar in *Clio/Oz* looked at the dominant features of the Mark to see if it had been preserved. A minor deviation would not engage section 45 of the Act. However, such was not the conclusion reached in that case. The conclusion is found at paragraphs 28 and 29 of *Clio/Oz*:

[28] While OZ is the only feature of the registered Mark, I consider the combination of CLIO and OZ to be the dominant feature of the trade-mark displayed. In this respect, although the O in OZ is the largest letter displayed, CLIO is the first portion of the Mark, and as shown throughout the evidence, is consistently displayed above OZ. Furthermore, neither element is descriptive of the registered goods.

[29] Accordingly, in my view, the dominant feature of the registered Mark, being the word OZ alone, has not been preserved. The addition of CLIO alters the Mark visually, phonetically and in

the idea suggested, such that it has lost its identity and does not remain recognizable as the Mark. As such, I find that the evidenced display of the CLIO OZ design mark does not constitute display of the Mark as registered.

[27] Despite a combination of marks and logos that appears much busier in the case at hand, the Registrar did not provide any further clarification for why there were distinguishable features between the two cases.

[28] It is somewhat surprising that the member of the Opposition Board did not see fit to explain further her decision in view of a decision she rendered in *Sim & McBurney v Les Espaces Memoria Inc.*, 2016 TMOB 24 [*Les Espaces Memoria Inc.*], a decision that postdates the decision in *Clio/Oz*. That decision was cited by the respondent before the Registrar in order to counter the *Clio/Oz* decision. There is no explanation why *Les Espaces Memoria Inc.* should be preferred. Although many cases are referred to in *Les Espaces Memoria Inc.*, the *Clio/Oz* case is not even mentioned.

B. *The evidence of use in association with each of the registered goods*

[29] The applicant before the Court, the Requesting Party before the Registrar, complained about the evidence presented to establish the use of the Mark in Canada. In effect, the evidence is ambiguous and vague. The same arguments were presented before the Registrar and before the Court. In fact, the decision summarizes the arguments of both parties and, without any explanation, declares being “in general agreement with the Owner’s submissions” (decision, para 61).

[30] On the Requesting Party's side, it was argued that the affidavit is less than forceful. The labels, hangtags and interior linings presented in evidence are only associated with products "currently in use". They are not the products about which the evidence of use is required pursuant to section 45 of the Act. The price tags that appear in some photographs are always in pounds sterling: these products are sold in the UK and they are sold after the expiration of the three-year period. The affidavit concedes that there are no photographs of goods sold in Canada. The affidavit continues to be vague and imprecise in that the labels, hangtags and interior linings presented in evidence "were used in respect of the same categories of products that were sold and distributed in Canada ..." (affidavit, para 8, my emphasis). The evidence could not support a statement that the products sold are represented in the photographs. Evidently, the affiant could not state what should be an essential proposition: the goods sold in Canada bore the labels and hangtags where the Mark would be found. The evidence is simply deficient.

[31] In that same vein, paragraph 12 of the affidavit is crafted to create an impression while, once examined more carefully, the use of "and/or" repeatedly hides the vagueness by making it "impossible to tell what form and where exactly the Mark appeared on each of the different goods allegedly sold in Canada during the relevant period ..." in the words of the Registrar describing the argument (decision, para 54). It was also very much unclear what Exhibit F allows to properly infer. These "design images" of products allegedly sold in Canada cannot be representative of the goods at issue. The comparison with photographs at other exhibits is said to reveal goods that are entirely different from the goods listed in Exhibit E (invoice) and Exhibit F (design images). In effect, the affidavit is useless.

[32] The respondent countered before the Registrar that the samples in Exhibits C and D are merely representative of how the Mark and the Genuine Product Graphic were utilized with respect to the types of products shown in the photographs. As pointed out, though, these are products sold in the UK, as acknowledged at paragraph 59 of the decision. For the Registrar, it would be asking too much of the respondent to require photographs of the actual goods sold such that a negative inference could be drawn.

[33] What may well be at the heart of the respondent's defence is found at paragraph 58 of the decision. It seems to paraphrase, and rely entirely on, paragraph 12 of the Tape affidavit, which I reproduced in its entirety at paragraph 16 of my reasons. This paragraph suddenly confirms, after a few paragraphs in the affidavit that are less than forceful, that products sold were in compliance, without an explanation as to how such statement can be made, but is less affirmative in the second half (after "In other words") where the conditional form ("would have appeared").

#### IV. Positions of the Parties on Appeal

[34] The respondent chose not to participate in any way in the proceedings before this Court. There was no issue of public interest involved in the case in order to suggest the presence of the Attorney General of Canada on the appeal. Accordingly, the Court has the benefit of the views of the applicant only.

[35] The applicant maintains that the only reasonable conclusion to which the Registrar could have arrived was that the Mark was not used in Canada during the relevant period. To that end, the applicant makes three arguments.

[36] First, the applicant asserts that during the relevant period, the Mark was never used on its own, but instead incorporated into the Genuine Product Graphic, which constitutes an unacceptable deviation from the Mark as registered. The applicant relies again on the findings of the Trade-mark Opposition Board in *Clio/Oz*, wherein the Hearing Officer found that the registered mark “OZ” appearing in a different box or frame was indistinguishable from the “CLIO” portion of the design mark and was therefore an unacceptable deviation from the mark as registered. The applicant contends that the Mark incorporated into the Genuine Product Graphic has been altered such that it has lost identity and is no longer recognizable. For the applicant, the two cases are for all intents and purposes identical.

[37] Second, the applicant submits that the evidence of use provided by the respondent simply did not allow for the Trade-marks Opposition Board to draw clear conclusions about the material before it. For example, the photographs provided in Exhibits C and D of the Affidavit of Mr. Tape depicted products sold neither in Canada nor in the relevant period. The applicant also takes issue with vague and unsupported statements in the affidavit of Mr. Tape, which attempt to explain away the flaws in the photographs by remarking that they depict the “same categories of products” (paragraph 8) that would have been sold in Canada during the relevant period. Further, Mr. Tape claims that each of the products sold in Quebec were in compliance with the Animal Corporate Branding Guidelines (paragraph 12) but provides no supporting evidence to that effect. The contents of his affidavit could not, in the applicant’s view, provide the clear facts that the Registrar needed to conclude that the Mark was in use in association with the goods or some of the goods registered to the respondent at the relevant period.

[38] Third, the applicant argues that the respondent did not provide proper evidence of the use of the Mark where it seeks to rely on the interiors linings of wallets and backpacks. Since a trademark appearing inside a product is not clearly visible to a customer at the time of a purchase, it cannot serve to distinguish the goods at the time of the transfer of property or in possession of the goods, in accordance with section 4 of the Act. By analogy, the applicant cites *Cullman Ventures Inc. c Quo Vadis International Ltée*, [2000] F.C.J. No. 1763, wherein Justice Lemieux concluded that the display of a trademark on a page inside an agenda was insufficient to establish use of this trademark.

[39] Overall, the applicant's allegations seem to take aim at the absence justification and intelligibility of the decision rendered by the Registrar, though this is not mentioned explicitly. Thus, the applicant concludes that the decision was unreasonable.

#### V. Standard of Review and Analysis

[40] In my view, the decision does not satisfy the standard of review of reasonableness because it is not justified, transparent and intelligible within the decision-making process and the evidence of Mr. Tape does not meet the threshold required to show use of the trade-marks in Canada in association with the respondent's goods.

#### A. *Standard of Review*

[41] Appeals pursuant to section 56 of the Act are governed by the standard of review of reasonableness. There was a time when a Court may have to decide between reasonableness and

reasonableness simpliciter (*Novopharm Ltd. v Bayer Inc.*, (2000) 9 CPR (4th) 304). Such is not the case since the seminal case of *Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190 [*Dunsmuir*]. It is now recognized that the standard of review in section 56 appeals is reasonableness (*Alliance Laundry Systems LLC v Whirlpool Canada LP*, 2015 FCA 232, para 3, 2014 FC 1224 [*Alliance Laundry*]).

[42] Reasonableness implies deference towards the decision made by someone with expertise in that field. It is not for the Court to disagree merely with findings and to substitute its own appreciation of the facts as would be done in the case of review on a correctness standard.

Paragraph 47 of *Dunsmuir* continues to be fundamental to the understanding of reasonableness:

[47] Reasonableness is a deferential standard animated by the principle that underlies the development of the two previous standards of reasonableness: certain questions that come before administrative tribunals do not lend themselves to one specific, particular result. Instead, they may give rise to a number of possible, reasonable conclusions. Tribunals have a margin of appreciation within the range of acceptable and rational solutions. A court conducting a review for reasonableness inquires into the qualities that make a decision reasonable, referring both to the process of articulating the reasons and to outcomes. In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law.

[43] There are therefore two aspects to the notion: the process of articulating the reasons and the outcome.



[44] The task of the reviewing judge was encapsulated in Canada (*Citizenship and Immigration*) v *Khosa*, 2009 SCC 12, [2009] 1 SCR 339 [*Khosa*], at para 59:

[59] Reasonableness is a single standard that takes its colour from the context. One of the objectives of *Dunsmuir* was to liberate judicial review courts from what came to be seen as undue complexity and formalism. Where the reasonableness standard applies, it requires deference. Reviewing courts cannot substitute their own appreciation of the appropriate solution, but must rather determine if the outcome falls within “a range of possible, acceptable outcomes which are defensible in respect of the facts and law” (*Dunsmuir*, at para. 47). There might be more than one reasonable outcome. However, as long as the process and the outcome fit comfortably with the principles of justification, transparency and intelligibility, it is not open to a reviewing court to substitute its own view of a preferable outcome.

[45] In this case, there are two issues. One has to do with the process of articulating reasons. Is there justification, transparency and intelligibility within the decision-making process? The issue is not so much to ascertain the adequacy of the reasons, as adequacy alone is not a stand-alone basis for quashing a decision. As the Supreme Court put it in *Newfoundland and Labrador Nurses' Union v Newfoundland and Labrador (Treasury Board)*, 2011 SCC 62, [2011] 3 SCR 708 [*Newfoundland and Labrador Nurses' Union*], “if the reasons allow the reviewing court to understand why the tribunal made its decision and permit it to determine whether the conclusion is within the range of acceptable outcomes, the *Dunsmuir* criteria are met”. In my view the decision falls short on that account.

[46] The reviewing Court is also invited to conduct a reasonableness review of the factual findings. In *Mission Institution v Khela*, 2014 SCC 24, [2014] 1 SCR 502, the Supreme Court commented thus on the quality of evidence that will make a decision unreasonable:

[74] As things stand, a decision will be unreasonable, and therefore unlawful, if an inmate's liberty interests are sacrificed absent any evidence or on the basis of unreliable or irrelevant evidence, or evidence that cannot support the conclusion, although I do not foreclose the possibility that it may also be unreasonable on other grounds. Deference will be shown to a determination that evidence is reliable, but the authorities will nonetheless have to explain that determination.

[47] Justice Lebel, for the Court, identifies three situations that may attract a finding of unreasonableness: absence of evidence, on the basis of unreliable or irrelevant evidence and evidence that cannot support the conclusion.

[48] Justice Stratas, of the Federal Court of Appeal, put it succinctly in *Kanthasamy v Canada (Citizenship and Immigration)*, 2014 FCA 113, [2015] 1 FCR 335, reversed for other reasons at 2015 SCC 61, [2015] 3 SCR 909:

[99] In conducting reasonableness review of factual findings such as these, it is not for this Court to reweigh the evidence. Rather, under reasonableness review, our quest is limited to finding irrationality or arbitrariness of the sort that implicates our rule of law jurisdiction, such as a complete failure to engage in the fact-finding process, a failure to follow a clear statutory requirement when finding facts, the presence of illogic or irrationality in the fact-finding process, or the making of factual findings without any acceptable basis whatsoever: *Toronto (City) Board of Education v. O.S.S.T.F., District 15*, [1997] 1 S.C.R. 487 at paragraphs 44-45; *Lester (W.W.) (1978) Ltd. v. United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local 740*, [1990] 3 S.C.R. 644 at page 669.

In my estimation, the decision must be quashed because the finding of use of the trade-marks in Canada was based on evidence that cannot support the conclusion and, as such, the decision is arbitrary.

B. *Analysis*

(1) Applicable principles

[49] It has been repeated often that the purpose of section 45 of the Act is to get rid of deadwood, registrations that remain in the register in spite of the trade-mark not being in use in Canada for a number of years. Already in 1979, Justice Cattanach, of this Court, was speaking in terms of “cleaning the register of entries” in *Aerosol Fillers Inc. v Plough (Canada) Ltd.*, (1979) 45 CPR 12<sup>nd</sup>) 194, at page 196:

Basically this legislative scheme was introduced in 1953 to provide a simple and expeditious procedure which had not theretofore existed for clearing the register of entries of trade marks which are not *bona fide* claimed by their owners as active trade marks either at the initiative of the Registrar or at the request of any person after three years from the date of registration of a mark.

The Court of Appeal in the same case, *Plough (Canada) Ltd. v Aerosol Fillers Inc.*, 53 CPR (2d) 62, [1981] 1 FC 679 [*Plough*], referred to earlier jurisprudence where the same purpose was articulated. I have little doubt that the mechanism is used less altruistically by requesting parties who will wish to take advantage once a particular trade-mark has been expunged. Indeed, section 45 can be used by any person who pays the prescribed fee. But the analysis remains the same, whatever the motivation.

The purpose of the section will help explain the low threshold that must be met by the owner of a trade-mark. In *Philip Morris Inc. v Imperial Tobacco Ltd.*, (1987), 8 FTR 310, 13 CPR (3<sup>rd</sup>) 289, one reads at page 293:

It is well established that the purpose and scope of s. 44 [now s. 45] is to provide a simple, summary and expeditious procedure for

clearing the register of trade marks which are not *bona fide* claimed by their owners as active trade marks. The procedure has been aptly described as one for removing “deadwood” from the register. The section does not contemplate a determination on the issue of abandonment but rather simply places on the registered owner of the trade mark the onus of furnishing evidence of use in Canada or of special circumstances excusing non-user [sic]. The registrar’s decision is not one that finally determines substantive rights but only whether the trade mark entry is liable to be expunged under s. 44 or not. If user is relied on then the evidence filed in response to the notice must “show” the use or, at least, sufficiently relate the facts from which such use can be inferred.

The burden is not a heavy one on who needs to justify the use of the trade-mark. But there is a burden.

[50] The TMOB appears to summarize the burden, using the same paragraph as a template in a number of decisions. This one is taken from *Method Law Professional Corporation v The Black & Decker Corporation*, 2015 TMOB 225:

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of s. 45 proceedings [*Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1979), 45 C.P.R. (2d) 194, aff’d (1980), 53 C.P.R. (2d) 63 (F.C.A.)] Although the threshold for establishing use in these proceedings is quite low [*Lang, Michener, Lawrence & Shaw v. Woods Canada Ltd.* (1996), 71 C.P.R. (3d) 477 (F.C.T.D.)] and evidentiary overkill is not required [*Union Electric Supply Co. v. Canada (Registrar of Trade Marks)* (1982), 63 C.P.R. (2d) 56 (F.C.T.D.)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with each of the wares or services specified in the registration during the relevant period.

The owner of a trade-mark must furnish an affidavit, in the words of subsection 45(1), “showing, with respect to each of the goods or services specified in the registration, whether the trade-mark was in use”. Facts are needed. In *Spirits International B.V. v BCF S.E.N.C.R.L.*, 2012 FCA 131:

[8] The burden on the registrant to prove use in a section 45 proceeding is not a heavy one. An affidavit or statutory declaration will suffice if it provides a factual description of the use of the subject mark demonstrating that the requirements of section 4 are met: *Eclipse International Fashions Canada Inc. v. Shapiro Cohen*, 2005 FCA 64, at paragraph 6 (see also *Central Transport, Inc. v. Mantha & Associés/Associates* (1995), 64 C.P.R. (3d) 354 (F.C.A.), and *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (F.C.A.), [1981] 1 F.C. 679). It is always open to the Registrar, as the finder of fact, to draw reasonable inferences from the facts stated in the affidavit or statutory declaration.

[My emphasis.]

[51] It is the Federal Court of Appeal decision in *Plough* (supra), that the need for facts was established. It seems that a practice had developed according to which a statement was deemed sufficient. In that case, the statement in the affidavit read:

2. THAT Plough (Canada) Limited is currently using and was on September 7, 1978 using the registered trade mark PHARMACO in the normal course of trade in Canada in association with pharmaceutical preparations.

Bald statements don't do. A description of the use is required for each good. *Plough* finds that the details of the situation are expected so that an opinion can be formed, not merely receiving the owner's statement:

What s-s. 44(1) requires is an affidavit or statutory declaration not merely stating but "showing", that is to say, describing the use being made of the trade mark within the meaning of the definition of trade mark in s. 2 and of use in s. 4 of the Act. The subsection makes this plain by requiring the declaration to show with respect to each of the wares and services specified in the registration whether the trade mark is in use in Canada and if not the date when it was last used and the reason for the absence of such use since that date. The purpose is not merely to tell the Registrar that the registered owner does not want to give up the registration but to inform the Registrar in detail of the situation prevailing with

respect to the use of the trade mark so that he, and the Court on appeal, can form an opinion and apply the substantive rule sets out in s-s. 44(3). There is no room for a dog in the manger attitude on the part of registered owners who may wish to hold on to a registration notwithstanding that the trade mark is no longer in use at all or not in use with respect to some of the wares in respect of which the mark is registered.

[Section 44 is now section 45.]

(2) Is the decision reasonable?

[52] The applicant claimed that the Genuine Product Graphics, reproduced at paragraph 15 of these reasons, did not demonstrate the use of the Mark because the Mark is amalgamated with other logos. It is not forbidden for the Mark to be used in combination with additional material as long as “the public, as a matter of first impression, would perceive the Mark per se as being used as a trade-mark” (*Nightingale Interloc Ltd. v Prodesign Ltd.*, (1984) 2 CPR (3<sup>rd</sup>) 535, at p. 538).

Does the trade-mark stand out?

[53] The applicant relied heavily on *Clio/Oz*. Surely, argues the applicant, if the depiction of the mark Oz together with CLIO did not preserve the dominant feature of the mark Oz, the same conclusion ought to be applied to the amalgamation of four different disparate things.

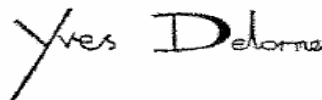
Accordingly, the Mark has not been used, according to the definition of subsection 4(1) of the Act.

[54] In *Registrar of Trade Marks v Compagnie Internationale pour l’informatique CII Honeywell Bull*, [1985] 1 FC 406 [*CII Honeywell Bull*], the Federal Court of Appeal found that

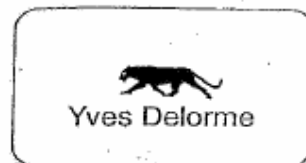
the mark “Bull”, used together with two other marks as “CCI Honeywell Bull”, had lost its identity:

5 Unlike other forms of intellectual property, the gravamen of trade-mark entitlement is actual use. By contrast, a Canadian inventor is entitled to his or her patent even if no commercial use of it is made. A playwright retains copyright even if the play remains unperformed. But in trade-marks the watchword is “use it or lose it”. In the absence of use, a registered mark can be expunged (s. 45(3)). ...

[55] Further support for the applicant’s position was offered through a decision of this Court in *Diamant Elinor Inc. v 88766 Canada Inc.*, 2010 FC 1184 [*Diamant Elinor*]. In that case, the trade-mark was the fictitious signature “Yves Delorme” in a stylized form:



However, it appears that the mark was presented in plain characters with a panther:



[56] The Court found that “(g)iven that the mark as filed in evidence does not bear the graphic feature of the signature and includes an additional design element, the Court has no choice but to find that the applicant has not used the mark as filed” (para 75).

[57] The issue is perhaps made even more acute because of the case law referred to the Registrar by the respondent. It referred to four cases, all decided by the TMOB:

- *Sim & McBurney v Les Espaces Memoria Inc.*, 2016 TMOB 24, where the trade-mark was MEMORIA in

Alfred Dallaire | MEMORIA

- *Method Law Professional Corporation v The Black & Decker Corporation*, 2015 TMOB 225, where the trade-mark was PIRANHA in



- In the matter of a section 45 proceeding requested by Adrian Brooks Carrying on Business as AB Technology Group against registration No. TMA233,364 for the trade-mark FLAME-GARD in the name of Rampro Inc., 2011 TMOB 74, where the trade-mark was incorporated in



- In the matter of a section 45 proceeding requested by Laboratoires Contapharm against Registration No. TMA470,749 for the trade-mark ORIGINS in the name of Origins Natural Resources Inc., where the trade-mark being in combination with the design of two trees (the design was not supplied in the Opposition Board decision).



[58] The point of the matter is not for the Court to make a determination, having compared the Genuine Product Graphics in this case to the depiction of trade-marks with other elements in five other cases. It is quite clear to the naked eye that the genuine product graphics under review are significantly busier than those of MEMORIA, with its different lettering and size on PIRANHA, or even FLAME-GARD where the Registrar noted that the trade-mark is present twice and at the top of the label in a stylized font, such that the trade-mark is a dominant feature. The role of the Court is to determine the legality of the decision of the Registrar by considering whether the decision fits within the range of acceptable, possible outcomes. The Court has concluded that the reasons given by the Registrar do not permit the Court to understand why the decision was made in view of the case law, and in particular how the *Clio/Oz* case ought to be distinguished. That makes it impossible to ascertain if the decision falls within the range as per *Newfoundland and Labrador Nurses' Union* (supra, at para 43).

[59] While the five decisions (*Clio/Oz*, *MEMORIA*, *PIRANHA*, *ORIGINS*, *FLAME-GARD*) all explain in considerable details their conclusion, we find nothing of the sort here. We do not know why the registered Mark would have kept its identity, its dominant feature, after considering *CII Honeywell Bull* and *Diamant Elinor*. The Registrar seeks to justify with three sentences, none of which has a measure of persuasion. First, the Registrar finds that the mark is in its own box. When compared to *Clio/Oz*, one is hard pressed to understand the point. Second, the repetition of the word ANIMAL in three of the four elements “reinforces the impression that the Mark is being displayed along with other trade-marks, and is not simply a part of one composite trade-mark” (decision, para 50). Counsel for the applicant contended that the impression conveyed is the exact opposite. I agree. The presence of ANIMAL in three of the four

elements of the genuine product graphics leaves the impression that each graphic is an amalgamation. The Registrar had to explain how the dominant feature of the Mark is preserved. Finally, the variations of the Genuine Product Graphics, together with corporate logos on their own on the goods would also reinforce the impression that the Mark is being displayed with other marks. One does not know how, and no rationale is offered as to how the dominant feature of the Mark is preserved.

[60] I add that it is impossible, even by delving into the record, to understand the decision such that the Court can be satisfied that it falls within a range of acceptable outcomes after a decision-making process that would be transparent and intelligible, and would provide some justification. It is worth repeating the concluding words of paragraph 59 of *Khosa* (supra) where Justice Binnie forcefully states that “as long as the process and the outcome fit comfortably with the principles of justification, transparency and intelligibility, it is not open to a reviewing court to substitute its own view of a preferable outcome”. Here, it is simply unintelligible how the decision was reached as the reasons given cannot be a justification.

[61] In the circumstances, I would have been tempted to send the matter back for a redetermination. However, I have also concluded that the evidence offered by affidavit was significantly deficient to the point of being satisfied that the decision reached on the use of the Mark in Canada was itself unreasonable.

(3) Is the evidence of use of the Trade-mark sufficient?

[62] The appropriate remedy is rather to allow the appeal from the decision of the Registrar and to order that the two trade-marks be expunged from the register because the evidence offered by the respondent cannot establish appropriate use of the Mark.

[63] Fundamentally, the affidavit of Richard Tape, which constitutes the only evidence before the Registrar (ss. 45(2) of the Act; also *A.W. Allen Limited v Registrar of Trade-marks and Warner-Lambert Canada Inc.*, [1985] F.C.J. No. 824, 6 C.I.P.R. 65), is the affidavit of an honest man in that he does not say more than what the exhibits he has at his disposal could reasonably allow. The difficulty is that this leaves very significant gaps.

[64] The affidavit must establish use of the Mark in Canada. The respondent does not operate directly in Canada, but rather from its place of business in the U.K. In my view, there is an absence of evidence of the use of the Mark in Canada. Statements will not do (*Plough*, FCA, supra). In fact is quite telling what the affidavit does not say. In *Plough*, Chief Justice Thurlow stated:

Moreover, like the affidavit considered in *American Distilling Co. v. Canadian Schenley Distilleries Ltd.*<sup>6</sup>, the affidavit must be considered from the point of view of what it does not say. It seems incredible that a registered owner who up to the time of receiving a notice under section 44 has in fact been selling a number of pharmaceutical preparations in association with the trade mark would not say so but would seek to answer the demand of the notice with a bare statement that the registrant was currently using the trade mark in the normal course of trade in Canada and was so using it in association with pharmaceutical preparations on the date of the notice. I agree with the submission of counsel for the respondent that instead of stating the facts required by the notice

the affidavit seeks to hide them. Further, the fact that the appellant, in response to the notice of appeal from the Registrar's decision, did not file, as it might have, a further affidavit describing the use made of the trade mark, if indeed there was any use of the relevant kind, lends support to the inference that in fact the trade mark was not in use as a trade mark either in the period leading up to the notice or subsequently.

[My emphasis.]

Facts are needed

[65] Here, the facts are scarce:

- There exist Corporate Branding Guidelines (para 7);
- The affiant cannot go further than saying that “(t)ypically the requirement of the branding guidelines ... is satisfied ... by displaying the Trade-marks on the labels and hangtags of these products”. We are far from affirming a fact. In support of the statement made, we are referred to Exhibit C composed of photographs of products currently in use, not those that supposedly were in use in Canada. What is more, the affiant declares that the photographs are only representative of the labels and hangtags in use in respect of some of the categories of products that would have been sold in Canada (para 8);
- The packaging presented in the affidavit is also only representative and, clearly, those are products sold in the UK as the prices, when they appear, are in pounds sterling (para 9);

- The connection with Canada is attempted through copies of invoices to a retailer in Chateauguay, Quebec. There is no evidence that the products were shipped and received in Montreal, for instance through a bill of lading. The evidence does not show either that those goods referred to in the invoices bore the mark. There is not even evidence of sales made in Canada by the Chateauguay retailer. In a word, nothing tangible having taken place in Canada is offered.

[66] In a last-ditch effort, the affiant submitted paragraph 12 of his affidavit. While conceding that he cannot do better because no photographs of products that would have been sold in Canada during the three-year period exist, he says that he can confirm that the products sold to the Chateauguay retailer were compliant with the branding guidelines. We do not know why. No fact is offered. This constitutes a bald statement. But the affiant does not leave the matter there. The unsupported affirmation is somewhat diluted as he tries to explain further that the genuine product graphics would have appeared somewhere on the products or packaging. The affiant never asserts where the support for the affirmation may be. It certainly did not come from the other paragraphs on the exhibits attached to the affidavit.

[67] Paragraph 12 of the affidavit seeks to state firmly that the Mark was used in Canada. It confirms; a Genuine Product Graphic would have appeared. This falls in the same category as the affirmation made in *Plough*: “That Plough (Canada) Limited is currently using and was on September 7, 1978 using the registered Trade-mark”. The Court of Appeal concluded that it was far from being sufficient then. It is far from sufficient now.

[68] It will be remembered that the Registrar accepted the statements made in paragraph 12 of the Tape affidavit. Those statements had no value. Paragraph 12 is the only attempt at offering information that ties products to Canada. Nothing else in the affidavit does.

[69] In *Alliance Laundry* (supra), there was, by comparison, a significantly stronger set of facts which the Federal Court considered sufficient to establish use in association with the respondent's good. The Court wrote:

[35] In my view, the main issue in this application is whether the evidence was sufficient to support the Hearing Officer's finding that the respondent had established use during the relevant period. More specifically, is Mr. English's assertion that a portion of the sales during the 2001-2011 period occurred during the relevant period, along with proof of a sale that occurred 11 weeks after the relevant period, sufficient to establish use of the trade-mark during the relevant period?

[36] There is no doubt in my mind that Mr. English's assertion is general and lacks specificity. It certainly could have been clearer and more explicit. However, the statement is not limited to a bare assertion of use. Rather, it asserts facts that show use, namely that the respondent has sold SPEED QUEEN washing and drying machines in Canada during the decade of 2001-2010, and that a certain portion of these sales occurred between October 2008 and October 2011. Considering the low evidentiary threshold required to show use and the fact that proof of a single sale is sufficient, I am of the view that Mr. English's assertion, viewed in light of the evidence as a whole, provided an evidentiary basis for the Hearing Officer's finding (*Eclipse International Fashions Canada Inc v Shapiro Cohen*, 2005 CAF 64 (CanLII), 2005 FCA 64 at para 7, 48 CPR (4th) 223).

[70] The Court of Appeal disagreed, declaring that it is "satisfied that the evidence of Mr. English, the Director/Manager of Whirlpool Corporation, does not, even on a generous view of its contents, meet the low threshold of evidence required to show use of the trade-mark at issue in association with the respondent's goods" (para 2).

[71] Even more so in this case, the evidence was vague, ambiguous and it did not establish use of the Mark in Canada. Furthermore, it was lacking on the kind of precision expected about the use of the Mark for the goods against which the Mark was registered.

VI. Conclusion

[72] The Registrar's decision did not meet the requirements of justification, transparency and intelligibility within the decision-making process which would allow the reviewing Court to determine if it falls within the range of acceptable, possible outcomes in view of the facts and the law. The decision does not meet the test of reasonableness either because the evidence offered pursuant to section 45 of the Act cannot support the conclusion. In view of the evidence of use offered by the respondent, it is clear that it is the evidence that is lacking. As a result, like the Court of Appeal in *Alliance Laundry*, the Court finds that the appeal from the decision of the Registrar must be allowed and the decision is modified by expunging Registration numbers TMA448,527 and TMA512,970 with respect to the trade-mark "ANIMAL" in association with the respondent's goods. The Registrar is directed to modify the register accordingly.

**JUDGMENT in T-149-18 and T-150-18**

**THIS COURT'S JUDGMENT is that:**

1. The appeals in files T-149-18 and T-150-18 are allowed;
2. The decision of the Registrar of Trade-marks, dated November 21, 2017 concerning two trade-marks is set aside;
3. Registrations TMA512,970 and TMA448,527 for the trade-marks ANIMAL & Design are ordered to be expunged in totality from the Register and the Registrar of Trade-marks is hereby directed to amend the Register accordingly;
4. A copy of this judgment and orders is to be deposited in both files T-149-18 and T-150-18 as it disposes of both appeals;
5. There will be no costs awarded.

"Yvan Roy"

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Judge



**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKETS:** T-149-18 AND T-150-18

**STYLE OF CAUSE:** UNIVERSAL PROTEIN SUPPLEMENTS  
CORPORATION v H. YOUNG OPERATIONS  
LIMITED

**PLACE OF HEARING:** MONTRÉAL, QUEBEC

**DATE OF HEARING:** OCTOBER 2, 2018

**JUDGMENT AND REASONS:** ROY J.

**DATED:** DECEMBER 13, 2018

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