

Federal Court



Cour fédérale

Date: 20210617

Docket: T-546-20

Citation: 2021 FC 611

Fredericton, New Brunswick, June 17, 2021

PRESENT: Madam Justice McDonald

BETWEEN:

**INTERNATIONAL NAME PLATE
SUPPLIES LIMITED**

Applicant

and

MARKS & CLERK CANADA

Respondent

JUDGMENT AND REASONS

Overview

[1] This is an appeal pursuant to section 56 of the *Trademarks Act*, R.S.C. 1985, c. T-13 (*Act*) by International Name Plate Supplies Limited (INPS) from the decision of the Registrar of Trademarks dated March 11, 2020, expunging its trademark TMA 595, 389 for FIREFLY (the Mark) from the Registry. The Registrar was not satisfied that INPS established use of the trademark.

[2] For the reasons that follow this appeal is dismissed as INPS has not established any error with the Registrar's decision.

Background

[3] INPS carries on business in London, Ontario, and provides signage and other components for use in the rail transportation industry. On November 21, 2003, INPS was granted a trademark registration for FIREFLY in association with the following goods:

Exit signs, fire signs, fire extinguisher signs, reflective exit signs, photoluminescent exit signs that glow in the dark and photoluminescent strips.

[4] On March 30, 2017, the Registrar issued a notice under section 45 of the *Act* requiring INPS to produce evidence that the trademark FIREFLY had been used during the three-year period of March 30, 2014 to March 30, 2107 (relevant period) in association with each of the goods.

[5] In response, INPS submitted an Affidavit of Eduard Arts (Arts Affidavit) sworn on October 20, 2017. Mr. Arts is the Vice President, Finance & Administration of INPS.

[6] On March 11, 2020, the Registrar issued a decision finding that the trademark FIREFLY had not been used in Canada during the relevant period and the registration would therefore be expunged.

Registrar's Decision

[7] The Registrar begins the analysis by noting as follows at paragraph 5:

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of section 45 proceedings [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 56 (FCA)]. Although the threshold for establishing use in these proceedings is low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD)], and evidentiary overkill is not required, [*Union Electric Supply Co Ltd v Registrar of Trade Marks* (1982), 63 CPR (2d) 56 (FCTD)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trademark in association with each of the goods specified in the registration during the relevant period [*John Labatt Ltd v Rainier Brewing Co* (1984), 80 CPR (2d) 228 (FCA)].

[8] The Registrar then proceeds to consider the Arts Affidavit.

[9] Regarding INPS' evidence of website pages, the Registrar states that "the mere advertising of goods in association with a trademark is insufficient to establish use [see *BMW Canada Inc v Nissan Canada Inc* (2007), 60 CPR (4th) 181 (FCA)]."

[10] The Registrar considers the invoices and explanations contained in the Arts Affidavit, and at paragraph 17 of the Decision states that he was only able to identify the following registered goods as having been sold during the relevant period: 'photoluminescent strips' (from invoices to Canadian customers) and 'photoluminescent strips' (sold as part of the 'Sales Kit') and 'exit signs' (from invoices to U.S) customers. The Registrar notes that he was unable to identify sales of the registered goods 'fire extinguisher signs', 'fire signs', 'reflective exit signs', and 'photoluminescent exit signs' from the invoices.

[11] The Registrar notes that there was no evidence that the Mark was displayed on the registered goods or their packaging. The Registrar notes that the power supply assembly displayed the trademark, however the power supply assembly is not a registered good (para 18).

[12] The Registrar concluded that sales and export to customers in the United States did not constitute use of the Mark in association with such goods pursuant to section 4(3) of the *Act* despite the Owner's position that these sales constitute use of the Mark 'in any other manner' within the meaning of section 4(1) of the *Act* (para 21).

[13] The Registrar relied upon *National Sea Products Ltd v Scott & Ayles* (1988), 19 CPR (3d) 481 (FCTD) to conclude that "the invoices to customers in the United States evidence export sales from Canada and such sales must meet the requirements of use of the Mark pursuant to section 4(3) of the *Act*" (para 23).

[14] On sales to Canadian customers, the Registrar found that "the Owner has not demonstrated use of the Mark in association with such goods pursuant to section 4(1) of the *Act*" (para 24).

Issues

[15] On this appeal, the issue is if there is evidence of use of the Marks by INPS during the relevant period.

Standard of Review

[16] On a section 56(1) appeal of the Registrar’s decision, the parties agree that the applicable standard of review is correctness for questions of law and “palpable and overriding error” for questions of mixed fact and law (*Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at para 37, and *The Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 at paras 20-23). “Palpable” is an obvious error, while “overriding” is an error that affects the Registrar’s conclusion (*Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at paras 62-64).

Analysis

Burden of Proof & Evidence

[17] Section 45 of the *Act* states as follows:

45 (1) After three years beginning on the day on which a trademark is registered, unless the Registrar sees good reason to the contrary, the Registrar shall, at the written request of any person who pays the prescribed fee - or may, on his or her own initiative - give notice to the registered owner of the trademark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to all the goods or services specified in the registration or to those that

45 (1) Après trois années à compter de la date d’enregistrement d’une marque de commerce, sur demande écrite présentée par une personne qui verse les droits prescrits, le registraire donne au propriétaire inscrit, à moins qu’il ne voie une raison valable à l’effet contraire, un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l’égard de chacun des produits ou de chacun des services que spécifie l’enregistrement ou que l’avis peut spécifier, si la marque de commerce a été

may be specified in the notice, whether the trademark was in use in Canada at any time during the three-year period immediately preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date.

(2) The Registrar shall not receive any evidence other than the affidavit or statutory declaration, but may receive representations made in the prescribed manner and within the prescribed time by the registered owner of the trademark or by the person at whose request the notice was given.

employée au Canada à un moment quelconque au cours des trois ans précédant la date de l'avis et, dans la négative, la date où elle a été ainsi employée en dernier et la raison pour laquelle elle ne l'a pas été depuis cette date. Il peut cependant, après trois années à compter de la date de l'enregistrement, donner l'avis de sa propre initiative.

(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut recevoir des observations faites - selon les modalités prescrites - par le propriétaire inscrit de la marque de commerce ou par la personne à la demande de laquelle l'avis a été donné.

[18] The purpose of section 45 and the applicable burden of proof were explained by Justice Harrington in *Fraser Sea Food Corp v Fasken Martineau Dumoulin LLP*, 2011 FC 893 at paras 14-15 [*Fraser Sea Food Corp*] as follows:

[14] This is not a civil case in which it is incumbent upon Fraser to prove use within Canada within the three years in question on the balance of probabilities. Section 45 of the *Trade-marks Act* provides a quick and ready method to rid the Registry of deadwood, or to give the registered holder of the trade-mark an opportunity to explain why it has not been used (*Eclipse International Fashions Canada Inc v Shapiro Cohen*, 2005 FCA 64, 48 CPR (4th) 223). Nevertheless, it is not sufficient to merely state the trade-mark has been used; it has to be shown that it was used (*Mantha & Associes/Associates v Central Transport, Inc* (1995), 64 CPR (3d) 354, 59 ACWS (3d) 301). The bar may be low, but it is still a bar.

[15] As stated by Chief Justice Thurlow of the Federal Court of Appeal in *Plough (Canada) Ltd v Aerosol Fillers Inc*, 1980 CanLII

2739 (FCA), [1981] 1 FC 679, 53 CPR (2d) 62, in dealing with what was then section 44 of the Act:

[10] What subsection 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 section 2 and of use in section 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 set out in subsection 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.

[19] On this appeal, INPS did not file additional evidence. In such circumstances, as noted by Justice Fothergill in *Sim & McBurney v Gordon*, 2020 FC 710 [*Gordon*] at para 22:

...A party's failure to file further evidence on appeal to address factual deficiencies identified by the Registrar may support the inference that the trademark was not in use, either during the period leading up to the s 45 notice or subsequently. The onus is on the registrant to establish, in a clear and unambiguous way, that the statutory requirements of s 4(1) of the TMA have been met.
[citations omitted]

[20] INPS has the burden to establish use of the Marks on the registered goods during the relevant period. Although the burden of proof has been described as low, as noted by Justice

Harrington, there is still a burden. While INPS argues that the evidence does not have to be perfect, based upon the case law above, the evidence must nonetheless be “clear and unambiguous”.

[21] In oral submissions INPS focused on the invoices attached to the Arts Affidavit to customers in Canada and the United States (US) as proof of use pursuant to the *Act*.

Canadian Customer Invoices

[22] INPS argues that the Registrar erred by failing to properly consider the Arts Affidavit as providing sworn evidence of sales during the relevant period.

[23] Section 4(1) of the *Act* states:

When deemed to be used

4 (1) A trademark 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.

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.

[24] The Registrar made the following findings:

- There was no evidence of the Mark being displayed on any of the registered goods or their packaging (para 18);
- Use of the Mark was not established in association with the sales of the registered goods “photoluminescent strips” (para 24);
- Invoices were not sufficient to establish use as the evidence failed to establish that the invoices accompanied the goods or were sent to the customers at the time of transfer of possession of the goods (para 26-28).

[25] INPS argues that it was reasonable for the Registrar to infer that invoices accompanied the goods and the presence of the Mark on the invoices is evidence of “use” pursuant to section 4(1). INPS highlights the invoices attached to the Arts Affidavit indicating that the shipping date and the invoice date are the same. INPS argues that this evidence allowed the Registrar to infer that the invoices were provided when the products were shipped.

[26] The Arts Affidavit at paragraph 10 states that the photoluminescent strips are shipped in lengths that makes it impractical to place it in packaging with the marks displayed. The Registrar noted this, but also noted a lack of evidence that the invoices accompanied the good when they were delivered. The Registrar noted that there was no indication that the invoices accompanied the goods because the billing and shipping addresses differ on each invoice.

[27] The Registrar at paragraph 28 states: “the jurisprudence indicates that an invoice displaying a trademark can only constitute use of that trademark within the meaning of section 4(1) of the Act if the invoices accompanied the goods at the time of their transfer in possession...As such, accepting that transfer in property occurred ‘F.O.B’ at the Owner’s facility in London, Ontario, whether customers received their invoices at that time (for example, by email) is not determinative.”

[28] INPS argues that the Registrar took too narrow an approach to the question of “possession” because he relied on the headnote of the decision in *Riches, McKenzie & Herbert v Pepper King Ltd*, (2000), 2000 CanLII 16133 (FC), 195 FTR 58 (FC) [*Pepper King*] and not the fuller context of the decision. INPS highlights the following paragraphs of *Pepper King* to illustrate its point:

[9] The sole issue which arises in this appeal is whether the Board erred when it found that the invoices which were issued by the registered owner Pepper King Ltd. within the relevant period, (October 21, 1994 to October 21, 1997) amount to "use" of the trade-mark "VOLCANO" in association with hot pepper sauce. The body of the invoices all contained the words "Volcano Hot Pepper Sauce".

[14] In addition, and an important factor in this case, *Gordon A. MacEachern, supra*, stands for the proposition that the opening words of subsection 4(1) "if, at the time of the transfer of the property in or possession of the wares" applies to the three circumstances of use referred later in that subsection:

- (1) it is marked on the wares themselves;
- (2) or the packages in which they are distributed;
- (3) or it is in any other manner so associated.

[15] The question in this case, therefore, is whether at the time of transfer of the hot pepper sauce from the manufacturer to the restaurants or to distributors, the invoices containing the trade-

mark "VOLCANO" constituted notice of association i.e. of linkage, in other words, between the mark and the wares. This is a question of fact to be decided on the evidence adduced (*Gordon A. MacEachern, supra*), at page 157.

...

[24] I am satisfied the registrant Pepper King Ltd. did not meet the onus compelled by section 45 to establish, in a clear and unambiguous way, that the invoices bearing the mark "VOLCANO" met the statutory requirements of subsection 4(1) of the Act, i.e. establishing that, at the time of transfer, the purchaser had notice of association between the mark and the wares.

[29] I disagree with INPS's assertion that the Registrar misinterpreted the *Pepper King* decision. The Registrar found that "there is no indication that the invoices accompanied the goods when they were delivered. Indeed, Mr. Arts does not make any statement to this effect and, as noted above, the billing and shipping addresses differ on each invoice." This is a factual finding made by the Registrar that INPS chose not to address with further evidence on this appeal. No error has been established with this finding by the Registrar.

[30] Furthermore, at para 23 of *Pepper King* the Court states: "Here, I was struck by the fact the respondent Pepper King Ltd. did not file a further affidavit in this Court on appeal. It was aware of the Board's findings and, in particular, the statement made by the Board that the affiant does not specifically state that the invoice accompanied the hot pepper sauce wares at the time of transfer." The same could be said for this case.

[31] Overall, the Registrar concluded that INPS did not discharge their burden to show that the trademark was in use. It was not enough for the Arts Affidavit to state that the trademark was in use, rather, the Affidavit had to show evidence of use. The case law is clear that merely

stating that the trademark in use is not sufficient (*Plough (Canada) Ltd v Aerosol Fillers Inc*, (1980), 1980 CanLII 2739 (FCA), 53 CPR (2d) 62 (FCA) [*Aerosol Fillers FCA*] at para 66; *Fraser Sea Food Corp v Fasken Martineau Dumoulin LLP*, 2011 FC 893 at para 14; *Sim & McBurney v Gordon*, 2020 FC 710 at para 21).

[32] INPS failed to establish, with clear and unambiguous evidence, use of the marks. As INPS failed to file further evidence on this appeal to address the factual deficiencies identified by the Registrar, it is appropriate to make a negative inference that the trademark was not in use (*Sim & McBurney* at para 22).

US Customer Invoices

[33] INPS argues that the Registrar erred at law when he required that exported goods must meet the requirements of section 4(3) of the *Act* which states:

<p>(3) A trademark that is marked in Canada on goods or on the packages in which they are contained is, when the goods are exported from Canada, deemed to be used in Canada in association with those goods.</p>	<p>(3) Une marque de commerce mise au Canada sur des produits ou sur les emballages qui les contiennent est réputée, quand ces produits sont exportés du Canada, être employée dans ce pays en liaison avec ces produits.</p>
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[34] The Registrar finds as follows at paragraph 23:

23. Accordingly, as submitted by the requesting party in this case, the invoices to customers in the United States evidence export sales from Canada and such sales must meet the requirements of use of the mark pursuant to section 4(3) of the act. As noted above, notwithstanding the evidenced sales of “photoluminescent strips” and “exit signs” to customers in the United States, as the owner has

failed to show how the mark was displayed on such goods or their packaging, use of the mark has not been shown with respect to such goods.

[35] INPS relies upon the decision in *Coca-Cola v Pardhan*, (1998) 85 CPR (3d) 489 [*Coca-Cola*] as support for its position that the purpose of subsection 4(3) was to enable Canadian producers who do not make local sales to nonetheless be able to establish use in Canada.

[36] However, that characterization of the decision in *Coca-Cola* is taken out of context. I have reproduced the full text of paragraph 22 of *Coca-Cola* which reads as follow:

[22] With respect to subsection 4(3), the appellants argue that this creates some kind of automatic right of action based simply on the fact of export. It appears to me that the gravamen of subsection 4(3) is not to deem any exportation of goods bearing a trade mark is a ‘use’ of that trade mark, but rather to provide that where there is actual use such use shall be deemed to have occurred ‘in Canada’. I respectfully adopt the analysis of Mackay J. in *Molson Companies Ltd. v Moosehead Breweries Ltd* that the purpose of subsection 4(3) was to enable Canadian producers who do not make local sales, but simply ship their foods abroad, to show use in Canada for the purposes of obtaining registration of their trade mark in Canada. This was thought to be important for them in obtaining registration abroad. Also, as the motions judge observed, subsection 4(3) could have importance in allowing actions for infringement against someone exporting counterfeit goods from Canada where no sales were made locally. But I do not believe that it had the effect of creating a ‘use’ within the meaning of the Act where genuine goods of the trade mark owner are being shipped from Canada.

[37] This paragraph of *Coca-Cola* clearly anticipates that use of the Mark in Canada must still be established with respect to exported goods.

[38] More recently, Justice Manson in *Riches, McKenzie & Herbert LLP v Cosmetic Warriors Limited*, 2018 FC 63, specifically considered the above statement from *Coca Cola* as well as the interplay between 4(1) and 4(3) of the *Act* and concludes as follows:

[28] ...the test for section 4(3) is distinct from the test for section 4(1)...

...

[30] In other words, where a party's activities in Canada do not establish use of a trademark, those same activities do not rise to the level of use simply because an export has taken place. A party cannot be allowed to make an end run around the normal requirements of the *Act* by shipping a product across the border....

[39] Accordingly, and contrary to the submissions of INPS, the mere fact of an export is not enough to meet the requirements of section 4(3) of the *Act*.

[40] In any event, INPS submits that the presence of the Mark on the power supply assembly, which is shipped with the walkway strip systems, qualifies as use "in any other manner" within the meaning of section 4(1) of the *Act*, and, therefore "use" for the purposes of section 4(3) has been established.

[41] This submission is flawed for a couple of reasons. First, is that the power supply assembly is not a registered good so the fact it contains the Mark does not constitute use for the purpose of the *Act*. Second, the argument that use "in any other manner" considerations from section 4(1) of the *Act* can constitute use for the purpose of section 4(3) of the *Act* is not supported by the jurisprudence. As noted by Justice Manson, distinct tests apply to sections 4(1)

and 4(3). INPS's submissions are an attempt to collapse the "use" considerations for section 4(1) and the section 4(3) considerations into a single test.

[42] The evidence relied upon by INPS did not establish use in Canada, and the fact that sales were made to US customers did not correct this deficiency. As found by the Registrar:

[19] As there is no evidence that the Mark was displayed on the registered goods or their packaging, it is clear that the evidenced sales and export to customers in the United States does not constitute use of the Mark in association with such goods pursuant to section 4(3) of the Act.

[43] INPS also argues that the Registrar misdirected himself on the *National Sea* case. At paragraph 22 of the Decision, the Registrar summarizes *National Sea*'s holding as "although the sales evidenced by invoices in that case were effected 'F.O.B.' in Newfoundland, as the invoiced products were exported to the United States, the Owner had to demonstrate use of the Mark in accordance with section 4(3) of the Act."

[44] In my view, when the extract of the *National Sea* decision referenced by the Registrar is considered in the fuller context of the *National Sea* decision, no error is made out on the part of the Registrar. Specifically, in *National Sea* the Court states as follows at pages 486-487:

... dealing first with the appellant's contention based on s-s. 4(3) of the Act, that provision states that a trade mark is deemed to be used in Canada in association with wares if

- a) the trade marks is marked in Canada;
- b) on the wares or on the packages in which they are contained;
- c) when such wares are exported from Canada.

I am satisfied that the second [*sic*] affidavit meets those requirements.

[45] As noted by the Court in *National Sea*, it was satisfied that the Affidavit evidence met the section 4(3) requirements. Here, however, the Registrar was not satisfied that the Arts Affidavit had evidence to satisfy the section 4(3) requirements.

[46] INPS relies upon *McDowell v Laverana GmbH & Co KG*, 2016 FC 1276, para 23 where the Court states that any ambiguity in the evidence should be resolved in favour of the registered owner. However, in my view, the issue for INPS was not about ambiguity with the evidence. Rather, the issue relates to sufficiency of evidence and the fact that the evidence tendered did not establish use. In other words, INPS did not satisfy its low burden to provide evidence of use.

[47] The comments of Justice MacTavish, then of the Federal Court, in *Fairweather Ltd v Registrar of Trademarks*, 2006 FC 1248 [*Fairweather*] are instructive. At paragraph 41 of *Fairweather*, Justice MacTavish states:

Finally, any doubt there may be with respect to the evidence must be resolved in favour of the trade-mark owner, without reducing the burden on the owner to provide *prima facie* evidence of use.
[citation omitted]

[48] Before the Registrar, INPS had the burden to provide *prima facie* evidence of use, but did not discharge its burden to the satisfaction of the Registrar. Upon my consideration of the evidence and the submissions of INPS, I agree with the Registrar that INPS has not established *prima facie* use of the Mark.

[49] The Registrar did not commit a palpable and overriding error with respect to the section 4(3) analysis.

Conclusion

[50] Having concluded that the Registrar did not make any palpable or overriding errors, this appeal is dismissed.

[51] Following the hearing, the parties each submitted a Bill of Costs. As the successful party, the Respondent is entitled to its costs in the all inclusive sum of \$4,152.75.

JUDGMENT IN T-546-20

THIS COURT'S JUDGMENT is that:

1. The Appeal from the Registrar's decision in *Sim & McBurney v International Name Plate Supplies Limited*, 2020 TMOB 27, is dismissed.
2. The Respondent shall have costs in the amount of \$4,152.75.

"Ann Marie McDonald"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-546-20

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MARKS & CLERK CANADA

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APPEARANCES:

Jaimie M. Bordman FOR THE APPLICANT

Nathan B. Fan FOR THE RESPONDENT
Sebastian Beck-Watt

SOLICITORS OF RECORD:

Macera & Jarzyna, LLP FOR THE APPLICANT
Barristers and Solicitors
Ottawa, ON

Marks & Clerk Law LLP FOR THE RESPONDENT
Barristers and Solicitors
Toronto, ON