

SECTION 45 PROCEEDINGS
TRADE-MARK: ACCUFORM
REGISTRATION NO.: TMA212,490

[1] At the request of Riches, McKenzie & Herbert LLP (the “requesting party”), the Registrar forwarded a notice under section 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the “Act”) on April 10, 2007 to Accuform Golf Inc., the registered owner of the above-referenced trade-mark at that time (“Accuform Golf”).

[2] The trade-mark ACCUFORM is registered for use in association with “golf clubs”.

[3] Section 45 of the Act requires the registered owner to show whether the trade-mark has been used in Canada in association with each of the wares and/or services specified in 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 such use since that date. In this case, the relevant period for showing use is any time between April 10, 2004 and April 10, 2007.

[4] “Use” in association with wares is set out in subsections 4(1) and 4(3) of the Act:

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

[...]

(3) A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

In this case, subsection 4(1) applies.

[5] As it is relevant to the present proceedings, I note that the Canadian Intellectual Property Office recorded 2055813 Ontario Limited (the “registrant”) as owner of the registration on June 20, 2007 following an assignment of October 31, 2004 from Accuform Golf, the predecessor in title.

[6] In response to the Registrar’s notice, the registrant furnished the affidavit of Don McDougall, sworn on December 6, 2007, together with Exhibits “A” through “E”. Both parties filed written submissions; an oral hearing was not requested.

[7] Mr. McDougall states that he is the President of 2055813 Ontario Limited and that he was also involved in the operation of Accuform Golf and its predecessors in the 1990s and early 2000s. As such, he has knowledge of the matters set out in the affidavit, based on his personal knowledge and a review of company records.

[8] Much of the affidavit and the exhibits pertain to wares that do not form part of this particular registration, but that of a related registration TMA339,261. For the purpose of these proceedings, the following discussion will only focus on sections of Mr. McDougall’s affidavit relevant to the use of the subject trade-mark in association with the wares specified in this registration, namely golf clubs.

[9] In his affidavit, Mr. McDougall explains that Accuform Golf and its predecessors manufactured and sold golf clubs and golf accessories under the subject trade-mark for many years, beginning in 1978 until about 2003. In 2004, due to financial difficulties, Accuform Golf sold its assets, including the present trade-mark registration, to the registrant. A copy of the Bill of Sale and General Conveyance is attached to the affidavit as Exhibit “A”. The registrant subsequently acquired the remaining inventory of the golf clubs. Mr. McDougall states that “these ACCUFORM golf clubs and golf bags were sold in Canada to customers in 2005 and 2006”, however I note that no supporting evidence of sales was provided. From that time on, “because of the difficulty of finding investors and the costs associated with re-launching a brand of precision sports equipment such as golf clubs, in a very competitive environment”, the registrant was unsuccessful in finding a

contract manufacturer or a licensee willing to manufacture the golf clubs to its specifications. Since the acquisition, the registrant states that it has been making “efforts to re-commerce the manufacture and sale of golf clubs” under the subject trade-mark, including discussions with Viking Management Inc., a company located in Las Vegas that operates a “long-ball driving program”. However, no further details concerning the re-launch of golf clubs under the subject trade-mark were provided.

[10] It is well established that mere assertions of use are not sufficient as evidence of use in the context of section 45 proceedings [*Plough (Canada) Ltd v. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62 (F.C.A.)]. Furthermore, although the threshold for establishing use in section 45 proceedings is quite low [*Woods Canada Ltd. v. Lang Michener* (1996), 71 C.P.R. (3d) 477 (F.C.T.D.) at 480], and evidentiary overkill is not required, sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with the wares/services specified in the registration during the relevant period. Moreover, the entire burden is with the registrant [*88766 Inc. v. George Weston Ltd.* (1987), 15 C.P.R. (3d) 260 (F.C.T.D.)] and any ambiguities in the evidence are to be interpreted against the registrant [*Plough (Canada) Ltd. v. Aerosol Fillers Inc.*, *supra*].

[11] With respect to golf clubs, the registrant did not provide any information regarding the manner in which the subject trade-mark was associated with them at the time of transfer during the relevant period. Moreover, none of the exhibits submitted specifically pertain to golf clubs. Exhibit “B” is a photograph described as “one of the ACCUFORM golf bags that was sold to a Canadian customer in about 2006”. The photo shows a golf bag with two golf clubs; it is the golf bag that bears the subject trade-mark in a design format. The golf clubs themselves have no visible marking of any kind; there is no indication in the affidavit that the golf clubs were sold in combination with the golf bags as depicted in Exhibit “B”. Consequently, a determination cannot be made that the subject trade-mark was associated with golf clubs at the time of sale.

[12] In view of my conclusion regarding the lack of evidence of the manner in which the subject trade-mark was associated with the golf clubs, it will not be necessary to make a determination of the question of whether the sales of inventory referred previously occurred in the normal course of trade. In any event, I would observe that it is unclear what the circumstances were surrounding the alleged sale of the remaining inventory acquired from the predecessor in title Accuform Golf. This is especially so since it is apparent that the predecessor sold the business due to financial difficulties, and that the registrant has not been in a position to re-commence manufacture and sale of the wares; accordingly the continuing existence of the distribution and sales chains of the predecessor cannot be inferred. In my view it would have been a simple matter to state clearly, for example, that such sales were to existing clients of Accuform Golf and/or to identify whether sales took place in retail or wholesale conditions, etc. I am therefore unable to conclude that the sale of the inventory acquired from Accuform Golf, was in the normal course of trade.

[13] Since a conclusion cannot be made that there has been use of the subject trade-mark in association with the registered wares during the relevant period, consideration must be given as to whether or not special circumstances existed which excuse the absence of use in that same period of time. The registrant claims in its written submissions that such circumstances were present. Specifically, it argues that the primary cause of its non-use is the bankruptcy of the predecessor in title; factors such as the existence of poor market conditions, its inability to find a contract manufacturer or licensee, and the lack of production facilities prevented the current registrant from recommencing use. Finally, the registrant submits that its negotiations with Viking Management Inc. represents “concrete and active steps taken” to recommence use of the subject trade-mark.

[14] In order to establish special circumstances, the registrant must provide the date when the trade-mark was last in use and the reason for the absence of such use since that date. Three criteria must be considered when assessing whether or not there are circumstances that would excuse non-use. Hearing Officer Barnett summarized the

approach as follows in *Bereskin & Parr v. Bartlett* (2008), 70 C.P.R. (4th) 469 (T.M.O.B.):

A determination of whether there are special circumstances excusing non-use involves the consideration of three criteria. The first is the length of time during which the mark has not been in use. The second is whether the reasons for non-use were beyond the control of the registered owner and the third is whether there exists a serious intention to shortly resume use: *Canada (Registrar of Trade Marks) v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 (F.C.A.). "Special circumstances" with respect to the second criteria, that is, whether non-use of the mark was due to circumstances beyond the owner's control, mean "circumstances that are unusual, uncommon or exceptional" (*John Labatt Ltd. v. Cotton Club Bottling Co.* (1976), 25 C.P.R. (2d) 115 (F.C.T.D.)).

The Federal Court of Appeal in the recent decision, *Smart & Biggar v. Scott Paper Ltd.*, 2008 FCA 129, 65 C.P.R. (4th) 303, has offered further clarification with respect to the interpretation of the special circumstances criterion in *Harris Knitting* supra. Based on an analysis of *Harris Knitting Mills*, the Court determined that the proper test when assessing whether there are special circumstances, which would excuse non-use of a mark, must refer to the cause of the absence of use, and not to some other consideration. It would appear from this analysis, that the second criterion of the *Harris Knitting Mills* test must be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. However, as I understand it, this is not to say that the other two criteria are not relevant factors to consider, but just that those factors, in isolation, cannot constitute special circumstances. In any event, the intent to resume use must be substantiated by the evidence (*Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.* (1993), 47 C.P.R. (3d) 217 (F.C.T.D.); *NTD Apparel Inc. v. Ryan* (2003), 27 C.P.R. (4th) 73 (F.C.T.D.)).

[15] With respect to the length of time of non-use, the registrant has correctly pointed out that the period of non-use should run from the date of assignment, namely October 31, 2004 [*Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.* (1993), 47 C.P.R. (3d) 217 (F.C.T.D.) and *G.P.S. (U.K.) Ltd. v. Rainbow Jean Co. Ltd.* (1994), 58 C.P.R. (3d) 535 (T.M.O.B.)]. This means that the mark was not in use by the registrant for approximately two and a half years prior to the issuance of the s. 45 notice.

[16] With respect to the question of whether the reasons for non-use were beyond the control of the registered owner, the registrant submits that the present case is analogous to *Rogers, Bereskin & Parr v. Registrar of Trade Marks et al.* (1987), 17 C.P.R. (3d) 197 (F.C.T.D.) where “the existence of poor market conditions combined with a ‘lack of production facilities which could only be remedied by time and financial expenditure’ was sufficient to excuse non-use for two and a half years after acquiring the trade-mark in a bankruptcy proceeding”. In that particular case, the Federal Court affirmed the Registrar’s decision to maintain the registration for “jeans” accepting a stagnant market for jeans as well as the lack of production facilities as special circumstances sufficient to excuse non-use of the trade-mark for two and a half years.

[17] In my view, aside from the acquisition of both trade-marks through bankruptcy or receivership proceedings for which a relatively short period of non-use may be excused [see *Burke-Robertson v. Swan Recreational Products Ltd.* (1990), 33 C.P.R. (3d) 56 (T.M.O.B.)], the facts of the *Rogers, Bereskin & Parr* case are fundamentally different from those of the present case. First of all, with respect to poor market conditions, the cited case dealt with a lack of demand for the wares; no evidence to this effect has been submitted here. Secondly, with respect to the lack of production facilities, although this is closely related to the third criterion of “serious intention to resume use”, it is noted that clear evidence of ongoing renovation of a plant purchased and designed for the production of jeans during the relevant period, was provided as part of the explanation for non-use. The Registrar noted in that case that a sufficient period of time should be given to the new owner to “gear up” to production while the Federal Court observed that a lack of production facilities could only be remedied by time and financial expenditure. Thus, the preparation of a plant for manufacturing the wares was clearly one of the determining factors in favour of finding the existence of special circumstances excusing non-use in the *Rogers, Bereskin & Parr* decision.

[18] No such evidence is submitted in the present case; there is no evidence of “gearing up” for manufacture. In any event, as mentioned earlier, the Federal Court of Appeal has clarified the proper approach to be taken in the *Scott Paper Ltd* case recently

when it stated that second criterion, namely the reasons for non-use due to circumstances beyond the owner's control during the relevant period, must be satisfied on their own merits independently of any evidence of serious intention to resume use.

[19] Furthermore, the nature of the registrant's difficulties in finding investors and manufacturers in 2005 and 2006 was left unexplained in the affidavit. It remains unclear whether these difficulties were simply factors that influenced the registrant's voluntary decision not to use the subject trade-mark or were those beyond the registrant's control.

[20] As the Federal Court noted in *NTD Apparel Inc. v. Ryan* (2003), 27 C.P.R. (4th) 73 (F.C.T.D.), "evidence with respect to the efforts made to secure licensees is sadly lacking and amounts to little more than bare assertions devoid of any specific factual foundation". In *Ridout & Maybee v. A. Lassonde Inc.* (2003), 28 C.P.R. (4th) 559 (T.M.O.B.), similar statements were rejected by the hearing officer:

In regard to the second criterion, that is, whether the reasons for non-use were due to circumstances beyond the owner's control, I agree with the requesting party that the evidence does not establish that such is the case. Mr. Gattuso states that the absence of use during the relevant period has been due to the registrant's difficulty in finding suppliers, distributors or licensees. However, Mr. Gattuso provides no particulars concerning the steps taken or efforts made by the owner to find suppliers, distributors or licensees, nor does he describe the difficulties encountered or the efforts made by the owner to overcome them.

In any event, in the absence of additional details in the affidavit, I am not satisfied from the evidence provided that the cost associated with re-launching a brand and the "very competitive" nature of the market are to be considered as "unusual, uncommon or exceptional" circumstances in the manufacture of golf equipment.

[21] With respect to serious intention to resume use, Mr. McDougall provides in his affidavit that discussions with Viking Management Inc. located in Las Vegas regarding "re-launching the ACCUFORM golf clubs" as part of a "long-ball driving program" took

place in “the spring of 2007”. However, the said company “wishes to develop and broadcast a television show based on the program, before re-launching the ACCUFORM brand, and delays have been encountered in developing the television show”. Mr. McDougall also states that the registrant intends to re-commence use of the subject trade-mark in association with golf clubs “as soon as practical”. It is unclear from these statements whether the discussion took place during or after the relevant period, namely April 10, 2007. Regardless, I gather from Mr. McDougall’s affidavit that no final decision to reintroduce golf clubs in association with the subject trade-mark has been reached as details concerning the steps taken and to be taken as well as a possible timeline to reintroduce the product are not provided.

[22] Moreover, it is unclear whether Viking Management Inc. was an investor, a manufacturer, a licensee, a distributor, a wholesaler, a retailer, or simply a company that will help promote the golf clubs that the registrant has yet to find a manufacturer or licensee willing to produce to its specifications. While the registrant expresses its intention to resume use “as soon as practical”, as noted in the *Arrowhead Spring Water Ltd.* case, supra, the Registrar is left in the dark as to how long the duration of the non-use will persist. Under these circumstances, I am unable to conclude that active and concrete steps took place within the relevant period with respect to resumption of use of the subject trade-mark with the registered wares. In any event, since the registrant failed to satisfy the second criterion, namely reasons for non-use beyond its control, the first and the third criteria in isolation cannot constitute special circumstances.

[23] In view of all of the foregoing, I am not satisfied that the absence of use of the subject trade-mark in association with the registered wares was due to special circumstances that would excuse such non-use during the two and a half years of the relevant period.

[24] Consequently, pursuant to the authority delegated to me under subsection 63(3) of the Act, it is my conclusion that the registration TMA 212,490 for the trade-mark

ACCIFORM ought to be expunged from the Register, for failure to show use pursuant to section 45 of the *Trade-marks Act*.

DATED AT GATINEAU, QUEBEC THIS 26TH DAY OF OCTOBER 2009.

P. Heidi Sprung
Member
Trade-marks Opposition Board