



LE REGISTRAIRE DES MARQUES DE COMMERCE  
THE REGISTRAR OF TRADE-MARKS

**Citation: 2012 TMOB 114**  
**Date of Decision: 2012-05-30**

**IN THE MATTER OF A SECTION 45 PROCEEDING  
requested by Lapointe Rosenstein LLP against  
registration No. TMA656,338 for the trade-mark ARDEN  
B DESIGN in the name of The West Seal, Inc.**

[1] On August 7, 2009 at the request of Lapointe Rosenstein LLP (the Requesting Party), the Registrar forwarded a notice under section 45 of the *Trade-marks Act* RCS 1985, c T-13 (the Act) to The West Seal, Inc. (the Registrant), the registered owner of the registration No. TMA656,338 for ARDEN B DESIGN (the Mark), shown below:

**ARDEN B**

[2] The Mark is registered for use in association with the services “Retail apparel store services in the field of women's clothing, footwear, hats and fashion accessories” (the Services) and the following wares:

- (1) Jewelry, namely, bracelets, rings, earrings, necklaces.
- (2) Handbags, purses.
- (3) Women's clothing, namely, shoes, tops, tank tops, sweatshirts, sweaters, blouses, vests, shirts, shorts, pants, jeans, skirts, jumpsuits, outerwear, namely, blazers, coats, jackets and rainwear, suits, camisoles, underwear, hosiery, scarves, hats, swimwear.
- (4) Hair ornaments, namely, clips, holders, sticks (the Wares)

[3] Section 45 of the Act requires the registered owner of the trade-mark to show whether the trade-mark has been used in Canada in association with each of the wares and/or services listed

on the registration at any time within the three-year period immediately preceding the date of the notice and, if not, the date when it was last in use and the reason for the absence of use since that date. Thus, in this case, the relevant period in which use must be shown is between August 7, 2006 and August 7, 2009 (the Relevant Period).

[4] The definition of “use” is set out in section 4 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.

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

(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.

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of a section 45 proceeding [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)]. Although the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd v Lang Michener et al* (1996), 71 CPR (3d) 477 (FCTD)], and evidentiary overkill is not required [*Union Electric Supply Co v Canada (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 trade-mark in association with each of the wares and services specified in the registration during the relevant period.

[6] In response to the section 45 notice, the Registrant furnished the affidavit of Jon Kosoff, Director of Ecommerce & Direct Marketing of the Registrant. Both parties filed written representations and were represented at an oral hearing.

[7] In his affidavit, Mr. Kosoff states that the Registrant is a specialty retailer operating stores selling women’s apparel and accessories under the names WET SEAL and ARDEN B. He states that, as of 2009, the Registrant’s ARDEN B division operates approximately 80 retail stores in the United States as well as an online retail store.

### Evidence of Use During the Relevant Period

[8] In support of the Registrant's assertion of use in Canada with respect to all of the Wares and Services, Mr. Kosoff states that, during the Relevant Period, the Registrant operated a retail website at *www.ardenb.com* (the Website), which was "available for access by persons located in Canada". Exhibits B and C consist of printouts of web pages from the Website that were displayed during the Relevant Period. I note that the Mark is displayed at the top of some of the pages, most of which display various clothing and accessory items for sale. Mr. Kosoff attests that the Exhibit B pages were obtained via web archives at *web.archive.org* and that the Exhibit C pages were obtained from the Registrant's own business records. He further states that the Wares sold through the Website displayed the Mark either on a label affixed to the Ware or with the Mark embroidered on the Ware itself.

[9] Mr. Kosoff attests that, during the Relevant Period, the Registrant did not have facilities to ship merchandise purchased from the Website directly to Canada. However, he states that Canadian customers were able to utilize U.S.-based companies that provided package receiving and shipping services to Canadians. An example of such is provided at Exhibit D, which consists of web pages from the website of a company operating under the name of Ship Happens. Ship Happens appears to be a package receiving service located in Sumas, Washington, which caters to Canadians. Attached as Exhibit E to the affidavit are two invoices which, despite the "Ship To" address being the same as the "Bill To" address in Sumas, Washington, Mr. Kosoff attests are sample invoices showing shipments to Ship Happens by Canadian customers.

[10] As further evidence that the Registrant made sales to Canadian customers, Mr. Kosoff states that a search of the Registrant's business records shows at least 140 individual sales through the Website to Canadian customers during the Relevant Period. He indicates this number was obtained by searching the Registrant's business records for Canadian phone number area codes and *.ca* email addresses provided by customers. He also attaches, at Exhibit F, copies of email survey questions and a sampling of responses, purportedly from Canadian customers who had made purchases through the Website. Finally, Exhibit G consists of a chart showing web traffic generated from Canada during the Relevant Period.

### Analysis – Use with respect to Wares

[11] In the present case, there is no issue with respect to whether the Mark was displayed on the Wares during the Relevant Period. However, even with a generous reading of the Registrant's evidence, it is clear that the Registrant did not cause the Wares to be shipped directly to Canada during the Relevant Period. Indeed, the Registrant concedes that it did not have the facilities to ship merchandise purchased through its Website to Canada. Nonetheless, the Registrant relies on some of its evidence allowing for an inference that its Wares were ultimately delivered to customers in Canada as demonstrating use of the Mark in association with the Wares.

[12] I would first note that much of the evidence provided in this respect is indirect, as it relies on the assumption that customers providing Canadian phone numbers or e-mail addresses ending with *.ca* were, in fact, located in Canada. In any event, the evidence shows that any such delivery to Canada was done by third parties, and not by the Registrant. I agree with the Requesting Party's submission that the Registrant cannot benefit from the fact that customers may have had purchases delivered to a U.S. address and then forwarded to them in Canada. As stated in *Boutique Limitée Inc v Limco Investments, Inc* (1998), 84 CPR (3d) 164 (FCA) [*Boutique*] at paragraph 16: "...a sale to a Canadian in the United States does not amount to use of a mark in the normal course of trade in Canada".

[13] In the present case, the third party company, Ship Happens, does not act as an agent of the Registrant, and the Registrant is not responsible for delivery of the Wares to Canada. In my view, the sale was fulfilled and the process finalized with the shipment of the order to the Washington address. As far as the Registrant was concerned, this was a transaction in the U.S. and a sale to a U.S. customer, which was completed upon delivery of the Wares to the U.S. address requested by the customer.

[14] As further noted by the Requesting Party, accepting these facts as use of the Mark in Canada with respect to the Wares would be the equivalent of saying that individuals placing orders with, for example, family members who travel to the U.S. are effecting use of a retailer's trade-mark in Canada, without that retailer even knowing of it or actively contributing to the international nature of the sale.

[15] Accordingly, I do not find that there was use of the Mark in association with the Wares during the Relevant Period in Canada within the meaning of sections 4 and 45 of the Act.

Analysis – Use with respect to Services

[16] With respect to the Services, the registrant needs to show that it was prepared to perform the services in Canada during the relevant period [*Wenward (Canada) Ltd. v. Dynaturf Co* (1976), 28 C.P.R. (2d) 20 (Reg TM)]. The issue in this case is whether the operation of the Registrant’s Website constitutes use in Canada with respect to the displayed Mark in association with the Services. In other cases, the Registrar has found that in the absence of a brick-and-mortar store in Canada, the display of a trade-mark on a website in association with the registrant’s services can constitute use within the meaning of sections 4 and 45 of the Act. As the Requesting Party notes, however, these cases have generally been dependent on the furnishing of evidence demonstrating that the registrant delivered or was able to deliver its products in Canada during the relevant period.

[17] For example, in *Law Office of Philip B Kerr v Face Stockholm Ltd* (2001), 16 CPR (4th) 105 (TMOB) [*Face Stockholm*], the Registrar found that the registrant offered its products through its own website and that a Canadian customer could order such products from Canada. The key element in confirming that the registrant’s “retail cosmetic and beauty product store services” were performed in Canada appears to be the fact that invoices bearing the registrant’s name confirmed delivery of the registrant’s products *to Canada*.

[18] Similarly, in *Grafton-Fraser Inc v Harvey Nichols and Company Limited* (2010), 89 CPR (4th) 394 (TMOB) [*Harvey Nichols*], despite evidence that Canadians accessed the registrant’s retail website during the relevant period, the trade-mark was expunged in part because there was no evidence to demonstrate that any of the goods available via the registrant’s website were in fact purchased or delivered in Canada during the relevant period. The Registrar further noted in that case that screen captures of the registrant’s website did not contain any indicia to suggest that the services were available to consumers in Canada, such as displaying prices in Canadian dollars, including contact information in Canada or for Canadians, or displaying shipping policy and information for goods to Canada.

[19] In line with these cases, the Requesting Party submitted that, during the Relevant Period, the Registrant's Website did not constitute use with respect to the Services in Canada because the Registrant could not and did not ship its goods outside of the United States. In this respect, the Requesting Party submitted that the basic function of a retail store does not end in the display of goods and the simple fact that a certain number of Canadians accessed the Registrant's Website during the Relevant Period does not qualify as use with respect to the Services. It favourably cited *Cassels, Brock & Blackwell v Sharper Image Corp* (1990), 33 CPR (3d) 198 at 199 (TMOB) [*Sharper Image*] as setting out the factors required to establish performance or advertisement of retail services to Canadians from the United States as follows:

- (1) the retailer responded to mail and telephone orders from Canada;
- (2) the retailer advertised wares in Canada by sending catalogues to Canadian customers;
- (3) there was a toll-free number for Canadians to purchase wares by telephone;
- (4) the retailer's wares and services were advertised regularly in Canada through magazines which had a large Canadian circulation;
- (5) the retailer arranged for delivery to Canada of the items ordered.

[20] These factors were summarized in part from the similar Federal Court case of *Saks & Co v Canada (Registrar of Trade Marks)* (1989), 24 CPR (3d) 49 (FCTD) [*Saks*], also cited by the Requesting Party. As these two cases did not involve a retail website, some of these factors appear to be irrelevant to the website scenario in the present case. Furthermore, considering the *Face Stockholm* and *Harvey Nichols* cases above, it would appear that while the other factors may be relevant, the key factor is indeed whether "the retailer arranged for delivery to Canada of the items ordered".

[21] However, the Registrant cited the more recent case of *TSA Stores, Inc v Canada (Registrar of Trade-marks)* (2011), 91 CPR (4th) 324 (FCTD) reversing 2010 CarswellNat 581 (TMOB) [*TSA*]. In *TSA*, the Federal Court reversed in part the decision of the Registrar to expunge various Sports Authority trade-marks in association with retail store services. As in the above-mentioned cases, although the registrant operated a retail website, there was no evidence that the registrant shipped its products to Canada. Furthermore, there was no evidence of sales to Canadians, whether in Canada or otherwise. The Court, however, made the following observations at paragraphs 16-17:

16 The word “services” is not defined in the Act. It has therefore been held that “services” should be given a liberal interpretation and that each case should be decided on its own facts (see *Kraft Ltd v Registrar of Trade-marks*, [1984] 2 FC 874, 1 CPR (3d) 457 at paras 8-9).

17 It has also been recognized that the Act makes no distinction between primary, incidental or ancillary services. As long as some members of the public, consumers or purchasers, receive a benefit from the activity, it is a service (see *Société Nationale des Chemins de fer Français SNGC v Venice Simplon-Orient-Express Inc*, 9 CPR (4th) 443...).

[22] The Court went on to find that Canadians made use of the website and, in particular, identified the website’s “Help Me Choose Gear” service, “Shoe Finder” service, “Store Locator” service and extensive sportswear terminology glossary as being of benefit to Canadians. Accordingly, since the trade-marks in question appeared in connection with these “ancillary retail store services” on the website, the Court concluded that there was evidence of use in Canada during the relevant period [at paragraph 21].

[23] At the oral hearing, the Registrant submitted that, in the present case, given that there is some evidence of sales to Canadians, the case for maintaining the registration of the Mark is actually stronger than it was in *TSA*. The Requesting Party, on the other hand, encouraged the Registrar to disregard the Federal Court decision in *TSA*. In particular, the Requesting Party argued that *TSA* was inconsistent with *Saks*, *supra*, and the Federal Court of Appeal decision in *Boutique*, *supra*.

[24] Of relevance in *Boutique*, the Court of Appeal stated the following at paragraphs 15-16:

15 *Saks* is a case where the use of wares in Canada was conclusively found to exist. What *Saks* establishes is that when an owner who does not operate a store in Canada wishes to prove the use of his mark with regard to “retail department store services” he must bring before the Registrar or the judge evidence of a sufficient character so as to allow the decider to determine whether “retail department store services” are offered. We need not rule on whether *Saks* was correctly decided. As will be explained below, there is simply not enough evidence in this case to attract any comparison with the factual situation in *Saks*.

16 Considering that a sale to a Canadian in the United States does not amount to use of a mark in the normal course of trade in Canada and that Limco had no stores in Canada, the only sales possible were through phone orders. Having deleted the wares from the registry as a result of the owner not having established the use of any of its registered

wares in Canada during the relevant period, the Registrar was prevented from inferring that the use of a phone service had occurred in Canada or that credit had been extended on a LIMITED credit card with regard to these wares.

[25] The Court of Appeal went on to find the evidence wanting with respect to whether the registrant actually shipped its products to Canada and expunged the trade-mark in question. Interestingly, though there was evidence that the registrant provided refunds to Canadians, the Court of Appeal found this insufficient to justify a registration for “retail women’s clothing services” in Canada.

[26] With respect to the present case, I am inclined to follow *Boutique* in that this is not a case where use of the Wares in Canada during the Relevant Period has been found to exist. Absent evidence that the Registrant shipped orders made through its Website to Canada, I have difficulty concluding that it performed the Services in Canada during the Relevant Period. Although “services” are to be interpreted generously, common sense must still prevail. It would seem a fundamental aspect of “retail store services” that such services include the ability to purchase and take delivery or possession of such purchases. A customer who walks into a “brick-and-mortar” establishment in Canada, which displays various goods and has staff with whom the customer can speak to about product selection, but ultimately cannot take any purchased products with them or at least have such purchases delivered to them, has arguably not walked into a retail establishment. In a similar vein, with the exception of *TSA*, the jurisprudence indicates that a retailer who operates a retail website that does not offer to ship goods to Canada cannot be said to be operating a retail store service in Canada.

[27] Nevertheless, I need not go so far as to disregard the Federal Court’s decision in *TSA*, notwithstanding the unintended consequences such a broad interpretation of “use” may have when considering the operation of websites accessible to, but not necessarily directed to, Canadians. In *TSA*, as with *Saks* and *Sharper Image*, it was contemplated that the combination of certain factors could be sufficient to support a registration for retail store services, even in the absence of brick-and-mortar stores in Canada. Such factors must demonstrate a certain level of interactivity with potential Canadian customers in order for there to be a benefit to Canadians sufficient to support such a registration. Certainly, it would appear that this level of interactivity is satisfied where a registrant operates a retail website and ships goods purchased via the website



to Canada [*Face Stockholm, supra*]. Listing prices in Canadian dollars or showing other indicators that the website is directed to Canadian customers may also satisfy the requirements of sections 4 and 45 in the absence of evidence of shipping to Canada [*Harvey Nichols, supra*]. On the other hand, as noted above, merely offering refunds appears to be insufficient [*Boutique, supra*]. Finally, on the particular facts in *TSA*, offering several ancillary services on a website equivalent to what one might find in a brick-and-mortar store was found to be sufficient.

[28] In other words, there appears to be a threshold of ancillary or incidental services that, when combined, can support a registration for retail store services. What appears to be necessary is some degree of interactivity with the customer, and to the hypothetical Canadian customer in particular. Although the Requesting Party encouraged the Registrar to outright ignore the reasoning in *TSA*, it can be considered consistent with the other jurisprudence in that the Court found, through the provision of ancillary services, a sufficient degree of interactivity with the Canadians who accessed the website to support the registrations for “retail store services”.

[29] However, even if I were to consider *TSA* as authority that a registration for “retail store services” can be maintained in the absence of sales and delivery in Canada in such limited circumstances where ancillary services providing “interactivity” exist, these circumstances do not exist in the present case. Having reviewed the evidence before me, the only evidence of an ancillary service akin to those deemed relevant in *TSA* is that of a “Store Locator” service. While it may be reasonable to infer that Canadians could have availed and did avail themselves of such a service, there is no direct evidence of such. In any event, consistent with *Boutique*, I do not consider this sufficient to justify the registration in association with the Services.

[30] As such, I do not find that there was use of the Mark in association with the Services during the Relevant Period in Canada within the meaning of sections 4 and 45 of the Act.

#### Special circumstances

[31] In view of the foregoing, I will now turn to the issue of whether there were special circumstances to excuse non-use of the Mark during the Relevant Period. Although the Registrant asserted use with respect to all of the Wares and Services, in the alternative, it

submitted evidence with respect to special circumstances that it argued excuses any finding of non-use.

[32] In his affidavit, Mr. Kosoff attests that the Registrant faced several challenges in expanding use of the Mark in Canada through the improvement of its Website. These challenges included the following: redirecting staff with Internet marketing experience; making technological changes to facilitate billing and shipping to Canadian customers; and establishing new relationships with third party intermediaries for international shipping and currency conversion. Mr. Kosoff states that this upgrading of the Registrant's Website was a substantial project which was only possible to accomplish over a period of years.

[33] Generally, a determination of whether there are special circumstances that excuse non-use involves consideration of three criteria, as set out in *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA); the first is the length of time during which the trademark 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.

[34] With respect to the third criterion, Mr. Kosoff attests that the Registrant launched the improved version of its website for international customers, including Canadians, in March 2010. Based on the evidence before me, it would appear that the Registrant has, in fact, commenced use of the Mark in Canada through its improved website, albeit approximately seven months after the expiry of the Relevant Period.

[35] Notwithstanding that the Registrant has subsequently commenced use of the Mark, however, the decision in *Smart & Biggar v Scott Paper Ltd* (2008) 65 CPR (4th) 303 (FCA) offered further clarification with respect to the interpretation of the second criterion, with the determination that this aspect of the test *must* be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. In other words, the other two factors are relevant, but considered by themselves, in isolation, cannot constitute special circumstances.

[36] In this respect, I note that although Mr. Kosoff provides the aforementioned list of challenges faced by the Registrant in launching its international website, he provides little in the

way of particulars. Absent such details, I cannot conclude that such challenges were anything other than the normal challenges faced by similar retailers attempting to establish a retail presence in Canada, whether via an Internet website or otherwise.

[37] Furthermore, and with regards to the first criterion, I note that there is no evidence of use of the Mark in Canada from its registration in January 2006 until the launch of new website in March 2010; a period of non-use of over four years. Section 45(1) prevents any person other than the Registrar from initiating section 45 proceedings before a period of three years has elapsed following the registration of a trade-mark; as noted in other cases, this is a legislative indication that this three year period should normally be considered the maximum start-up time for a registrant to commence serious commercial use in Canada [see *Humpty Dumpty Foods Ltd v CPG Products Corp* (1985), 5 CPR (3d) 384 (TMOB) at paragraph 14; *Registrar of Trade Marks v Securicor Investigation & Security Ltd* (1990), 32 CPR (3d) 512 (TMOB) at page 513; and *2001237 Ontario Ltd v Footstar Corp*, 2003 CarswellNat 6254 (TMOB) at paragraph 12].

[38] In any event, I note that at paragraph 21 of his affidavit, Mr. Kosoff refers to launching its upgraded ARDEN B website in conjunction with a website for its other product line, WET SEAL. In particular, Mr. Kosoff states that the Registrant “undertook a test period in order to establish that appropriate volumes could be achieved with their WET SEAL branded products alone and to add technical functionality to its platform”. The affidavit is vague as to the commencement and duration of this testing period, but Mr. Kosoff indicates that it “concluded in the later months of 2009”. It is unclear why the Registrant chose to conduct this testing in respect to its WET SEAL brand only, and perhaps it was a logical business decision to conduct the testing with respect to only one of its product lines. However, as the decision to prioritize one brand over the other appears to be a voluntary decision of the Registrant, rather than a circumstance beyond its control, it cannot constitute special circumstances [see *John Labatt Ltd v Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 at 125 (FCTD)].

[39] I would emphasize that even if the Registrant had prioritized the launch of its improved ARDEN B website over its WET SEAL website, Mr. Kosoff’s affidavit is vague, in any event, as to the timeline and the particular steps the Registrant undertook in its efforts to establish its

international website. Indeed, the evidence is consistent with the conclusion that the Registrant's efforts only seriously commenced after the issuance of the section 45 notice.

[40] Having regard to all of the foregoing, I must conclude that the Registrant has not demonstrated special circumstances to justify non-use of the Mark during the Relevant Period within the meaning of section 45(3) of the Act.

Disposition

[41] Accordingly, pursuant to the authority delegated to me under section 63(3) of the Act, the registration will be expunged in compliance with the provisions of section 45 of the Act.

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Andrew Bene  
Hearing Officer  
Trade-marks Opposition Board  
Canadian Intellectual Property Office