

**TRADUCTION/TRANSLATION**

**SECTION 45 PROCEEDINGS**  
**TRADE-MARK: AQUASOURCE and Design**  
**REGISTRATION NO: TMA556008**

At the request of Stikeman Elliott 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 January 26, 2006, to Aquasource, the owner of the trade-mark AQUASOURCE and Design (the “Mark”) reproduced below:



The following colours are claimed as a feature of the trade-mark: the three (3) wavy bands in the middle of the mark are blue shaded, the upper band is light blue, the middle band is blue, and the lower band is dark blue. The term AQUASOURCE is dark blue. The small dots arranged in circles are green, and the lines above and below the term AQUASOURCE are also green.

The certificate of registration TMA556008 issued for the Mark covers the following wares:

Apparatus and installations for the treatment of water or other liquids by membrane filtration (microfiltration, ultrafiltration, nanofiltration and hyperfiltration or reverse osmosis) namely osmosis units, ultrafilters, microfiltres, textile membrane filters (the “Wares”).

Section 45 of the Act requires the registered owner of a trade-mark to show that it was in use in Canada in association with each of the wares and/or services specified in the registration at any time during the three-year period immediately preceding the date of the notice and, if not, to furnish the date when it was last so in use and the reason for the absence of such use since that date. Therefore, the relevant period in this case is from January 26, 2003, to January 26, 2006 (“relevant period”).

In response to the notice, the owner of the Mark filed the affidavit of Christophe Cassant. Both parties filed written submissions, and only the Requesting Party was represented at the oral hearing.

Mr. Cassant has been general manager for the owner of the Mark since May 12, 2006, that is, after the relevant period. He explains that the Wares are sold in Canada by the company Degrémont Limited, sometimes doing business as Ondep Degrémont or Ondeo. It is licensed by the owner of the Mark. He explains that the water filtration technology of the owner of the Mark is a purely physical process that combines water filtration and disinfection in one single step.

He alleges that the Mark appears on the Wares themselves and on the explanatory documents provided at the time of the offer to sell and the sale of the Wares. He filed copies of these documents. He states that they were distributed in Canada. I noted that he does not specify the exact period during which they were distributed in Canada. At paragraph 7 of his affidavit, he states that they [TRANSLATION] “. . . were on the Canadian market recently or over the last few years . . .”. There is nothing to indicate that the documents filed as Exhibit P-1 were distributed during the relevant period. Moreover, the distribution of these documents is not in and of itself

evidence of use of the Mark in association with the Wares [see *John Morton Ltd. (Re)* (1992), 47 C.P.R. (3d) 268]. I also noted that some of the documents filed to support Mr. Cassant's submissions are dated September 1995, which is well before the relevant period.

He filed an excerpt from an Internet site giving a technical description of the Wares. However, it is not known whether this is the Internet site of the owner of the Mark. He alleges that this site is accessible to Canadians. I noted that the pages were printed in April 2006, that is, after the relevant period, and what is seen is not the Mark but rather the word mark AQUASOURCE. In any event, those documents cannot prove use of the Mark in association with the Wares within the meaning of section 4(1) of the Act.

He admits that, to date, the Wares have not been sold in Canada but that offers to sell have been [TRANSLATION] "made for CH2M Hill Canada Ltd. for the city of St. John's, Newfoundland, in February 2004, and another offer for Creston/Erickson Water Treatment Plant in November 2002 for the city of Kootenay, British Columbia". Obviously, the second offer was made prior to the relevant period. He attached a copy of those offers to sell. However, on the copy concerning St. John's, there is no reference to the Mark.

He alleges that pre-qualification trials are [TRANSLATION] "currently" under way in Canada for the Wares bearing the Mark. As his affidavit is dated July 12, 2006, I can at most conclude that those trials were taking place at the date of his affidavit, therefore, after the relevant period. He admits that no sales were made during the relevant period, which, in his opinion, is typical and normal for this type of Wares and industry since markets for drinking water treatment plants sometimes take 10 years to develop, from initial trials to the signing of the orders. Nonetheless,

the description of the Wares is not restricted to the market for drinking water treatment plants. Moreover, the Exhibit P-1 advertising brochures state that the Wares can be installed in hospitals and hotels. Nothing in the evidence filed indicates that steps had been taken by either the owner of the Mark or its licensee to sell the Wares to those markets.

He states that the trials conducted for CH2M Hill Canada Ltd. should culminate shortly. However, Mr. Cassant makes no mention of an approximate date and uses the conditional tense.

He cites the city of Moscow as an example of the considerable lapse of time between initial trials and delivery of the Wares. In that particular case, the initial trials were conducted in March 1997, and the order was allegedly signed in March 2006. To justify this very long delay, he alleges the important nature of the business and the technology used; for each installation, several years are required to complete the pilot trials, receive the order, and render the plant operational.

He alleges that a purchase order contract for membranes (apparently different from the installations cited for Kootenay and St. John's) bearing the Mark is being negotiated in Canada, but he is unable to say when the order will be signed. He does not state when those negotiations began and with whom. Moreover, that an order is signed does not necessarily mean that the Mark is used at that moment within the meaning of section 4(1) of the Act.

He lists sales made in the United States to demonstrate the high cost of these Wares. I note that none of the sales took place during the actual relevant period in the United States, with the most recent one dating back to 2001.

Mr. Cassant clearly admitted that there were no sales of the Wares during the relevant period. However, in his written argument, the agent for the owner of the Mark submits that this does not preclude a finding that the Mark was used in Canada during the relevant period within the meaning of section 4 of the Act.

To do so, the agent of the owner of the Mark, under [TRANSLATION] “transfer of ownership or possession” in his written argument, refers to the leasing contract for the Creston-Erickson Water Treatment Plant project for a period of four (4) months for \$20,000, included in Exhibit P-3. However, that leasing contract ended in September 2002, prior to the relevant period. Therefore, there was no transfer of possession during that period.

The case law cited by the owner of the Mark to support its arguments is not limited to the concept of transfer of possession of wares and can be distinguished from this case. In the cases cited, not only was there a transfer of possession of wares in the normal course of trade, but that transfer took place during the relevant period, and there were subsequent sales of those wares, which is not the case here.

The owner of the Mark also cites *Argenti Inc. v. Exode Importations Inc.* (1984), 8 C.P.R. (3d) 174. That was a proceeding to expunge a mark in the register on the basis of section 57 of the Act and not a section 45 proceeding. It also cites *CBM Kabushiki Kaisha v. Lin Trading Co. Ltd.* (1985), 5 C.P.R. (3d) 27. That was an opposition to the registration of a trade-mark. In both those cases, although there were no sales of the wares before a relevant date, the combination of the delivery of samples and their use to solicit sales allowed the court to find that the trade-mark was in use before that critical date. However, in our case, the leasing contract for the Wares ended

prior to the beginning of the relevant period. There is no evidence of use of the Wares as samples or demonstration models during the relevant period.

At the risk of repeating myself, if I accept the reasoning of the owner of the Mark, I can only conclude that the Mark was in use on September 3, 2002, at the latest, that is, the expiry date of the leasing contract. In addition, some of the Exhibit P-3 documents, including a form related to the Kootenay project, come from a company named Degrement North American Research and Development Center Inc., in Richmond, Virginia. However, no information regarding this company was submitted. Lastly, there is no evidence that those trials in Kootenay led to a sales contract during the relevant period.

As for the project in St. John's, Newfoundland, the documents filed are nothing more than a mere proposal. There is no documentation indicating specific trial periods or leasing of the Wares.

The question that remains is whether the owner of the Mark proved special circumstances that excuse the absence of use within the meaning of section 45(3) of the Act. The criteria for this section are:

1. The length of time during which the Mark has not been used;
2. Whether the reasons for non-use of the Mark were due to circumstances beyond the control of the owner of the Mark;
3. Whether there exists a serious intention to shortly resume use of the Mark.

I refer to the decision of the Federal Court of Appeal in *Scott Paper Ltd. v. Smart & Biggar* (2008), 65 C.P.R. (4th) 303, where the Court analyzed the relevant case law, including its own decision in *Canada (Registrar of Trade Marks) v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488, to draw the following conclusions:

- 1- The general rule is that absence of use of a mark is penalized by expungement.
- 2- There is an exception to the general rule when the absence of use is due to special circumstances.
- 3- The special circumstances are circumstances not found in most cases of absence of use of a mark.
- 4- The special circumstances that excuse the absence of use must be circumstances to which the absence of use is due.

There has been no evidence of use of the Mark since at least September 2002, if we accept the owner's argument regarding the transfer of possession of the Wares in the Kootenay project. Therefore, more than three years elapsed between the date the Mark was last used and the end of the relevant period.

The owner of the Mark attempts to excuse this period of non-use by the fact that the wares are offered to a very limited market only. However, the description of the Wares stipulates no restrictions regarding the market for which they are intended. The owner of the Mark made a business decision by wishing to limit the sale of the Wares to Canadian municipal water supply systems. There is no evidence that measures were taken to sell the Wares to hotels or hospitals, that is, the markets identified in the P-1 brochures.

In deciding of its own accord to limit its potential market to municipalities, the owner of the Mark cannot rely on the concept of a tight and challenging market to justify exceptional

circumstances that explain the non-use of the Mark. Moreover, the evidence reveals that only one attempt to sell the Wares in Canada in that market was made during the relevant period. It is a matter of judicial notice that there are hundreds of municipalities in Canada. At first glance, that market does not seem to be as limited as the owner of the Mark would like to suggest.

Lastly, the intention to resume use of the Mark shortly is not supported by the evidence.

Consequently, I find that the evidence on the record discloses no use of the Mark in association with the Wares during the relevant period. Furthermore, the owner of the Mark failed to discharge its burden of proving that the non-use of the Mark was caused by exceptional circumstances within the meaning of section 45(3) of the Act. Registration of the Mark must therefore be expunged.

The registration number TMA556008 will be expunged in accordance with section 45(5) of the Act.

DATED AT BOUCHERVILLE, QUEBEC, ON FEBRUARY 5, 2009.

Jean Carrière,  
Member, Trade-Marks Opposition Board

Certified true translation  
Tu-Quynh Trinh