



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

Citation: 2010 TMOB 108
Date of Decision: 2010-07-15

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by 88766 Canada Inc. against registration
No. TMA589,413 for the trade-mark TAG HEUER &
DESSIN in the name of Tag Heuer SA**

[1] At the request of 88766 Canada Inc. (the requesting party), the Registrar of Trade-marks forwarded a notice under s. 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the Act) on January 9, 2008 to Tag Heuer SA (the registrant), the registered owner of the above-referenced trade-mark registration, in respect of “clothing articles, namely shirts, T-shirts, polo-shirts, sweat-shirts, sweat-pants, sweaters, pullovers, polar pullovers, winter parkas, ski jackets, scarves, gloves, socks, swimming suits; hats and caps; shoes and sports shoes” (the relevant wares). These items do not represent the entirety of the registrant’s statement of wares; they are the only wares that will be considered in this proceeding.



Registration No. TMA589,413 (the Mark)

[2] Section 45 of the Act requires the registered owner to show whether the Mark has been used in Canada in association with each of the relevant wares 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 January 9, 2005 and January 9, 2008 (the relevant period).

[3] “Use” in association with wares is set out in sections 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, section 4(1) applies.

[4] In response to the Registrar’s notice, the registrant furnished the affidavit of Stéphane Eschbach together with Exhibits “A” and “B”. Mr. Eschbach states that he is the legal counsel of the registrant and that by virtue of his position, he has knowledge of all activities pertaining to the use of the Mark and has access to the registrant’s business records. Both parties filed written submissions; an oral hearing was held where only the requesting party was represented.

[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 C.P.R. (2d) 62 (F.C.A.)]. Although the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd. v. Lang Michener* (1996), 71 C.P.R. (3d) 477 (F.C.T.D.)] and evidentiary overkill is not required [*Union Electric Supply Co. Ltd. v. 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 the wares or services specified in the registration during the relevant period.

[6] In his affidavit, Mr. Eschbach explains the normal course of trade as follows. On behalf of the registrant, the relevant wares are produced and manufactured by ParsonsKellog, Nike

Canada Ltd, and Guangzhou Camsing Co Ltd. The finished products are sent to the registrant's distributor in Canada, LVMH Watch & Jewellery Canada Ltd, directly by the manufacturer or via shippers, carriers and couriers (i.e. Land Air Express, FedEx Express, Jagged Peak Inc and Thomson, Ahern & Co Ltd). The Canadian distributor then dispatches the received items to the various authorized retailers in Canada.

[7] In support of his statements, the affiant produces several series of documents issued during the relevant period as evidence of "articles bearing the challenged trade-mark that have actually been sold and shipped to Canada" through the Canadian distributor including customs declarations, shipping orders, brokerage invoices, manufacturers' invoices and a copy of the Canadian distributor's check to a manufacturer as Exhibit "A". I note the following descriptions in the documents: "wind jacket", "sleeveless jacket", "polo shirt", "golf bags", "golf carrying case", "polo", "golf shirt embroidery", "jacket", "mock", "convertible windtop", "footwear" and "mock neck". With the exception of an invoice issued by the registrant to the Canadian distributor dated March 8, 2007 for "microfiber gloves", "vertical c rings" and "horizontal c rings" and the accompanying air waybill, all of the remaining documents evidence transactions between the brokers, the transportation companies, or the manufacturers, and the Canadian distributor.

[8] The requesting party argues that there is no evidence of sales in Canada and that any evidence of use of the Mark cannot enure to the benefit of the registrant since the latter failed to explain its relationships with the different entities referenced in the documents attached as Exhibit "A". In addition, the requesting party submits that the evidence failed to show whether the registrant has control over the use of the Mark by these entities by way of license agreements.

[9] In terms of sales in Canada, it is well established that a customer can be a distributor, a wholesaler, a retailer, a consumer, or any other entity as long as the sales are made in the normal course of trade [*Manhattan Industries Inc. v. Princeton Manufacturing Ltd.* (1971), 4 C.P.R. (2d) 6 (F.C.T.D.); *Philip Morris Inc. v. Imperial Tobacco Ltd.* (1985), 7 C.P.R. (3d) 254 (F.C.T.D.)]. The affiant has explained the normal course of trade and provided evidence that the items are sold and shipped to the Canadian distributor, which are then sent to the authorized retailers in Canada. It is therefore clear that there were sales of various clothing items in Canada.

[10] As for the issue of the registrant's relationships with the entities whose names appear in many of the exhibits, I am satisfied that Mr. Eschbach has clearly laid out the role of each entity mentioned in his affidavit as discussed above. With respect to the issue of control, the affiant attests in paragraph 4 of his affidavit that the clothing items are produced and manufactured by third parties *on behalf of* the registrant. Consequently, the registrant is the first link in the chain of transactions that lead to sales in Canada; it is the entity who orders the production and the shipment of specific clothing items to its Canadian distributor [see *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.*, *supra*; *Brouillette, Kosie v. Segafredo Zanetti S.p.A.* (2005), 44 C.P.R. (4th) 468 (T.M.O.B.)]. This is so despite the fact that there is no mention of the registrant's name in most of the shipping documents considering that the items are shipped directly from the manufacturers to the Canadian distributor.

[11] The principle of "normal course of trade" recognizes a continuity of actions that commences with the owner through intervening transactions by agents and distributors to the ultimate consumer [see *Philip Morris Inc. v. Imperial Tobacco Ltd. et al.*, *supra*; 88766 *Canada Inc. v. Paulaner-Salvator-Thomasbräu A.G.* (1996), 68 C.P.R. (3d) 360 (F.C.T.D.); *Osler, Hoskin & Harcourt v. United States Tobacco Co.* (1997), 77 C.P.R. (3d) 475 (F.C.T.D.); *Youth Sciences Inc. v. High Cue Management Inc.* (2007), 64 C.P.R. (4th) 229 (T.M.O.B.)]. Such is the registrant's business model; it does not, for that reason, turn entities along the chain of transactions into licensees. Accordingly, in view of the affiant's statements pertaining to the normal course of trade supported by the documents produced as Exhibit "A", I am satisfied that the wares originate from the registrant and that any evidence of sales of the relevant wares in Canada during the relevant period enures to the benefit of the registrant.

[12] On a separate note, the requesting party claims that Mr. Eschbach's use of the word "samples" in reference to the clothing items shipped to the Canadian distributor raises doubt as to the real nature of these transactions. In other words, the requesting party contends that it is unclear whether these items were objects of trade. I reproduce the relevant paragraphs of Mr. Eschbach's affidavit below:

3. [Y]ou will find enclosed debit notes and further invoices detailing articles bearing the challenged trade-mark that have actually been sold and shipped to Canada through our Canadian distributor, LVMH Watch & Jewellery Canada Ltd, [...]

(hereafter “LVMH Canada W&J”), a fully owned subsidiary of TAG Heuer SA. The enclosed invoices filed under Exhibit A to my Affidavit concern sales to Canadian customers during the relevant period [...].

4. On behalf of TAG Heuer SA, the enclosed samples are produced and manufactured by either ParsonsKellog, [...] or by Nike Canada Ltd, [...] or by Guangzhou Gamsing Co Ltd in China for the North America and Canada markets.

5. The samples are sent by the various manufacturers to our distributor in Canada, LVMH Canada W&J, via courier services providers.

[...]

7. It is also possible that the samples are sent by the manufacturers to Thomson, Ahern & Co Ltd, [...] which is the courier, broker and forwarding agent of LVMH Canada W & J in Canada. [...]

8. A third possibility is that the manufacturer Nike Canada Ltd sends the products directly to LVMH Canada W & J as mentioned in the invoices related to the delivery of golf bags, Nike Polo, golf shirts, footwear, etc.

9. All samples are sent to our Canadian distributor, LVMH Canada W & J. This company will then dispatch the products to the various TAG Heuer’s authorized retailers through Canada.

[...]

11. To support my saying further on, you will find enclosed samples of how the challenged trade-mark is being displayed on goods covered by Registration No. TMA589413. These samples filed under Exhibit B to my Affidavit concern articles actually sold during the relevant period [...].

[13] With the exception of the photographs of the various clothing items attached as Exhibit “B” to which Mr. Eschbach refers to as “enclosed samples” in the sense of “representative samples” of their products, when the evidence is viewed as a whole, it would appear that the affiant uses the words “articles”, “samples” and “products” interchangeably to mean clothing items that were sold in the normal course of trade during the relevant period. Despite the use of the word “samples” which, in some circumstances, might carry the connotation of “free distribution”, in the present case, Mr. Eschbach clearly attests that the clothing articles were sold and shipped to Canada during the relevant period in paragraphs 3 and 11 of his affidavit. These assertions are supported by invoices evidencing shipments of hundreds of units of clothing items valued at thousands of dollars each over the course of two years, and evidence of payment in the form of a photocopy of a check issued by the Canadian distributor to one of the manufacturers. Accordingly, on a fair reading of the affidavit in conjunction with the supporting documents, I

find it reasonable to conclude that the clothing items in question were objects of trade that were sold by the registrant to the Canadian distributor in exchange for payment during the relevant period in the normal course of trade.

[14] With respect to the manner in which the Mark was associated with the relevant wares during the relevant period, the affiant produced several photographs of clothing items as Exhibit “B” described simply as “goods covered by Registration No. TMA589413”, representative of how the Mark was used with the relevant wares. In addition to an embroidered Mark on the clothing items, some of the wares bear additional elements adjacent or below the Mark including the words “TAG Heuer”. The use of a trade-mark in combination with additional words or features constitutes use of the registered mark if the public as a matter of first impression, would perceive the trade-mark *per se* as being used. This is a question of fact which is dependent on whether the trade-mark stands out from the additional material and whether the trade-mark remains recognizable [*Nightingale Interloc Ltd. v. Prodesign Ltd.* (1984), 2 C.P.R. (3d) 535 (T.M.O.B.); *Promafil Canada Ltée v. Munsingwear Inc.* (1992), 44 C.P.R. (3d) 59 (F.C.A.)]. In the present case, I am of the view that the Mark remains recognizable and retains its identity; the additional elements would not be perceived as forming part of the trade-mark *per se*, but rather as a separate trade-mark.

[15] In terms of the types of clothing articles sold during the relevant period, in addition to those identified in the documents attached as Exhibit “A”, Mr. Eschbach attests that the photographs attached as Exhibit “B” “concern articles actually sold during the relevant period”. I would point out that even though the affiant describes the items seen in these photographs as “goods covered by Registration No. TMA589413”, many of them do not form part of the relevant wares in question in this proceeding. Keeping in mind the relevant wares specified in the registration, I am satisfied that the evidence in its entirety is consistent with showing use of the trade-mark in association with the registered wares “shirts”, “t-shirts”, “polo-shirts”, “pullovers”, “gloves” and “caps”.

[16] The requesting party argues that the various documents produced as Exhibit “A” failed to indicate whether the items bore the Mark and that it is unclear whether the Mark appeared on the wares at the time of transfer. It should be remembered that exhibits must be read in conjunction

with the information provided in the affidavit as a whole, not as stand alone documents. In view of the fact that the Mark is embroidered onto the clothing items as seen in the representative photographs and bearing in mind Mr. Eschbach's clear statement that the supporting documents pertain to clothing articles "bearing the challenged trade-mark" sold and shipped to Canada during the relevant period, I am satisfied that the Mark was affixed to the clothing items at the time of transfer during the relevant period.

[17] On the other hand, I agree with the requesting party's submission that without additional information, the items identified as "sleeveless jacket", "jacket" and "wind jacket" in the exhibits cannot serve as evidence of use for the registered wares "winter parkas" and "ski jackets"; the same can be said for the items described as "footwear" in relation to the registered wares "shoes" and "sport shoes". While s. 45 proceedings are intended to summary and expeditious in nature to get rid of "deadwood" from the registry and is not an exercise in "meticulous verbal analysis" [*Loro Piana S.P.A. v. Canadian Council of Professional Engineers (CCPE)*, 2009 FC 1096 (F.C.)], it nevertheless calls upon the registered owner to show that the trade-mark has been used in Canada with respect to each of the relevant wares or services as specified in the registration [see *John Labatt Ltd. v. Rainier Brewing Co. et al.* (1984) 80 C.P.R. (2d) 228 (F.C.A.)].

[18] In the present case, the registrant has not provided any indication that the jackets evidenced in Mr. Eschbach's affidavit and the accompanying exhibits are sold, used or considered as "ski jackets" or "winter parkas"; none of the photographs attached as Exhibit "B" appears to show what is commonly known as a "ski jacket" or a "winter parka". I also note that the affiant never referred to any of the clothing items shown or identified in the exhibits as "ski jackets" or "winter parkas", but rather as "wind jackets", "jackets" and "sleeveless jackets". In view of the specific nature of the registered wares and the lack of information or explanation from the registrant, I am unable to infer the sales of "sleeveless jackets", "jackets" and "wind jackets" to be consistent with that of "ski jackets" and "winter parkas". As for the mention of "footwear" in Mr. Eschbach's affidavit as well as in the attached invoice, without additional details, I am also unable to determine whether the items in question are in fact "shoes", "sport shoes", or a different type of footwear such as "slippers". In both cases, it would have been a simple matter for the registrant to provide additional details regarding the exact nature of the items sold during the relevant period in relation to the wares specified in the registration.

[19] As discussed in *Wrangler Apparel Corp. v. Pacific Rim Sportswear Co.* (2000), 10 C.P.R. (4th) 568 (T.M.O.B.):

[T]he onus is on the registrant to make the correlation between the wares shown to be in use and the registered wares. It is inappropriate that the lawyers should be left to argue over whether a particular pair of pants are in fact jeans based on dictionary definitions when an individual who is obviously immersed in the industry has omitted, intentionally or not, to indicate whether or not the pants in question are jeans.

[20] Finally, with the exception of a bald assertion of use with all of the relevant wares, I note that the evidence is silent with respect to the remaining relevant wares; since no special circumstances have been advanced to excuse non-use, these wares ought to be deleted from the registration.

[21] In view of the foregoing, pursuant to the authority delegated to me under s. 63(3) of the Act, the registration will be amended to delete the following wares: “[...], sweat-shirts, sweat-pants, sweaters, [...], polar pullovers, winter parkas, ski jackets, scarves, [...], socks, swimming suits; hats and [...]; shoes and sports shoes” in compliance with the provisions of s. 45 of the Act.

P. Fung
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office