

SECTION 45 PROCEEDINGS
TRADE-MARK: COLLEGIATE TIME TRACKER
REGISTRATION NO: TMA 497,197

At the request of Premier School Agendas Ltd., the Registrar forwarded a notice under section 45 of the *Trade-marks Act* on January 6, 2005 to Charmaine Styles, the registered owner of the above referenced trade-mark.

The trade-mark COLLEGIATE TIME TRACKER is registered for use in association with:

“Time organization manuals, appointment books and calendars”.

Section 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13, 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. In this case the relevant period for showing use is any time between January 6, 2002 and January 6, 2005.

Use in association with wares is set out in subsection 4(1) of the *Trade-marks Act*:

A trade-mark is deemed to have been 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.

Special provisions relating to the export of wares are contained in subsection 4(3) of the *Act* and do not apply in the present proceedings.

In response to the Registrar's notice, the registrant furnished the affidavit of Charmaine Styles, registered owner of the subject mark. Both parties filed written submissions and were represented at an oral hearing.

In her affidavit, Ms. Styles describes the wares as customized appointment books or calendars for use by school students which list school holidays, activities, deadlines for the entire academic year; these are customized for a particular school. Ms. Styles also sets out how she has distributed some of these books, without cost, to a number of students in the same school, each year in August/September 2001-2002, 2002-2003, and 2003-2004. These books were distributed for the purpose of receiving feedback on the layout and other features, to assist in the development of the product. Agendas were distributed on a similar basis at no cost to teachers at the same school.

Ms. Styles further states that due to health problems in the past number of years she has been unable to put her books into full commercial production; I note that she does not specifically state that these health problems occurred during the relevant period.

Ms. Styles outlines other activities that she undertook to develop her appointment books during the relevant period. In January 2002 she met with a Parent Involvement Committee at a high school to discuss adoption of the appointment books in that school. She also met with School Trustees to discuss adoption of the books in their schools. In the course of a meeting with the Roman Catholic Separate School Board in Regina, she discussed the adoption of her books in their schools. Ms. Styles attended similar meetings with a high school principal, school board representatives, and parents of students who had used the book, in April 2002, October 2002, September 2003 and November 2004.

Subsequent to the relevant period, Ms. Styles incorporated her business in Saskatchewan under the name Collegiate Time Tracker Enterprises, Inc., and assigned her trade-mark to the corporation which is now the owner of record of the subject trade-mark registration.

Ms. Styles states that throughout 2004 and into 2005, she visited with numerous students who have been using copies of her appointment books to solicit their feedback on the products. In paragraph 31, Ms. Styles states that she has made arrangements with a printer for a run of at least 500 books for the 2005-2006 school year. I note that no assertion or demonstration that these activities have led to actual sales is made.

The registrant takes the position that such distribution of books to a number of students constitutes use within the meaning of s. 4 of the Act, since in some cases free distribution of products for the purpose of future commercialization, should be considered use within the meaning of s.4 of the Act. Further the registrant submits that since the wares were distributed in exchange for the feedback from the recipients, that this should not be considered free distribution. In the alternative, the registrant submits that special circumstances existed to excuse the absence of use pursuant to subsections 45 (1) and (3) of the *Act*.

Normal Course of Trade

In *The Molson Companies Ltd. v. Halter* 28 C.P.R. (2d) 158 the basic principle of use in the normal course of trade is set out - “use” of a trade mark in Canada requires a normal commercial transaction in which the owner of the trade mark completes a contract in which a customer orders from the owner the wares bearing the trade mark. Use must be in the normal course of trade at the time of the transfer of property in or possession of such wares. In that case it was determined that there were token sales of liquor by a provincial Liquor Commission for the personal use of the registrant; this did not constitute use in the normal course of trade.

In some cases distribution of samples has been considered “use” within the meaning of the Act; however this is generally in the context of distributing samples in anticipation of securing orders and sales, and where subsequent sales have been demonstrated (*Lin Trading Co.V. CBM Kabushiki Kaisha* 21 C.P.R. (3d) 417; *Canadian Olympic Assn.v. Pioneer Kabushiki Kaisha* (1992), 42 C.P.R. (3d) 470). Unlike these cases, in the present situation it does not appear that the calendars and agendas were distributed in anticipation

of making sales, in the sense that there was product ready and available to be sold, if ordered. Rather, it appears that they were distributed as part of the product development/testing process. In *San Tomo Partners v. Companhia Industrial de Conservas Alimenticias/CICA* (1994) 53 C.P.R. 560, samples of POMOROLA tomato sauce were shipped to a Canadian distributor for testing for acceptability on the Canadian market and it did not appear from the evidence that the samples had been intended to solicit orders for the registrant's wares. In determining that this was not use within the normal course of trade. Chairman Partington (as he then was) stated that:

It would not appear from the correspondence furnished by the registrant that either of the shipments of samples had been intended to solicit orders for the registrant's wares. Had that been the case, and as both shipments occurred within the two years prior to the date of the s.45 notice, I might have concluded that the shipments of samples alone constituted "use" by the registrant of the trade-mark POMAROLA in Canada "in the normal course of trade", as contemplated by s.4(1) of the Trade-marks Act..." (underlining mine).

It appears that in the present situation that there was no product available for sale when the wares were distributed. Although the registrant has demonstrated that there was the idea in mind that eventually there would be calendars and agendas for large-scale sales, there is no proof that such sales ever actually occurred. The registrant also submitted, on the issue of normal course of trade, that since the summer before each academic year presents a narrow window for product development, a three-year product development time frame should be acceptable. Without further details to establish that this type of product development is in the normal course of trade for these school calendars and agendas, and on the basis of all of the foregoing, I cannot accept that there was use of the subject trade-mark during the relevant period on the subject wares.

Under the circumstances, I turn now to consider whether there existed special circumstances that excuse the absence of the use of the subject trade-mark during the relevant period.

Special Circumstances

In order to establish special circumstances the registered owner must provide the date when the trade-mark was last in use and the reason for the absence of such use since that date (s. 45(1) of the *Act*); where absence of use has not been due to special circumstances that excuse the absence of use, the registration is liable to be expunged or amended accordingly (s. 45(3)).

The law is well established that three criteria must be considered in assessing whether or not there are circumstances that would excuse non-use; firstly, the length of time during which the trade-mark has not been used; secondly, whether the registered owner's reasons for not using its trade-mark were due to circumstances beyond his control; and thirdly, one must find whether there exists a serious intention to shortly resume use (*Registrar of Trade-marks v. Harris Knitting Mills Ltd.*, 4 C.P.R. (3d) 488 (F.C.A.)).

With respect to what constitutes circumstances beyond the owner's control, this "refers to circumstances which are "special" in the sense of being peculiar or abnormal and which are experienced by persons engaged in a particular trade as the result of the working of some external forces as distinct from the voluntary acts of any individual trader" (*John Labatt Ltd. V The Cotton Club Bottling Co.*, 25 C.P.R. (2d) 115 at p.125). In the *Harris Knitting Mills* case, above, the court clarified that "special circumstances" must be those "not found in most cases of absence of use of a mark". The Court went on to say:

It is impossible to state precisely what the circumstances referred to in subsection 44(3) [45(3)] must be to excuse the absence of use of a mark. The duration of the absence of use and the likelihood it will last along time are important factors in this regard, however; circumstances may excuse an absence of use for a brief period of time without excusing a prolonged absence of use. It is essential, as well, to know to what extent the absence of use is due solely to a deliberate decision on the part of the owner of the mark rather than to obstacle beyond his control. It is difficult to see why an absence of use due solely to a deliberate decision by the owner of the mark would be excused.

A review of two leading cases on the subject - *Ridout & Maybee v. Sealy Canada Ltd.*, 87 C.P.R. (3d) 307 (F.C.T.D.) aff'g 83 C.P.R. (3d) 276, and *Oyen Wiggs Green & Mutala v Pauma Pacific Inc.*, 84 C.P.R. (3d) 287 (F.C.A.) aff'g 76 C.P.R. (3d) 48, indicates that in circumstances where the period of non-use is not too long, (i.e. approximately 3 years in those cases), **and** where an intention to resume use has been shown to have existed prior to issuance of the s.45 notice, in the form of steps taken during the relevant period, **and** where there was actual resumption of use, the failure of the owner to demonstrate acceptable circumstances beyond his control (criterion two of *Harris Knitting Mills* test), is not fatal. In both cases, it appears that active and concrete steps directed toward resumption of use were detailed in the evidence.

However, in the recent decision of the Federal Court in *Smart & Biggar v. The Attorney General of Canada and Scott Paper Limited* (unreported decision: 2006 FC 1542), where the period of non-use was 13 years, the Court overturned the Registrar's decision which had followed the line of reasoning in *Ridout & Maybee* and *Oyen Wiggs*. In so doing Strayer J stated at paragraph 11:

I find it difficult to understand, as a matter of law, how a bona fide intention to use a trade-mark, even though formed prior to service of a notice under section 45, can "excuse the absence of use" for 3 years, considering that those 3 years were preceded by another 10 years in which it was not used. Would one "excuse" a truant schoolboy for an absence of a month because, when confronted, he demonstrated that although he had no explanation for his past absences he genuinely intended to go to school the next week?"

I note that in the *Smart & Biggar* case, unlike the *Ridout & Maybee* and *Oyen Wiggs* cases, not only was the period of non-use 13 years, but no reasons at all were given for the absence of use. Furthermore, there was no indication that the mark had ever been used in Canada at all.

(i) Date of Last Use

Turning to the calculation of the date of last use in these proceedings, the absence of sufficient facts to determine a date of last use is not fatal; generally the registration date or the date of assignment of the mark to the current owner will be used (*GPS (U.K.) v Rainbow Jean Co.* 58 C.P.R. (3d) 535). In the present proceedings there are insufficient facts from which to determine a date of last use, in fact no statements or evidence of use at any time were provided. I would therefore conclude that the period of non-use was 6 ½ years (date of registration – July 8, 1998 to date of s.45 notice January 6, 2005).

(ii) Serious Intention to Resume Use

The registrant has not satisfactorily established that three years of product development time was necessary. The registrant argued that there was a narrow window for product development, namely the summer prior to each academic year; however, in the absence of further details of the product development process, it is unclear why some of the development and feedback cycle could not be undertaken as the academic year progressed. The Styles affidavit lists meetings that took place for the purpose of discussing the product or at least at which the product was mentioned. No indication of the nature of the discussion is given; without details on the issues that posed a barrier to development and sales of a final product, and without information on attempts to overcome these obstacles, I am unable to conclude that there was sufficient and serious intent to commence sales within the relevant period. For example, one might have expected particulars of the problems encountered by the students with the agenda in each year of free distribution, details of how the registrant attempted to address the issues and what new problems emerged each year that resulted in being unable to produce and sell a final product for the following fall. Similarly, with respect to the agendas for teachers, particulars of the product, the details discussed at the meetings, and specific reasons for not being in a position to produce and sell a final product, would have been helpful. Under the circumstances I cannot conclude that serious, active, concrete steps were taken to develop and sell the subject wares.

(iii) Reasons Beyond the Registrant's Control

With respect to the whether or not the reasons for non-use were beyond the registrant's control, it is clear from the foregoing that the length of the development process and failure to sell a final product cannot be determined, without further evidence, to be for reasons that were beyond the registrant's control. Similarly, the health problems of Ms. Styles while certainly unfortunate and regrettable have not been demonstrated to be a factor specifically related to absence of use during the relevant period. In fact as noted above, Ms. Styles does not specify that her health problems occurred within the relevant period. Therefore, without additional details I cannot conclude that there were reasons beyond the registrant's control for the delay in developing and selling the wares during the relevant period.

In the present case, there is a fairly lengthy period of non-use – 6 1/2 years. Special circumstances have not been demonstrated; active, concrete steps taken to resume or commence use during the relevant period are not sufficiently detailed. I therefore cannot conclude that the registrant has demonstrated special circumstances that would excuse non-use within the meaning of s.45.

In view of all of the foregoing, it is my conclusion that the registration TMA 497,197 for the trade-mark COLLEGIATE TIME TRACKER ought to be expunged pursuant from the Register, for failure to show use pursuant to Section 45 of the *Trade-marks Act*.

DATED AT GATINEAU, QUEBEC, THIS 7th DAY OF JUNE 2007.

P. Heidi Sprung

Member, Trade-marks Opposition Board