



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

Citation: 2016 TMOB 151
Date of Decision: 2016-09-14

IN THE MATTER OF A SECTION 45 PROCEEDING

Gowling Lafleur Henderson LLP

Requesting Party

and

4187229 Canada Inc.

Registered Owner

TMA767,117 for HARMONY

Registration

[1] At the request of Gowling Lafleur Henderson LLP (the Requesting Party), the Registrar of Trade-marks issued a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) on May 26, 2014 to 4187229 Canada Inc. (the Owner), the registered owner of registration No. TMA767,117 for the trade-mark HARMONY (the Mark).

[2] The Mark is registered for use in association with the following goods:

(1) Infant, toddler, juvenile and children strollers, jogging strollers, car seats, booster car seats, carriers for infants, toddlers and children, travel systems for infants, toddlers and children, namely, combination strollers, car seats, car seat bases and carriers; accessories for strollers, car seats, booster car seats, baby carriers and travel systems, all for infants, toddlers and children, namely, seat pads, neck and head supports, storage compartments, caddies, trays and holders, protective shields and covers, car head supports.

(2) Diaper bags, tote bags, back packs, infant umbrellas, baby carriers worn on the body.

(3) Bassinets, seat pads, spill pads and toy bars that attach to high chairs, infant walkers; playards, toddler and youth beds, children's feeding seats.

(4) Insulated bottle bags, baby bathtubs, potty chairs.

[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 goods 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 May 26, 2011 to May 26, 2014.

[4] The relevant definition of “use” in association with goods is set out in section 4(1) of the Act as follows:

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

[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 CPR (2d) 62 (FCA)]. Although the threshold for establishing use in section 45 proceedings is quite low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD)], and evidentiary overkill is not required [*Union Electric Supply Co Ltd v 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 goods specified in the registration during the relevant period [*John Labatt Ltd v Rainier Brewing Co et al* (1984), 80 CPR (2d) 228 (FCA)].

[6] In response to the Registrar’s notice, the Owner furnished the affidavit of Michael Noah Goldberg, Vice-President of the Owner, sworn on January 6, 2015 in Montreal. Only the Requesting Party filed written representations, but both parties were represented at an oral hearing.

The Owner’s Evidence

[7] In his affidavit, Mr. Goldberg attests that the Owner is a Montreal-based business specializing in the sale and distribution of various types of children’s goods and accessories such

as strollers, car seats and carriers. He states that the Owner “deals primarily, if not exclusively with mass market accounts, such as Wal-Mart and Target”.

[8] Mr. Goldberg asserts that the Owner or a “duly authorized legal entity” used the Mark in association with the registered goods in Canada since May 2010. In particular, he attests that, during the relevant period, the Owner sold products he identifies as “backless boosters / youth booster car seats”, “highback boosters / backless booster car seats”, “harnessed car seats”, “Eat and Play High Chair / Feeding Chair / Activity Center” and “strollers / travel systems / bassinets / carriages” in association with the Mark.

[9] In support, attached to Mr. Goldberg’s affidavit are the following exhibits:

- Exhibit 1 is a printout from the Quebec Register of Enterprises, indicating that the Owner registered the name “Harmony Juvenile Products” on January 19, 2009.
- Exhibit 3 consists of printouts of seven pages from the Owner’s website, *www.harmonyjuvenile.com*. The pages advertise various types of “strollers”, “booster car seats” and “children’s feeding seats” from the “Harmony” collection, all bearing the Mark. Mr. Goldberg attests that such goods are representative of those sold and distributed by the Owner during the relevant period.
- Exhibits 4, 6 and 8 consist of dozens of pages of invoices, purchase orders and proofs of payment showing sales of various products, including car seats and booster car seats, from “Harmony Juvenile Products” to Wal-Mart locations in Ontario and Alberta during the relevant period. Although the Mark is not otherwise displayed on the invoices, Mr. Goldberg confirms that the documents relate to the sale and distribution by the Owner of various types of car seats and booster car seats bearing the Mark. I note that, in addition to displaying the name “Harmony Juvenile Products”, the invoices refer to the Owner by its numbered corporate name.
- Exhibits 5, 7 and 9 consist of reproductions of box art, copies of health and safety instructions and photographs of different types of car seats and booster car seats

corresponding to the products referenced in the aforementioned invoices. The Mark is stitched into the depicted seats and also appears on the box art.

- Exhibit 10 consists of several pages of invoices, purchase orders and proofs of payment showing sales of various products, including sales of what Mr. Goldberg identifies as “‘Eat and Play’ High Chair / Feeding Chair / Activity Centers”. Per the invoices, such sales were from “Harmony Juvenile Products” to various Wal-Mart locations in Canada during the relevant period. Per Exhibit 11, described below, Mr. Goldberg confirms that such goods bore the Mark at the time of sale.
- Exhibit 11 consists of a reproduction of box art, copies of health and safety instructions and photographs of the “‘Eat and Play’ High Chair / Feeding Chair / Activity Centers” referenced in the Exhibit 10 invoices. The box art advertises the convertible nature of the goods, including “High Chair” and “Table” features. The goods and the art work prominently display the Mark, which Mr. Goldberg attests are representative of their appearance during the relevant period.
- Exhibit 12 consists of several invoices, purchase orders and proofs of payment showing sales of various goods from “Harmony Juvenile Products” to various Wal-Mart locations in Ontario and Alberta during the relevant period. In particular, the invoices show sales of “Odyssey LTE All-In-One Modular Strollers”. Mr. Goldberg asserts that this corresponds to the goods “strollers / travel systems / bassinets / carriages” and, per Exhibit 13, confirms that such goods bore the Mark at the time of sale.
- Exhibit 13 consists of a reproduction of box art and copies of health and safety instructions for the “Odyssey LTE All-In-One Modular Strollers” referenced in the Exhibit 12 invoices. The box art advertises the stroller’s modular nature, including references to its “universal car seat adapter” and “carriage” features. I note that the Mark is stitched onto the goods as well as displayed prominently on the box art.
- Exhibit 14 consists of several photographs of various bags and strollers bearing the Mark. I note that the Mark is either stitched into or printed on the depicted products. Mr. Goldberg attests that the appearance of the Mark on such goods is representative of the

manner in which the Mark was displayed on those sold by the Owner during the relevant period.

- Exhibits 15 to 20 consist of instruction manuals that Mr. Goldberg attests accompanied goods sold by the Owner. As described by Mr. Goldberg, the instruction manuals are for a “HARMONY Youth Booster Car Seat” “Belt Positioning Youth Booster Car Seat”, “Dreamtime Deluxe Comfort Belt-Positioning Booster Car Seat”, “Cruz Belt-Positioning Booster Car Seat”, “Convertible Car Seat”, “Odyssey LTE All-In-One Modular Stroller System” and “Combination High Chair and Activity Center System”, respectively. In each case, the Mark appears prominently on the front page of the manuals. The name “Harmony Juvenile Products” also appears within the manuals.

[10] In addition, Mr. Goldberg attests that the Owner spends significant amounts annually for marketing purposes, by way of pricing reductions on the goods sold to its “mass market account” customers. In support, Mr. Goldberg attaches, as Exhibit 21 to his affidavit, two pages that he attests are excerpts from the Owner’s general ledger. Per Mr. Goldberg, the pages show the marketing costs spent by “Harmony Juvenile Products” in the form of two types of such pricing reduction allowances. With respect to Wal-Mart, for example, the excerpt shows that “Harmony Juvenile Products” spent the amounts of \$90,413 and \$84,195 in allowances for the period September 2013 to August 2014.

[11] Furthermore, Mr. Goldberg attests that the Owner’s mass market account customers, such as Wal-Mart and Target, have particular methods of purchase. He explains that such retailers buy, in bulk, up to three models of each product they choose on a yearly basis, effectively leaving the Owner with “only one chance in any given year to compete for the limited shelf space available”.

[12] In the meantime, Mr. Goldberg attests that the Owner “is constantly in the process of developing ... new wares to be distributed under the [Mark]”. He explains that such prototype development is at the expense of the Owner and can exceed several hundreds of thousands of dollars, given the costs inherent in designing the prototypes, producing the cast models and product safety testing.

[13] In support, attached to Mr. Goldberg's affidavit are the following exhibits:

- Exhibits 22 to 26 consist of printouts of presentations showing, respectively, various types of "playards", potties, children's mattresses, various types of diaper bags and children's furniture. Mr. Goldberg attests that such goods were developed by the Owner to be distributed and sold bearing the Mark. The presentations contain pictures and brief descriptions of the goods. Although the name "Harmony Juvenile Products" is displayed prominently throughout the presentation documents, I note that the Mark does not appear on the depicted products themselves.
- Exhibit 27 consists of over two dozen photographs of goods that Mr. Goldberg attests are prototypes developed by the Owner. The photographs depict various types of accessories for highchairs and strollers, storage compartments, caddies, trays, holders, baby bathtubs, diaper changing mats, children's feeding seats, children mattresses, head and neck supports, potty chairs, baby carriers, car head supports, travel systems and "playards". Although Mr. Goldberg attests that such products were developed for use in association with the Mark, I note that the depicted products do not display the Mark.

Preliminary Matter

[14] In its written representations, the Requesting Party submits that the evidence is "unclear and unreliable" with respect to the relationship between the Owner and "Harmony Juvenile Products". As such, it argues that any use shown is not that of the Owner but is instead that of "Harmony Juvenile Products".

[15] However, as noted by the Owner at the oral hearing, the exhibited printout from the Quebec Register of Enterprises indicates that "Harmony Juvenile Products" is, in fact, a trade name of the Owner. Also, in his affidavit, Mr. Goldberg frequently identifies the exhibited invoices as pertaining to sales *by the Owner*. As such, I accept that any demonstrated use of the Mark by "Harmony Juvenile Products" constitutes use of the Mark by the Owner.

Analysis – Evidence of Use

[16] In view of the evidence of transfers of Harmony-branded car seats and booster car seats furnished at Exhibits 4, 6 and 8, I am satisfied that the Owner has demonstrated use of the Mark in association with “cars seats” and booster car seats” within the meaning of sections 4 and 45 of the Act.

[17] Similarly, in view of the evidence of transfers of the “‘Eat and Play’ High Chair / Feeding Chair / Activity Center” at Exhibit 10, I am satisfied that the Owner has demonstrated use of the Mark in association with “children’s feeding seats” within the meaning of sections 4 and 45 of the Act.

[18] With respect to the “Odyssey LTE All-In-One Modular Stroller” referenced in Exhibits 12 and 13, however, the parties differ as to which of the registered goods this product corresponds with.

[19] Citing the modular nature of the product and the various functionalities it provides customers, the Owner submits that sales of the Odyssey stroller corresponds with all of the following registered goods: “infant, toddler, juvenile and children strollers”, “carriers for infants, toddlers and children”, “bassinets” and “travel systems for infants, toddlers and children”.

[20] However, I agree with the Requesting Party that the Owner is required to produce evidence with respect to *each* good [see *John Labatt Ltd, supra* and *Sharp Kabushiki v 88766 Canada Inc* (1997), 72 CPR (3d) 195 (FCTD)]. For example, in *MAPA GmbH Gummi-und Plastikwerke v 2956-2691 Québec Inc*, 2012 TMOB 192, CarswellNat 4869, the Registrar found that assertions of children wearing “men’s slippers” or “women’s slippers” were insufficient to characterize the slippers as being “children’s slippers”.

[21] The same reasoning applies in the present case. While the Odyssey modular stroller may function as, for example, a bassinet, given the characteristics of the product described in the exhibits, it best corresponds with the registered good “travel systems for infants, toddlers and children, namely, combination strollers, car seats, car seat bases and carriers”.

[22] Accordingly, in view of the evidence of transfers at Exhibit 12 of “Odyssey LTE All-In-One Modular Strollers”, I am satisfied that the Owner has demonstrated use of the Mark only in

association with “travel systems for infants, toddlers and children, namely, combination strollers, car seats, car seat bases and carriers” within the meaning of sections 4(1) and 45 of the Act.

[23] With respect to the remaining registered goods, as noted by the Requesting Party, the Owner furnished no evidence of transfers during the relevant period or otherwise. This is not a case where the evidence is representative of a broader category of goods [per *Saks & Co v Canada (Registrar of Trade Marks)* (1989), 24 CPR (3d) 49 (FCTD)]. Furthermore, there is no evidence before me of transfers of strollers other than the Odyssey modular stroller.

[24] Accordingly, I am not satisfied that the Owner has demonstrated use of the Mark in association with such remaining registered goods within the meaning of sections 4 and 45 of the Act.

[25] As there is no evidence of use of the Mark with respect to such goods, the issue is whether, pursuant to section 45(3) of the Act, there were special circumstances which excuse such non-use.

Analysis - Special Circumstances

[26] The general rule is that the absence of use will be penalized by expungement, but there may be an exception where the absence of use is excusable due to special circumstances [*Smart & Biggar v Scott Paper Ltd*, 2008 FCA 129, 65 CPR (4th) 303].

[27] To determine whether special circumstances have been demonstrated, the Registrar must first determine, in light of the evidence, why in fact the trade-mark was not used during the relevant period. Second, the Registrar must determine whether these reasons for non-use constitute special circumstances [per *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]. The Federal Court has held that special circumstances mean circumstances or reasons that are “unusual, uncommon, or exceptional” [*John Labatt Ltd v The Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD) at paragraph 29].

[28] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such circumstances *excuse* the period of non-use. This involves the consideration of three criteria: (1) the length of time during which the trade-mark

has not been in use; (2) whether the reasons for non-use were beyond the control of the registered owner; and (3) whether there exists a serious intention to shortly resume use [per *Harris Knitting Mills, supra*]. The intention to shortly resume use “must be substantiated by factual elements” [*Lander Co Canada v Alex Macrae & Co* (1993), 46 CPR (3d) 417 (FCTD)]; see also *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD); and *NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 (FCTD)]. All three criteria are relevant, but meeting the second criterion is mandatory [per *Scott Paper, supra*].

Reasons for Non-use

[29] As described above, Mr. Goldberg asserts that, generally, the Owner’s use of the Mark is impaired by limited sales opportunities, given the particular “methods of purchase of mass market accounts”. Furthermore, the Owner points to the exhibited health and safety instructions in support of its assertion that the market is “highly regulated” and argues that, as a result, the Owner’s development and production of prototypes is expensive and time consuming. Considered as a whole, the Owner’s reasons for non-use can be characterized as unfavorable market conditions.

[30] However, allegations with respect to “market conditions” are necessarily tied, at least in part, to the business decisions and marketing efforts of the trade-mark owner. To the extent that such decisions and efforts are not well reflected in the evidence, it is difficult to conclude that any particular market conditions were, in fact, the reason for non-use.

[31] In this case, the Owner furnished some indirect evidence with respect to the market as a highly regulated field and with respect to the Owner’s marketing efforts. The Owner did not otherwise furnish evidence detailing its business strategy in light of the alleged unfavorable “methods of purchase of mass market accounts”. As such, it is not clear to what extent use of the Mark was limited by the voluntary marketing decisions of the Owner, rather than the market conditions it operates in.

[32] In any event, it has been held that unfavorable market conditions and voluntary business decisions are not the sort of unusual, uncommon, or exceptional circumstances that constitute special circumstances [see, for example, *Harris Knitting Mills, supra*; and *Lander Co Canada,*

supra]. In cases where the registered owner had no intent to abandon its trade-mark in Canada, but lacked any orders for its goods during the relevant period, this was found not in itself sufficient to maintain the registration in question [see *Garrett v Langguth Cosmetic GMBH* (1991), 39 CPR (3d) 572 (TMOB) and *Bereskin & Parr v Magnum Marine Corp*, 2011 TMOB 68, 93 CPR (4th) 327].

[33] Since the reasons for non-use in this case do not amount to special circumstances, it is unnecessary to determine whether those circumstances *excuse* the period of non-use. In any event, as discussed below, I would not be satisfied that they meet the criteria set out in *Harris Knitting Mills*.

Length of time of non-use

[34] Mr. Goldberg asserts that the Mark was used consistently in Canada by the Owner or “through a duly authorized legal entity” since May 2010. This assertion corresponds to the declaration of use filed with the Registrar on May 18, 2010.

[35] During the oral hearing, the Owner argued that it was still in the beginning stages of establishing its business. In some cases, the Registrar has found that, consistent with the apparent legislative intent, there is a maximum start-up time of three years for a registered owner to commence serious commercial use in Canada following registration of its trade-mark [see, for example, *2001237 Ontario Ltd v Footstar Corp*, 2003 CarswellNat 6253 (TMOB)]. In this case, however, I note that the period of non-use from registration is approximately six years.

Whether Reasons for Non-use Were Beyond the Control of the Owner

[36] Similar to the foregoing discussion with respect to the reasons for non-use, the difficulty with alleging “methods of purchase of mass market accounts” as special circumstances is that the Owner has control over certain aspects of its business within that market, such that it cannot be said that the reasons for non-use were beyond its control. Although Mr. Goldberg attests that the Owner has a “single chance”, in any given year, to “compete for the limited shelf space available”, it provides no particulars to explain why the Owner had to choose such a market for its business. It also does not provide any information regarding alternative markets or

explanations of why they may not have been feasible. As such, it is difficult to conclude that the lack of sales during the relevant period were, in fact, beyond the Owner's control, rather than a result of its voluntary business decisions. Again, this is not to say that furnishing evidence of potential alternatives or explanations *ad nauseam* is necessary when asserting special circumstances – rather, it is a reflection of how problematic it is to assert such reasons as falling within the meaning of section 45(3) of the Act.

[37] Furthermore, it is well established that factors such as product development and sales processes are generally within a trade-mark owner's control [see, for example, *IPC - Intellectual Property Centre v Nada Fashion Designs Inc*, 2010 TMOB 109, 86 CPR (4th) 310]. As such, with respect to the Owner's assertion that the market is a highly regulated field impeding the production and development of prototypes, I do not consider such to be reasons for non-use beyond the Owner's control. In any event, the Owner furnished no details regarding specific difficulties it experienced in the development of any particular registered good.

[38] In view of all of the foregoing, I am not satisfied that the reasons for non-use in this case were beyond the control of the Owner.

[39] Accordingly, even if I accept that the Owner has demonstrated a serious intention to begin or resume use of the Mark with respect to the remaining registered goods, I am not satisfied that the alleged "methods of purchase of mass market accounts" and a highly regulated market constitute special circumstances, much less excuse non-use of the Mark in association with such remaining goods. The registration will be amended accordingly.

Disposition

[40] In view of all the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with the provisions of section 45 of the Act, the registration will be amended to delete the following from the statement of goods:

(1) Infant, toddler, juvenile and children strollers, jogging strollers ... carriers for infants, toddlers and children ... accessories for strollers, car seats, booster car seats, baby carriers and travel systems, all for infants, toddlers and children, namely, seat pads, neck and head supports, storage compartments, caddies, trays and holders, protective shields and covers, car head supports.

- (2) Diaper bags, tote bags, back packs, infant umbrellas, baby carriers worn on the body.
- (3) Bassinets, seat pads, spill pads and toy bars that attach to high chairs, infant walkers; playards, toddler and youth beds ...
- (4) Insulated bottle bags, baby bathtubs, potty chairs.

[41] The amended statement of goods will read as follows:

- (1) Car seats, booster car seats and travel systems for infants, toddlers and children, namely, combination strollers, car seats, car seat bases and carriers.
- (2) Children's feeding seats.

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

TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD

HEARING DATE: June 27, 2016

APPEARANCES

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Michael O'Neil	For the Requesting Party

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