

SECTION 45 PROCEEDINGS
TRADE-MARK: ULTREL
REGISTRATION NO.: 196,296

On February 9, 1996, at the request of the firm Guardian Intellectual Property Services, the Registrar forwarded a Section 45 notice to Kraus Carpet Mills Limited, the registered owner of the above-referenced trade-mark registration. The trade-mark ULTREL is registered for use in association with the following wares: “A second-generation nylon yarn”.

In response to the Section 45 notice, the registrant furnished the affidavit of Mr. Gary Witt, the vice-president, finance of the registrant company. Both parties filed written submissions. The registrant attempted to file an additional affidavit of Mr. Jack Holmes with its written submission; however, this additional affidavit must be disregarded, as it was filed out of the statutory delays for doing so and as the registrant was unable to comply with the requirements of Section 47(2) of the Act.

In the affidavit of record in this proceeding, Mr. Witt states at paragraph 3 that the registrant is in the business of manufacturing and distributing carpets, mainly for commercial use. He states in the same paragraph that its wholly owned subsidiary Strudex Fibres Limited, is a manufacturer of synthetic yarns for tufted and woven carpet pile and that it supplies the yarn to carpet manufacturers in several countries. The affiant further states that Strudex Fibres Limited has a license for the indefinite use of the ULTREL mark, subject to the registrant’s control of the quality of the mark.

At paragraph 4, he states the following:

4. The said use of the trade mark ULTREL has been in respect of the following wares:

(a) for all of Kraus Carpet Mills Limited’s “solution dyed nylon 6 yarns”.
Solution dyed nylon & yarns are differentiated from other nylon yarns by the method of colouration. The solution dyeing process encapsulates the colourants throughout the filaments resulting in generally superior durability properties which will withstand the more severe cleaning processes encountered in commercial installations.[my emphasis]

At paragraph 5, he states that the trade-mark ULTREL and variations, such as ULTREL 1000SD and ULTREL SD², have been in use since 1988.

As evidence of the alleged use, Mr. Witt has appended to his affidavit Schedule A which comprises product bulletins dated October 23, 1995, March 31, 1995 and September 15, 1994 describing features of some of the registrant's carpets. As Schedule B, he has submitted two brochures, one providing information on the registrant's solution dyed carpets and the ULTREL solution dying process, and the other providing information on Strudex's solution dyed carpet fibres including ULTREL solution dyed nylon. He has indicated that the brochures are used and distributed to Kraus Carpet Mills Limited international market. As Schedule C, he has submitted a photograph taken at a trade show held in 1994. He also attached as Schedule D labels bearing the trade-mark which he has stated are currently in use, and which are being attached to the back of carpet samples which are displayed in show rooms. He also specified that labels have been printed since 1988.

Having considered the evidence, I conclude that the affidavit is vague and ambiguous and that it does not provide sufficient facts to permit me to arrive at a conclusion of use of the trade-mark in Canada in the manner prescribed by the Act. Subsections 4(1) and (3) of the Trade-marks Act read as follows:

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) *Use by export.*- 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.

Concerning Schedule A, the product bulletins, they contain information regarding carpets known as HARROGATE PLUS, HEMISPHERE, COMMUNIQUE and DIRECTOR'S CHOICE. The product bulletins indicate that one feature of the carpets is that they are made with ULTREL nylon yarn.

I note that the product bulletins do not indicate whether the nylon yarn used is a “second-generation” nylon yarn. However, as there is no clear indication that the nylon yarn used is not “second-generation nylon yarn”, I am not prepared to conclude that it is not.

The requesting party has argued that there is no evidence that the product bulletins have been distributed in Canada and furthermore, it submits that the bulletins do not show use of the trade-mark ULTREL in association with the registered wares in the manner prescribed by Section 4(1). I agree that Mr. Witt has not mentioned that the bulletins had been distributed in Canada. What Mr. Witt has stated is that they have been distributed *worldwide* to distributors of finished carpets and that in turn, they have been given and used by the distributors and carpet sales personnel to architects, designers and other end users. In my view, the term “worldwide” is quite vague and ambiguous and, in this case, it is unclear whether it includes Canada. I note that Mr. Witt has not even stated that sales of carpets manufactured with ULTREL nylon yarn have been made in Canada and he has not provided any sales figures with respect to sales in Canada of such carpets nor has he provided any invoices that would have confirmed that sales had been made in Canada. Furthermore, there is no evidence that the bulletins were used by customers of the registrant in Canada for ordering carpets manufactured with ULTREL yarn. In view of the above, I find the bulletins on their own to be insufficient to show use of the trade-mark in the manner prescribed by Section 4(1) of the Act.

As the product bulletins are distributed worldwide, it may be that the registrant has been exporting from Canada its carpets made with ULTREL yarn. However, the use of the trade-mark on the product bulletins would not be considered use of the trade-mark with the registered wares which would satisfy the provisions of Section 4(3) since pursuant to Section 4(3) the trade-mark needed to be marked on the wares (i.e. the yarn) or on its packaging when such wares (nylon yarn) were exported from Canada.

Concerning the registrant’s brochures attached as Schedule B, Mr. Witt mentions that they have been used and distributed to the registrant’s international market. Again, I find the reference to “international market” to be vague and ambiguous. Furthermore, the brochures on their own are

insufficient to show use of the trade-mark in the manner required by Section 4(1) or Section 4(3) of the Trade-marks Act.

Concerning Schedule C, a photograph taken at a trade show held in 1994 at the Vancouver International Design Show, it shows that the trade-mark ULTREL was displayed in association with the wares. However, such display of the trade-mark at trade shows consists of advertising of the wares and as stated in *Parker-Knoll Ltd. v. Registrar of Trade-marks*, 32 C.P.R.(2d) 148, advertising alone is insufficient to establish use of the trade-mark with wares in the manner required by the Trade-marks Act.

As for the labels shown in Schedule D, Mr. Witt has clearly stated that labels bearing the trade-mark have been printed since 1988, and he has indicated that the ones attached are those currently in use by being applied to the back of carpet samples which are displayed in showrooms. I note that one of the labels refers to “third generation nylon” rather than “second-generation nylon”. Consequently, without any explanation from Mr. Witt, I would have to conclude that “third-generation nylon yarn” is different from “second-generation nylon yarn”. Concerning the second label, I have reproduced it below:

I note that it refers to “Solution Dyed Nylon with System 3 Carpet Protection”. As there is no clear indication concerning the “generation” of the nylon yarn, I am not prepared to conclude that it is not “second-generation nylon yarn”, although I must say that it would have been preferable if Mr. Witt had provided the information in his affidavit.

Concerning the mark as it appears on such label, I am of the view that as the word ULTREL has

been emphasized and appears in a script that differs from the script used for the expression “SD³”, it could be perceived as use of the trade-mark ULTREL *per se*. I note that the name of the registrant’s subsidiary appears thereon. However, were I prepared to accept that any use of the trade-mark by the registrant’s subsidiary accrues to the registrant, I am of the view that the evidence fails to show such use in Canada.

The evidence does not show that sales in Canada of “second-generation nylon yarn” by the subsidiary have been made to any carpet manufacturers in Canada. It may be that the subsidiary is manufacturing “second-generation nylon yarn” for the registrant. However, Mr. Witt has not shown that the subsidiary sells the wares to the registrant in the normal course of trade. There is no indication of any normal commercial transactions having occurred between the registrant and its subsidiary. Rather, I note that in paragraph 4 of the affidavit, as reproduced above, Mr. Witt has stated that the trade-mark ULTREL is used for “all of Kraus Carpet Mills Limited’s ‘solution dyed nylon 6 yarns’”, therefore suggesting that it is not yarn purchased from its subsidiary. In my view, if sales in the normal course of trade of “second-generation nylon yarn” have been made by the subsidiary to the registrant, then Mr. Witt could have clearly stated so. However, he chose not to do so.

Concerning export sales of the “second-generation nylon yarn”, the evidence fails to show exports from Canada of “second-generation nylon yarns” marked with the trade-mark or in packaging bearing the trade-mark as required by Section 4(3) of the Trade-marks Act.

In its written submission, the registrant submitted that the last page of the second brochure of Schedule B shows a chart of the product innovations that have made Strudex (the subsidiary) successful since the early 70's. It submits that a small pie graph to the right indicates that “ULTREL” continues to hold over 40% of the Canadian market for solution dyed nylon and concludes that this is evidence providing proof that the market in Canada for ULTREL products is vast and evidence that the Canadian consumer has received and ordered from the product bulletin and brochures submitted. I disagree. Concerning such chart, I am of the view that it consists of information that should have been mentioned and explained by Mr. Witt in his

affidavit. Notwithstanding the above, even were I to take it into account, I find the reference to “40% of the Canadian market” to be vague, since it is unclear whether it is a reference to sales of the wares in Canada or if it is merely a reference to “capacity” produced in Canada.

Although evidentiary overkill is not required in Section 45 proceedings, Section 45 nonetheless imposes an onus on the registrant to provide sufficient facts from which the Registrar can determine that the trade-mark was in use in Canada in association with the registered wares in the manner set out in Section 4 of the Trade-marks Act. The evidence in this case does not meet that threshold.

I would note in passing that even the additional evidence that the registrant tried to submit is somewhat vague in showing use of the trade-mark in the manner required by Section 4(1) or Section 4(3) of the Act. Furthermore, the evidence is vague regarding sales of “second generation nylon yarns” by the subsidiary and could be more specific concerning whether the registrant has control of the character and quality of the “second generation nylon yarn” produced by the subsidiary.

In view of the above and as I have concluded that the evidence fails to show use of the trade-mark in Canada in association with the registered wares in the manner prescribed by the Act, I have no alternative but to conclude that the trade-mark registration ought to be expunged.

Registration No. 196,296 will be expunged in compliance with the provisions of Section 45(5) of the Trade-marks Act.

DATED AT HULL, QUEBEC, THIS 27th DAY OF November, 1997.

D. Savard
Senior Hearing Officer
Section 45 Division