



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

**Citation: 2010 TMOB 78**  
**Date of Decision: 2010-06-10**

**IN THE MATTER OF A SECTION 45 PROCEEDING  
requested by Forall Confezioni S.p.A. against registration  
No. TMA575,637 for the trade-mark LAB in the name of  
Little American Businesses, Inc.**

[1] On April 24, 2008, at the request of Forall Confezioni S.p.A. (the requesting party) made on March 28, 2008, the Registrar forwarded a notice under s. 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) to Little American Businesses, Inc. (the registrant) the registered owner of the trade-mark LAB, registration number TMA575,637 (the Mark).

[2] The Mark is registered for use in association with the following wares and services:

Casual clothing and sports clothing, namely T-shirts, belts, socks, shorts, pants, knit shirts, woven shirts, jeans, sweaters, skirts, dresses, blouses, tank tops, fleece/sweatshirts, jackets, coats, shoes, boots, hats, and caps; (the Wares) and

Leasing and rental of real estate including leasing and rental of shopping mall space; retail store and outlet services in the field of clothing, footwear, headgear, and other accessories, music, books, food, restaurants, and coffee houses. Retail store and retail outlet services in the field of casual clothing and accessories (the Services).

[3] Such notice requires the registrant to show whether the Mark has been used in Canada in association with each of the Wares and Services 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. The relevant period in this case is any time from April 24, 2005 and April 24, 2008 (the “relevant period”).

[4] In response to the notice, the affidavit of Shaheen Shaheen Sadeghi together with exhibits 1 to 4 has been furnished. Only the requesting party filed written representations and no oral hearing was requested.

[5] Section 45 proceedings are considered to be summary and expeditious for clearing the register of non-active trade-marks. The expression “clearing deadwood” has been used often to describe such proceeding [see *Philip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 13 C.P.R. (3d) 289].

[6] A simple allegation of use of the Mark is not sufficient to evidence its use in association with the Wares and Services within the meaning of s. 4 of the Act. There is no need for evidentiary overkill establishing such use. However any ambiguity in the evidence filed shall be interpreted against the owner of the Mark [See *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1980) 53 C.P.R. (4<sup>th</sup>) 62 and *Footlocker Group Canada Inc. v. Steinberg* (2005), 38 C.P.R. (4<sup>th</sup>) 508].

[7] Mr. Sadeghi has been the registrant’s President since May 1993. He resides in California., United States of America. He alleges that during the relevant period the registrant has used the Mark in Canada in association with t-shirts and hats. To evidence such use he filed a FedEx international air bill and an invoice relating to a sale of such wares bearing the Mark. The invoice was issued to Aquarius Scuba Diving Centre. He alleges that the transaction occurred in the registrant’s normal course of trade. The invoice refers to the sale of 15 t-shirts and 10 hats and bears a date of April 10, 2008. He filed a photograph of the top of a t-shirt on which appears a label bearing the Mark. He states that the t-shirt “is essentially identical to the shirt reflected in the invoice...”. He further states that the Mark “appears in a virtually identical manner on the LAB hats reflected in the invoice ...”.

[8] There is no evidence of what may have constituted use of the Mark in association with the remaining Wares or any of the Services in Canada during the relevant period.

[9] With respect to this portion of the evidence, the requesting party has raised the following issues: the registrant has only submitted evidence of a token sale that does not constitute proper evidence of use of the Mark in Canada in association with any of the Wares; the registrant failed to describe what has been its normal course of trade; and the use of the Mark, if any, was not by the registrant but by a third party and thus cannot accrue to the benefit of the registrant.

[10] The first two issues are linked together. Mr. Sadeghi does state in his affidavit that the transaction described above was in the registrant's normal course of trade. He does not describe the registrant's commercial activities with respect to the sale of the Wares. He does however describe some of the registrant's business activities in association with the Services which are not related to the Wares. In *Sim & McBurney v. Majdell Manufacturing Co.* (1986), 11 C.P.R. (3) 306 Mr. Justice Strayer stated:

It will first be noted that the affidavit nowhere even attests to the fact that the use of the trade mark TUFF STUFF by the respondent was "in the normal course of trade". By itself the presence of such a statement would not, according to the *Plough* decision, be sufficient in any case but it would at least be a beginning to compliance with the requirements of s. 44. But a more serious problem is that the facts stated in the affidavit do not enable the Registrar nor the Court to draw the inference that such sales as are referred to were in the normal course of trade. In fact the precise "trade" of the respondent is nowhere described. Counsel for the respondent contended that the nature of the respondent's business was adequately established by the name of the company which includes the word "manufacturing", but I do not find that adequate. In the first place it is not uncommon for company names to describe only some of their activities, and sometimes they describe none of their current activities. Further, even if the Registrar could have inferred that the respondent is a manufacturer, to whom does it sell in the normal course of trade? To wholesalers? To retailers? To individuals through factory outlets? There is no information as to volume of sales, numbers and location of purchasers, etc., save for the three individual transactions very briefly attested to in the affidavit by reference to Exs. B, C, and D.

[11] There is no information on the relationship between the registrant and Aquarius Scuba Diving Center. It has been established that a single sale in the normal course of trade is sufficient to satisfy the burden imposed on the registrant in the context of a s. 45 notice. However in the absence of information on the nature of the Registrant's normal course of trade, a single sale would not be proper evidence of use of the trade-mark in issue. Also it is noted that the single sale evidence was concluded only 14 days prior to the issuance of the notice and after the request

for the issuance of a notice has been filed. There is no evidence of sales in Canada of any of the remaining Wares.

[12] Mme Justice Gauthier in *Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince* (2007), F.C. 245 stated:

Although some jurisprudence indicates that disclosure of the volume of sales or the number of purchasers or transactions may have been relevant and necessary to establish “use”, the bulk of the authorities agree that evidence of a single sale, whether wholesale or retail, in the normal course of trade, can suffice so long as it follows the pattern of a genuine commercial transaction and is not seen as being deliberately manufactured or contrived to protect the registration of the trade-mark at issue (*Osler, Hoskin & Harcourt v. Canada (Registrar of Trade Marks)*, (1997) 77 C.P.R. (3d) 475, [1997] F.C.J. No. 1671 (QL); *Philip Morris Inc. v. Imperial Tobacco Ltd.*, (1987) 13 C.P.R. (3d) 289 at 293, [1987] F.C.J. No. 26; *Quarry Corp. v. Bacardi & Co.* (1996) 72 C.P.R. (3d) 25, [1996] F.C.J. No. 1671 (QL); *Philip Morris Inc. v. Imperial Tobacco Ltd. et al. (No.2)*, (1987) 17 C.P.R. (3d) 237, [1987] F.C.J. No. 848 (F.C.A.) (QL); *Coscelebre, Inc. v. Canada (Registrar of Trade Marks)*, (1991) 35 C.P.R. (3d) 74, [1991] F.C.J. No. 61 (QL); *Pernod Ricard v. Molson Companies Ltd.*, (1987) 18 C.P.R. (3d) 160, [1987] F.C.J. No. 1004 (QL).

[13] Another major issue is the fact that the invoice was issued by The Lab (Antimall) and not the registrant. In his affidavit Mr. Sadeghi stated:

5. I note that Little American Businesses, Inc. is also known as Lab Holding-Lab Antimall which is sometimes also written as The Lab (Antimall).

[14] The letters filed as exhibit 3 to Mr. Sadeghi’s affidavit are addressed to LAB Holding, LLC, a different and separate entity from the registrant as the letters “LLC” stands for “limited liability corporation”. The address of such entity coincides with the address appearing on the invoice that is different than the registrant’s address. Despite the allegation made by Mr. Sadeghi reproduced hereinabove, there remains a discrepancy between the identity of the current registrant and that of the entity identified in these letters.

[15] When we try to reconcile the information appearing on the documents filed by the deponent (invoice and letters) with the allegations contained in the affidavit, there are

ambiguities. Any ambiguities in the registrant's evidence must be interpreted against it [see *Plough* and *Footlocker* supra].

[16] Despite the fact that proceedings under s. 45 are summary in nature there are too many discrepancies in the registrant's evidence to consider the single sale as a commercial transaction conducted in the normal course of trade by the registrant. There is no information provided on the nature of the registrant's business except for providing lease premises in a non-conventional mall formula as mentioned in one of the letters filed as exhibit 3 to Mr. Sagedhi's affidavit. I take it as self evident that type of business has no relationship whatsoever with the sale of the Wares. Moreover it would appear that the sale was made by an entity other than the registrant as per the name and address appearing on the invoice.

[17] I wish to point out that in its written representations the requesting party made reference to facts that were not part of the evidence filed by the registrant and I ignored those for the purpose of my decision.

[18] In any event, I conclude that there is no evidence of use of the Mark in Canada in association with any of the Wares or Services during the relevant period. Should I be wrong in my conclusion there would be evidence of use of the Mark in Canada during the relevant period only in association with t-shirts and hats and no evidence of use of the Mark in association with the Services.

[19] The fact that there has been non-use of the Mark in Canada during the relevant period does not necessarily mean that it will be expunged from the register. The registration of a trade-mark could be maintained if the registrant sets out reasons excusing non-use of the Mark. It is up to the Registrar based on the evidence of record to determine whether requisite "special circumstances" exist to excuse the non-use of the Mark in association with some or all of the Wares and Services. [see s. 45(3) of the Act].

[20] The applicable test, when dealing with special circumstances excusing non-use, has been laid out in *Canada (Registrar of Trade Marks) v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 and *Ridout & Maybee v. Sealy Canada Ltd.* (1999), 87 C.P.R. (3d) 307, aff'g. 83 C.P.R. (3d) 276 [see also *Spirits International N.V. V. Canada (Registrar of Trade Marks)* (2007), 60 C.P.R.

(4 th) 31]. Three important criteria must be considered: 1) the length of time during which the trade-mark has not been used; 2) whether the registered owner's reasons for not using its trade-mark were due to circumstances beyond its control; and 3) whether there exists a serious intention to shortly resume use.

[21] In a more recent decision of the Federal Court of Appeal in *Scott Paper Limited v. Smart & Biggar et al.* (2008), 65 C.P.R. (4<sup>th</sup>) 303 after reviewing the case law on s. 45(3) of the Act the following conclusions were drawn by the Court:

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

[22] There is no mention of the last date of use of the Mark in Canada. Under those circumstances, the date of last use is presumed to be the date of the registration of the Mark, namely February 13, 2003 [see *GPS (U.K.) Ltd. v. Rainbow Jean Co* 1984, 58 C.P.R. (3d) 535]. Therefore the period of non-use is over 5 years, considering the relevant period.

[23] In order to explain non-use of the Mark in Canada during the relevant period in connection with retail leasing services Mr. Sadeghi allegations can be summarized as follow. In view of the nature of the registrant's business and his role, it is appropriate for him to enter into new business relationships outside the United States. The registrant has 14 employees, excluding himself and his wife, who is responsible for the registrant's books and accounting. He asserts that he is "responsible for general marketing and oversees property management, retail leases, construction, etc..."

[24] He alleges that his ability to enter into new foreign relationships, including Canada, has been significantly restricted in view of his need to care for his ill father who suffered from a massive heart attack, 8 years ago. I note that such an unfortunate situation existed prior to the date the registrant obtained the registration of the Mark in Canada.

[25] He states that his mother is too elderly and sick herself to care for her husband. Being the only relative in the area, his parents rely on him to provide for their physical care. He claims to spend 23 hours per day caring for his father. As a result he alleges that he has been unable to devote sufficient time to initiate new business relationships outside the United States.

[26] In addition he claims that the registrant is affected by the global financial crisis affecting the credit industry since at least August 2007. To support his contention he filed as exhibit 4 to his affidavit articles on the subject. The first two articles appear to be taken from foreign websites namely the New York Times and the other one from the United Kingdom, namely the Guardian. There is no reference to the Canadian market in those two articles. In any event their content is inadmissible hearsay evidence.

[27] As for the last publication, it would appear to be a report issued by Price Waterhouse Coopers entitled “Emerging Trends in Real Estate 2009”. It has a copyright notice “© October 2008” which would be outside the relevant period. In any event, its content is inadmissible hearsay evidence. Should I be wrong on this issue, I note the following quote in the report: “Overall, Canada may get sideswiped, but should avoid the more serious problems suffered south of the border”. The articles in the last publication focus on the trends to be expected in 2009, which is of little assistance to the registrant in this case. There is an article entitled “Emerging trends in Canada” but again it consists of projections for the year 2009.

[28] Filed as exhibit 3 to his affidavit are copies of 2 letters addressed to LAB Holding, LLC from All City Storage Ltd. located in Toronto, Ontario. One is dated February 19, 2008 and the other one is dated June 13, 2008, which is subsequent to the relevant period. On the basis of these letters he alleges that the registrant took significant steps during the relevant period to set up relationships to provide retail leasing services in Canada. This seems to be in contradiction with his earlier allegation that he has not been able to devote time to initiate some business activities in Canada.

[29] As noted by the requesting party, the letters are addressed to Lab Holding LLC, which is a separate entity than the Registrant as previously discussed. Despite this discrepancy, the first letter states: “I will discuss this opportunity with my associates and let you know if we [All City Storage Ltd.] find a site that could work for this venture.” In the subsequent letter the writer

declares: “As I am sure you are experiencing with your projects, the market here is shifting, but we are still confident that good opportunities will present themselves soon.”

[30] Even if I were to infer that these letters were indeed addressed to the registrant, as it appears from these letters, there is no indication as to when the registrant intends to resume use of the Mark in Canada in association with the Services. These letters from a third party do not indicate that the registrant itself intends to resume use of the Mark in Canada in association with the Wares.

[31] Lastly the deponent makes the following statements:

20. As a result of the crisis, and in spite of my efforts to obtain funding in 2007 and 2008, I was unable to obtain the necessary funding to initiate my projects in Canada which would have enabled my company to use the trade-mark in Canada in association with all of the wares and services in the application.

21. In view of the above, my company clearly made efforts to begin relationships in Canada in order to use the trade-mark LAB in association with all of the wares and services set out in the registration. Unfortunately, due the need for me to look after my father and in view of my inability to obtain the necessary funding, those projects have not yet materialized.

[32] As for the illness of the deponent’s father, it generates empathy but does it constitute a “special circumstance” within the meaning of s. 45(3) of the Act. The illness goes back to a date prior to obtaining the registration of the Mark. There has been no evidence of use of the Mark in Canada in association with the Wares or Services during the relevant period. The deponent stated that the registrant has at least 14 employees. He also asserted that he must spend 23 hours per day for his father. I am aware of the case law where it has been ruled that the illness of the key employee of a company over a certain period of time might constitute “special circumstances” justifying non-use of a trade-mark but in this case, the illness is not to a key employee of the registrant. It is now more than 8 years that the situation remains the same and, even though the decision of the deponent to take care of his father is praiseworthy, it remains a decision made by the deponent. It is not a situation beyond the control of the registrant.

[33] The deponent is alleging the global economic conditions. There is no evidence to support his assertion that he was unable to obtain the necessary funding to initiate the registrant’s



projects in Canada. The letters referred to above do not refer to funding but to possible venture with the registrant. There is no information as to when and with whom those attempts to obtain funding were made. I already mentioned that the 3 articles constitute inadmissible hearsay evidence. Even if I were to consider such evidence it has been held in the past that a recession and fluctuations in the economic conditions are not “special circumstances” excusing non-use of a trade-mark within the meaning of s. 45(3) of the Act [see *Lander Co. Canada Ltd. v. Alex E. Macrae & Co.* (1993), 46 C.P.R. (3d) 417].

[34] The 2 letters sent by All City Storage establish that discussions were ongoing. Nonetheless I am of the view that these discussions do not create an intention to resume use of the Mark [see *Mendelsohn Rosentzveig Shacter v. Dalgety Spillers Foods Ltd.* (2001), 16 C.P.R. (4<sup>th</sup>) 557]. In any event, as mentioned earlier, those letters were addressed to an entity other than the registrant.

[35] Lastly there is no indication in Mr. Sadeghi’s affidavit as to when the registrant will be resuming use of the Mark in Canada in association with the Wares and Services.

[36] For all these reasons I conclude that the registrant failed to prove use of the Mark in Canada in association with the Wares and Services during the relevant period and has not proven the existence of “special circumstances” within the meaning of s. 45(3) of the Act justifying non-use of the Mark in Canada in association with the Wares and Services during that period.

[37] Pursuant to the authority delegated to me under s. 63(3) of the Act, registration TMA575,637 will be expunged in compliance with the provisions of s. 45 of the Act.

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Jean Carrière  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office