



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

Citation: 2012 TMOB 34
Date of Decision: 2012-03-16

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by Bereskin & Parr LLP against registration
No. TMA520,276 for the trade-mark COCO in the name
of Chanel S. de R.L.**

[1] At the request of Bereskin & Parr LLP (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 June 22, 2009, to Chanel S. de R.L., the registered owner (the Registrant) of registration No. TMA520,276 for the trade-mark COCO (the Mark).

[2] The Mark is registered in association with the following wares (the Wares):

Jewelry; dresses; shirts; bags, namely handbags, purses and totebags; bathing suits; gloves; towels; clothing, namely, coats, jackets; accessories, namely, belts.

[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 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 June 22, 2006 and June 22, 2009 (the Relevant Period).

[4] The relevant definition of “use” in the present case is set out in s. 4(1) of the Act 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.

[5] In response to the Registrar's notice, the Registrant furnished an affidavit of Sylvain Gagnon and of Catherine Louise Cannon. Both parties filed written submissions and were represented at an oral hearing.

[6] With respect to the first affidavit, Mr. Gagnon identifies himself as the Executive Vice President of Chanel Inc., having held this position since 1996. He attests that during the Relevant Period, Chanel Inc. sold a selection of items marked with the Mark in Canada. In support of such sales, he attaches as Exhibit SG-1, selected printouts of Chanel Inc.'s sales records containing sales information with respect to a number of these items in Canada during the Relevant Period. He explains that the column in the sales records entitled "Style" contains a code used to identify the items in question.

[7] With respect to the second affidavit, Ms. Cannon explains that she is employed by Chanel SARL as Senior Intellectual Property Counsel, with the responsibility for managing the intellectual property portfolios of that company and of the Registrant. She indicates that she holds power of attorney given by the Registrant, that she has been authorized to make this affidavit on behalf of the Registrant, and that the facts set out in her affidavit are either within her own knowledge or have been extracted from the records of the Registrant or affiliated Chanel companies, to which she believes them to be true.

[8] Ms. Cannon then goes on to explain that the Registrant distributes jewelry, clothing, clothing accessories and leather goods marked with the Mark in Canada through Chanel Inc. To show how the Mark was marked on such goods, she provides as Exhibits CLC-2 to CLC-9, images from the Registrant's product archive which she indicates correspond to a representative sample of the Registrant's products. She states that each image is accompanied by information specific to each of the Wares, including a style code used to identify the Wares. I note that the style codes associated with the Wares in these exhibits correspond to style codes contained in the sales records furnished with Mr. Gagnon's affidavit. Ms. Cannon further attests that the Wares

have been sold in Canada during the Relevant Period and specifies that the exhibits show the following such items: a selection of jewelry, dresses, shirts, handbags, purses and totebags, a bathing suit, a towel, a jacket, and belts.

[9] While not argued in its written submissions, the Requesting Party at the oral hearing argued that Ms. Cannon had no personal knowledge of the matters to which she deposed. In this vein, the Requesting Party submitted that Ms. Cannon is not an employee of the Registrant, that she gives no indication as to how her duties would give her personal knowledge of such matters, that she does not say where or from whom she obtained the product images, and that there is no information in her affidavit regarding any steps taken to verify the information provided to her.

[10] However, I note that Ms. Cannon clearly indicates in her affidavit that she has responsibility for managing the intellectual property portfolio of the Registrant, as part of the duties of her employment with Chanel SARL. Given her responsibilities within what I am prepared to infer is a related company, and the statements made within her affidavit, I accept that she has knowledge of the matters to which she deposes or has obtained such information from the ordinary business records of the Registrant to which she has access.

[11] Now moving to the remaining submissions of the Requesting Party, they may be summarized as follows:

- i. The Registrant has not provided evidence as to the normal course of trade for the Wares, and given the minimal quantity of goods sold one cannot ascertain whether the transactions identified in the evidence are *bona fide* commercial transactions.
- ii. The Registrant has failed to provide evidence of use with respect to *each* of the Wares.
- iii. The evidence does not show nor describe how the Mark is marked on the Wares, thus there is no evidence of the requisite notice of association between the Mark and the Wares.
 - In the alternative, in the exhibits where the Mark may be visible, the Mark is intermingled with other elements, logos and decorative materials, such that the

use is decorative and does not serve to distinguish the Wares of the Registrant from those of others, as required by s. 2 of the Act.

[12] With respect to the Requesting Party's first argument above, it argues that the Registrant has failed to provide evidence as to its normal course of trade and that the Registrar cannot make assumptions and cannot be expected to know the nature of the Registrant's business [citing *S.C. Johnson & Son, Inc. v. Canada (Registrar of Trade Marks)* (1981), 55 C.P.R. (2d) 34 (F.C.T.D.)]. More specifically, with reference to Ms. Cannon's affidavit, it argues that there is no evidence as to who made the sales of the Wares asserted, and Ms. Cannon does not state that the Registrant made such sales. Further, Ms. Cannon indicates that the Registrant distributes the Wares in Canada through Chanel, Inc., but there is no evidence as to how Chanel Inc. comes into possession of the Wares or what the normal course of trade is for the Registrant or Chanel Inc.

[13] Additionally, with respect to Mr. Gagnon's affidavit, the Requesting Party argues that it appears that the sales shown in the evidence are single sales, spread out across the Relevant Period, such that there are only token sales in any given year. Furthermore, it argues that the sales appear to be to a limited number of retailers, and as no information has been provided about the retailers, it is not possible to determine whether these are *bona fide* sales. The Requesting Party relies on the case of *Swift & Co. v. Monarch Fine Foods Co. Ltd.* (1984), 79 C.P.R. (2d) 69 at 80 (T.M.O.B.), wherein it was held that "token sales effected on an annual basis would not generally constitute the normal course of trade and especially not for a product sold at retail to consumers."

[14] The Registrant argues however, and I am in agreement, that the evidence shows a clear demonstration of the chain of distribution of the Wares in the normal course of trade; thus the Registrar is not required to make any assumption about the ordinary course of business of the Registrant. To explain, Ms. Cannon clearly states in her affidavit that the Registrant distributes goods associated with the Mark in Canada through Chanel Inc., and Mr. Gagnon, as Executive Vice President of Chanel Inc., clearly attests to and provides evidence of such sales to a variety of boutiques in Canada. Thus, when viewing the evidence collectively, the normal course of trade of the Registrant emerges, wherein the Wares originate with the Registrant and are sold through distributors to retail customers (boutiques) in Canada. The principle of "normal course

of trade” recognizes a continuity of actions that commence with the owner through intervening transactions by agents or distributors to the ultimate consumer; thus, a sale through a distributor can be sufficient to satisfy the requirements of s. 4(1) of the Act [see *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.* (1971), 4 C.P.R. (2d) 6 (F.C.T.D.); *88766 Canada Inc. v. Paulaner Salvator-Thomasbrau A.G.* (1996), 68 C.P.R. (3d) 360 (F.C.T.D.)].

[15] With respect to the Requesting Party’s argument that the sales shown in evidence are merely “token sales”, the cases relied upon by the Requesting Party in this regard are clearly distinguishable. The situation in *Molson Cos. v. Halter* (1976), 28 C.P.R. (2d) 158 (F.C.T.D.) for example, unlike the present situation, was a case in which the evidence showed a single sale of goods for personal use by the registered owner. Furthermore, the invoices furnished as evidence in *Swift & Co. et al, supra* included the notation “TRADE MARK PROTECTION PRODUCTS”, supporting the conclusion that such sales were not genuine commercial transactions. In the present case however, there is no evidence that establishes or suggests that the sales demonstrated were not *bona fide* sales made in the Registrant’s normal course of trade [see *Osler, Hoskin, & Harcourt v. United States Tobacco Co.* (1997), 77 C.P.R. (3d) 475 (F.C.T.D.)]. To show “use”, evidence of a single sale is sufficient as long as it does not appear to be contrived (*Phillip Morris Inc. v. Imperial Tobacco Ltd. et al*, 17 C.P.R. (3d) 237). Furthermore, the Registrar is not required to find a certain level of commercial activity in section 45 in order to maintain the registration [see *Vogue Brassiere Inc. v. Sim & McBurney* (2000), 5 C.P.R. (4th) 537 at 549 (F.C.T.D.); *Coscelebre, Inc. v. Canada (Registrar of Trade Marks)* (1991), 35 C.P.R. (3d) 74 (F.C.T.D.)].

[16] Now turning to the Requesting Party’s submissions that use has not been filed with respect to *each* of the Wares, I would agree that use of the Mark has not been supported in association with “gloves” and “coats”; there is no mention in the affidavits nor is there any evidence relating to these wares. I am not prepared to find however, as the Requesting Party argues, that simply because the item descriptions in the images taken from the Registrant’s product archive in Exhibit 5 indicate “handbags”, that some of the items in this exhibit do not qualify as “purses” and “totes”. Ms. Cannon clearly states that this exhibit comprises a selection of images of handbags, purses, and totebags, and the images in the exhibit are consistent with this statement.

[17] Lastly, with respect to the Requesting Party's submission that the evidence does not show nor describe how the Mark is marked on the Wares, I would agree only insofar as the wares "towels", "shirts", and "jackets" are concerned. However, my reasons for so finding differ from those put forward by the Requesting Party. As to whether such use is decorative or ornamental, or serves to distinguish the Wares of the Registrant from those of others, are issues that have been considered to exceed the bounds of s. 45 proceedings [see *Digital Attractions Inc. v. L.N.W. Enterprises Ltd.* (2007), 64 C.P.R. (4th) 418 (T.M.O.B.); *United Grain Growers Ltd. v. Lang Michener* (2001), 12 C.P.R. (4th) 89 (F.C.A.)]. Rather, in the present case, I find that the evidence with respect to "towels", "shirts", and "jackets" shows use of a deviated version of the Mark. In my view, the Mark in these instances appears intermingled with other elements, to such an extent that the Mark has lost its identity and is unrecognizable (*Canada (Registrar of Trade-marks) v. Cie International pour l'informatique CII Honeywell Bull* (1985), 4 C.P.R. (3d) 523 at 525 (F.C.A.)). Furthermore, the Mark is so intertwined with other elements that it cannot be said that the "dominant features" of the Mark have been preserved [see *Promafil Canada Ltée v. Munsingwear Inc.*, 44 C.P.R. (3d) at 59 (FCA)].

Disposition

[18] 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, "shirts; gloves; towels; clothing, namely, coats, jackets" in compliance with the provisions of s. 45 of the Act. The amended statement of wares will read as follows:

Jewelry; dresses; bags, namely handbags, purses and totebags; bathing suits; accessories, namely, belts.

Kathryn Barnett
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office