



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

Citation: 2010 TMOB 109
Date of Decision: 2010-07-15

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by CPI – Centre de propriété intellectuelle /
IPC – Intellectual Property Centre against registration
No. TMA478,859 for the trade-mark NADA NUFF in the
name of Nada Fashion Designs Inc.**

[1] At the request of CPI – Centre de propriété intellectuelle / IPC – Intellectual Property Centre (the requesting party), the Registrar of Trade-marks forwarded a notice under section 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the Act) on July 28, 2008 to Nada Fashion Designs Inc. (the registrant), the registered owner of the above-referenced trade-mark registration.

[2] The trade-mark NADA NUFF (the Mark) is registered for use in association with “line of men's and women's clothing/apparel (namely, jeans, shirts, skirts, jackets, pants, vests, shorts, sweaters, sweat shirts, t-shirts, tank tops and hats)”.

[3] Section 45 of the Act requires the registered owner to show whether the trade-mark has been used in Canada in association with each of the wares or services 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 any time between July 28, 2005 and July 28, 2008 (the relevant period).

[4] “Use” in association with wares is set out in sections 4(1) and 4(3) of the Act:

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) 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.

In this case, section 4(1) applies.

[5] In response to the Registrar's notice, the registrant furnished the affidavit of Nada Shepherd together with Exhibits "1" through "12". Ms. Shepherd states that she is the president and founder of the registrant. Both parties filed written submissions; an oral hearing was not requested.

[6] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of a s. 45 proceeding [*Plough (Canada) Ltd v. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62 (F.C.A.)]. Although the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd. v. Lang Michener* (1996), 71 C.P.R. (3d) 477 (F.C.T.D.)], and evidentiary overkill is not required [*Union Electric Supply Co. Ltd. v. Registrar of Trade Marks* (1982), 63 C.P.R. (2d) 56 (F.C.T.D.)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with the wares or services specified in the registration during the relevant period.

[7] I note that the Canadian Intellectual Property Office recorded the registrant as owner of the registration on April 17, 2008, following an assignment of February 26, 2008 from Roadrunner Apparel Inc., the predecessor in title. Ms. Shepherd indicates that the registrant is not related to the predecessor in title and that it does not have access to the latter's records regarding prior use of the Mark.

[8] Ms. Shepherd begins by describing the registrant's activities and its normal course of trade. The registrant "is in the business of designing, manufacturing, selling and displaying

clothing, hand bags, jewellery and related items”; it sells its products directly to end users, to clothing retailers, and through sales representatives who in turn sell them to other businesses. It prepares two collections of clothing each year in association with the Mark; the fall collection is sold from February to April and the spring collection is sold from August to November of the preceding year. The garments are then delivered to the customers in or around the following August and February respectively.

[9] In terms of the manner in which the Mark was associated with the wares during the relevant period, Ms. Shepherd explains that a small piece of fabric label and a hang tag, each bearing the Mark, are affixed to individual pieces of clothing at the time that the garments are delivered to the purchasers. In support, a photocopy of the label and of the hang tag on which appeared the Mark is attached as Exhibit “5”. I am satisfied that the Mark was affixed to the garments sold during the relevant period in the manners described and shown in the evidence.

[10] With respect to the types of clothing sold during the relevant period, Ms. Shepherd explains that having acquired the Mark near “the very end of the fall buying season”, the registrant made little sales prior to the end of the relevant period, which coincides with a time when no sales are typically made. Nevertheless, the registrant was able to put together several garments for the fall 2008 season shortly after the assignment. Attached as Exhibit “4” to the affidavit is a copy of a promotional document called the “line sheet” which was distributed to purchasers in Canada in April 2008. The affiant explains that a line sheet “depicts wares that the designer sells in association with its brand” for the upcoming season. I note that the Mark and the notation “Fall 2008” appear on the cover of the document; it contains the basic drawing of three articles of clothing identified as “basic turtleneck”, “basic tank” and “leggings” along with their respective style numbers. Having regard to the clothing items shown in the line sheet, it would appear that the collection consists of women’s clothing exclusively.

[11] Despite the use of the Mark in the line sheet, it is well established that advertising materials, including promotional documents, are generally not sufficient as evidence of use for wares [*BMW Canada Inc. v. Nissan Canada Inc.* (2007), 60 C.P.R. (4th) 181 (F.C.A.)]. Thus, the mere distribution of the line sheet to customers and potential customers cannot serve as evidence of use of the Mark in association with the garments.

[12] With respect to the actual sales of the garments, Ms. Shepherd provides copies of two sales orders prepared by the registrant's sales representative on May 12 and June 23, 2008 as Exhibits "6" and "8"; copies of the corresponding invoices dated September 17 and October 23, 2008 confirming the sale and the shipment of the items requested are also attached as Exhibits "7" and "9" respectively. The documents include the customers' billing and shipping addresses in Canada. While numerous items are listed, Ms. Shepherd only identifies the turtleneck as being a "NADA NUFF branded clothing"; it is also the only item whose style number appears in the registrant's line sheet of fall 2008. The affiant submits a copy of an additional invoice dated March 27, 2008 as Exhibit "10" in support of her statement regarding the sale of "NADA NUFF branded tights and a NADA NUFF branded turtleneck" to an individual. I note that this particular invoice does not contain any shipping or the billing address. However, in view of the fact that the invoice is issued in Canadian dollars and that it contains an amount for GST and PST, for the purpose of this proceeding, I find it reasonable to infer that the sale occurred in Canada.

[13] The requesting party raises several questions regarding these exhibits. First, it contends that it is unclear whether these sales occurred in the normal course of trade due to the lack of such statement by the affiant, the "weak" number of sales, and the lack of sales figures in the evidence. It is well established that the evidence of a single sale in the normal course of trade may be sufficient to show use of a trade-mark [*Philip Morris Inc. v. Imperial Tobacco Ltd. et al.* (1987), 13 C.P.R. (3d) 289 (F.C.T.D.)] and that there is no one particular type of evidence required in s. 45 proceedings [*Lewis Thomson & Sons Ltd. v. Rogers, Bereskin & Parr* (1988), 21 C.P.R. (3d) 483 (F.C.T.D.)].

[14] When the evidence is considered as a whole, including Ms. Shepherd's clear statements regarding the registrant's normal course of trade and the fact that the registrant only acquired the registration several months prior to the end of the relevant period, I see no reasons not to accept these transactions (which occurred at different times with different customers) as sales conducted in the normal course of trade by the registrant.

[15] Second, the requesting party points out that the items described as “turtleneck” and “tights” do not form part of the statement of wares. The registrant on the other hand submits the following in its written representations:

[A] turtleneck is clearly an example of “men’s and women’s clothing/apparel” and specifically a “shirt”, as covered by the Registration, both on the basis of common sense, and on the basis of the drawing on the line-sheet at Exhibit 4.

Likewise, “tights” is within the category of “pants” as indicated in the invoice. It is also apparent from the drawing on the line sheet that the tights (referred to as “leggings” on the line sheet) fall within the broad category of “pants”. “Pants” is specifically covered by the Registration.

[16] According to *The Canadian Oxford Dictionary*, a “shirt” is defined as “an article of clothing of a light woven fabric, designed to cover the upper body and arms, having short or long sleeves, a collar, and buttons down the front”, but also as “any of a number of articles of clothing designed to cover the upper body, having short or long sleeves, and which may or may not have buttons or a collar, including a T-shirt, golf shirt, muscle shirt, undershirt, etc.” Even though neither the affidavit nor the supporting documents refers to a “turtleneck” as a “shirt” or any other types of tops specified in the registration, in view of the common meanings given to the word “shirt”, I find it reasonable to accept the use of the Mark in association with “turtlenecks” as consistent with showing use in association with the registered ware “line of women’s clothing/apparel (namely, shirts)”.

[17] In terms of the garments identified as “leggings” or “tights”, I have no difficulty accepting such evidence as consistent with showing use in association with the general category of “pants”. Moreover, the registrant’s own invoice identified the “NADA NUFF trademark tights” as “pants”. I am therefore satisfied that the registrant has shown use of the Mark in association with “line of women’s clothing/apparel (namely, pants)”.

[18] Third, the requesting party argues that several shipments were only delivered after the relevant period as evidenced by the shipping dates on the sales orders and the issuance dates of the corresponding invoices. I note that the invoice attached as Exhibit “10” for “tights” and “turtleneck” was clearly issued within the relevant period, thus I am satisfied that the sale of these items took place within the relevant period.

[19] In view of my conclusions above, I am satisfied that the registrant has provided evidence of use of the Mark in association with “line of women’s clothing/apparel (namely, shirts, pants)” during the relevant period. As for the remaining wares, I will now consider whether or not special circumstances existed which excuse the absence of such use during that time.

[20] Ms. Shepherd indicates that there were special circumstances that justify non-use of the Mark during the relevant period. Specifically, in addition to the time consuming nature of “designing and manufacturing” new garments, Ms. Shepherd submits that the recent assignment of the Mark, the particular timing of the registrant’s sales cycles, and the cyclical nature of the fashion industry, amount to special circumstances beyond the control of the registrant. The affiant further states that the registrant has serious intention to “continue to design, manufacture, and sell, all of the specific wares listed in the NADA NUFF registration in association with the NADA NUFF trade-mark in due course”. In support, a copy of the spring 2009 line sheet and copies of the resulting sales orders dated between August and October 2008 are attached as Exhibits “11” and “12”. Ms. Shepherd states that hang tags and labels bearing the Mark are affixed to these garments as well. The new line sheet includes 14 different garments described as “a-line dresses”, “scoop neck dresses”, “short sleeve caftans”, “tank tops”, “drop shoulder tops” and “mock neck tops”. I note that as in the case of the fall 2008 collection, the garments identified in this line sheet appear to be women’s clothing exclusively.

[21] The registrant submits in its written representations that where a s. 45 notice is issued shortly after an assignment took place, “the current owner is only required to show a serious intention to start using the mark in question in the near future”. In support, it cites *Fairweather Ltd. v. Canada (Registrar of Trade-marks)* (2006), 58 C.P.R. (4th) 50 (F.C.T.D.), aff’d (2007) 62 C.P.R. (4th) 266 (F.C.A.) and *Scott Paper Co. v. Lander Co. Canada Ltd.* (1996), 67 C.P.R. (3d) 274 (T.M.O.B.).

[22] In accordance with the Federal Court of Appeal’s recent decision in *Smart & Biggar v. Scott Paper Ltd.* (2008), 65 C.P.R. (4th) 303, in order to establish special circumstances, the registrant must provide the date when the trade-mark was last in use and the reason for the absence of such use since that date. Three criteria must be considered when assessing whether or

not there are circumstances that would excuse non-use. Hearing Officer Barnett summarized the approach as follows in *Bereskin & Parr v. Bartlett* (2008), 70 C.P.R. (4th) 469 (T.M.O.B.):

A determination of whether there are special circumstances excusing non-use involves the consideration of three criteria. The first is the length of time during which the mark has not been in use. The second is whether the reasons for non-use were beyond the control of the registered owner and the third is whether there exists a serious intention to shortly resume use: *Canada (Registrar of Trade Marks) v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 (F.C.A.). "Special circumstances" with respect to the second criteria, that is, whether non-use of the mark was due to circumstances beyond the owner's control, mean "circumstances that are unusual, uncommon or exceptional" (*John Labatt Ltd. v. Cotton Club Bottling Co.* (1976), 25 C.P.R. (2d) 115 (F.C.T.D.)).

The Federal Court of Appeal in the recent decision, *Smart & Biggar v. Scott Paper Ltd.*, 2008 FCA 129, 65 C.P.R. (4th) 303, has offered further clarification with respect to the interpretation of the special circumstances criterion in *Harris Knitting* supra. Based on an analysis of *Harris Knitting Mills*, the Court determined that the proper test when assessing whether there are special circumstances, which would excuse non-use of a mark, must refer to the cause of the absence of use, and not to some other consideration. It would appear from this analysis, that the second criterion of the *Harris Knitting Mills* test must be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. However, as I understand it, this is not to say that the other two criteria are not relevant factors to consider, but just that those factors, in isolation, cannot constitute special circumstances. In any event, the intent to resume use must be substantiated by the evidence (*Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.* (1993), 47 C.P.R. (3d) 217 (F.C.T.D.); *NTD Apparel Inc. v. Ryan* (2003), 27 C.P.R. (4th) 73 (F.C.T.D.)).

[23] I will therefore assess all three criteria in the present case. With respect to the length of time of non-use, it is generally accepted that the period of non-use runs from the date of assignment, namely February 26, 2008 [*Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.* (1993), 47 C.P.R. (3d) 217 (F.C.T.D.) and *G.P.S. (U.K.) Ltd. v. Rainbow Jean Co. Ltd.*, 58 C.P.R. (3d) 535 (T.M.O.B.)]. This means that the Mark was not in use by the registrant in association with the remaining wares for approximately five months prior to the issuance of the s. 45 notice.

[24] In terms of the reasons for non-use of the Mark during the relevant period, the registrant's product development and sale processes are clearly not beyond its own control, and the cyclical nature of the fashion industry can hardly be considered as circumstances that are "unusual,

uncommon or exceptional”. As for the recent assignment of a trade-mark registration, several decisions, including the two cited by the registrant, have previously recognized the need for a new owner of a recently acquired trade-mark to take a short period of time to gear up production. I would however point out that unlike the case at hand, the registered owner in the *Fairweather* case provided ample details regarding the circumstances surrounding the acquisition of the trade-mark six months prior to the issuance of the notice, including the addition of seventy stores and more than five hundred employees, as well as the impact of these changes (e.g. product launch delays) on the new owner’s business. Similarly, in the *Scott Paper (1996)* case, details surrounding the acquisition of the trade-mark three months prior to the issuance of the notice, the steps and the timeline leading up to the launch of the registered wares in association with the trade-mark by the new owner were also provided. Nevertheless, keeping in mind the short period of time between the acquisition of the Mark and the end of the relevant period in relation to the amount of time it takes for the registrant to put together and to complete the sale of one season’s garments, I am satisfied that the recent assignment of Mark in this case constitutes a reason for a short period of non-use that was beyond the registrant’s control.

[25] With respect to the third criterion, the requesting party questions the registrant’s intention to resume use of the Mark in association with the registered wares; it points out that the only item in the spring 2009 line sheet that forms part of the statement of wares is the “tank top” when the registrant should have had sufficient time to put together a collection of garments made up of the registered wares. The registrant in turn argues that while that is true, “it is nonetheless apparent that the newer line sheet lists a greater number of products and product types associated with” the Mark, thus supporting the registrant’s contention that it has “a serious intention of using the trade-mark with an increasing number of the items specifically enumerated in the Registration”.

[26] In response to a similar issue that was raised by the respondent in *Fairweather* case where the registered owner presented evidence related to the manufacture and the sale of five different clothing items subsequent to the issuance of the notice where only two formed part of the four registered wares, the Federal Court stated the following in par 55-56:

A review of Mr. Brener’s first affidavit discloses a general intention to re-launch TARGET APPAREL brand merchandise [...], and I have already found, based upon

the new evidence, that concrete steps were in fact taken prior to the issuance of the section 45 Notice to achieve this goal [...].

As was noted earlier, post-notice evidence may be of some assistance, to the extent that it supplements or confirms the evidence of pre-notice intent to use. In this case, the post-notice evidence shows that some of the listed wares have indeed been manufactured and sold under the TARGET APPAREL mark, thus confirming that there was indeed a genuine continuing intention on the part of Fairweather to use the mark.

[27] In the present case, Ms. Shepherd clearly expresses the registrant's general intention to continue to design, manufacture, and to sell all of the registered wares in association with the Mark in her affidavit. Moreover, there is clear evidence that the registrant has put together and sold numerous women's garments bearing the Mark in Canada shortly after the relevant period. Given that the spring collection is normally sold from August to October or November of the preceding year, I find it reasonable to infer that the preparation of the spring 2009 line sheet, including the design of those garments, began within the relevant period. Consequently, the concrete steps taken prior to the issuance of the s. 45 notice together with evidence of increase sales of women's garments subsequent to the relevant period confirm the registrant's genuine continuing intention to use the Mark in association with women's clothing.

[28] On the other hand, there is no evidence of any active and concrete steps taken that would reflect the registrant's intention to resume use of the Mark in association with men's clothing during the relevant period. There is no indication that men's clothing have been sold or offered for sale by the registrant during or shortly after the relevant period; no particulars regarding the challenges of or the progress towards the production and the sale of men's clothing are given. In fact, no documentary evidence has been provided that would allow me to infer that use of the Mark will resume in the near future in association with men's clothing. As noted in *Arrowhead Spring Water Ltd. supra*, the Registrar is left in the dark as to how long the duration of the non-use will persist in this case. In my view, the registrant's intention to resume use with respect to men's clothing has not been substantiated by evidence.

[29] For these reasons, I am satisfied that there was use of the Mark within the meaning of s. 45 and 4(1) of the Act in association with "line of women's clothing/apparel (namely, shirt, pants)" during the relevant period and that the absence of use of the Mark in association with

“line of women’s clothing/apparel (namely, jeans, [...], skirts, jackets, [...], vests, shorts, sweaters, sweat shirts, t-shirts, tank tops and hats)” was due to special circumstances that would excuse such non-use. However, given the lack of evidence, I am not satisfied that the absence of use of the Mark in association with “line of men’s clothing/apparel (namely, jeans, shirts, skirts, jackets, pants, vests, shorts, sweaters, sweat shirts, t-shirts, tank tops and hats)” was due to special circumstances that would excuse such non-use. Consequently, pursuant to the authority delegated to me under s. 63(3) of the Act, the registration will be amended to delete the following wares: “line of men’s clothing/apparel (namely, jeans, shirts, skirts, jackets, pants, vests, shorts, sweaters, sweat shirts, t-shirts, tank tops and hats)” in compliance with the provisions of s. 45 of the Act.

P. Fung
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office