

**IN THE MATTER OF A SECTION 45 PROCEEDING
respecting Registration No. 285,909 for the trade-mark EXPERT EYES
and Registration No. 310,003 for the trade-mark EXPERT TOUCH**

On September 6, 1995, at the request of Sara Lee Corporation as represented by the firm Macera & Jarzyna, the Registrar forwarded Section 45 Notices to Intellectual Property Holding Co., the registered owner of the above-referenced trade-mark registrations.

The trade-mark EXPERT EYES is registered for use in association with the following wares:

(1) Eye shadow preparations and applicators therefor. (2) Eye make-up, mascara, eye liners, eye pencils, eye make-up kits. (3) Eyelash curlers and refills.

As the wares marked (3) were only added to the registration on May 27, 1994, they do not form part of the wares at issue in the present proceedings.

The trade-mark EXPERT TOUCH is registered for use in association with the following wares:

Cosmetic accessories, namely sharpeners for make-up, eyebrow and/or eyelash pencils, combination brushes/combs, eyelash curlers and refills therefor, tweezers, brushes, make-up applicators, powder puffs, smudgers, sponges; cosmetic accessory kits comprising any combination of the aforementioned wares.

In response to the Section 45 Notices, the registrant furnished in each case an affidavit of Laurie Elizabeth House, National Account Manager of Maybelline Canada Inc. Both parties filed written submissions and were represented at an oral hearing.

Prior to January 1, 1996, Section 45 of the *Trade-Marks Act* R.S.C. 1985, c. T-13 (hereinafter "the *Act*") required the registered owner to demonstrate use of its trade-mark at any time during the two years preceding the date of the Notice. However, Section 45 as amended by the *World Trade Organization Agreement Implementation Act* now requires the registrant to demonstrate use at any time during the **three year period** preceding the date of the Notice for each of the registered wares and/or services. The Trade-Marks Opposition Board applies Section 45 as amended to all Section 45 cases whether they were commenced before or after January 1, 1996. Consequently, the relevant period in this case is between September 6, 1992 and September 6, 1995. If the registrant cannot

show use within this period, it is required to show the date of last use of the mark and provide the reason for the absence of use since such date.

As the contents of the two House affidavits are quite similar, I shall deal with both affidavits together, noting the differences between them as necessary. Ms. House states that Intellectual Property Holding Co. acquired the subject trade-marks from Maybelline, Inc. by assignment effective December 10, 1992. I note that these assignments were recorded on the register on September 28, 1994, with an effective date of December 10, 1992. According to the affiant, the registrant then licensed Maybelline Intermediate Holding Co. to use various of its trade-marks, including the marks EXPERT EYES and EXPERT TOUCH, or to sub-license use thereof provided that any such sub-license would be subject to the same terms and conditions as the agreement between the registrant and Maybelline Intermediate Holding Co. The agreement also provided that the registrant was entitled to exercise control over the character and quality of any goods sold in Canada under any licensed trade-mark by the licensee or any sub-licensee thereof.

Maybelline Intermediate Holding Co. sub-licensed use of the subject marks to Maybelline Sales Inc., who in turn sub-licensed use to Maybelline Canada Inc. Under each of these agreements, the sub-licensor is entitled to exercise on behalf of its respective licensor, control over the character and quality of any goods sold in Canada under any licensed trade-mark. The affiant states that each of the licensing agreements was entered into on December 10, 1992, and continued to remain in force at the time of the swearing of the affidavit.

With regard to the mark EXPERT EYES, Ms. House asserts that Maybelline Canada Inc. sold substantial quantities of "eye shadow preparations, eye liners, eye pencils, eye make-up kits, and eyelash curlers and refills", under said mark in Canada. To corroborate this assertion, she provides consolidated sales figures for these goods for each of the years 1993, 1994 and 1995.

With regard to the mark EXPERT TOUCH, Ms. House claims that Maybelline Canada Inc. sold "cosmetic accessories, namely sharpeners for make-up, eye brow and/or eye lash pencils, eye lash

curlers and refills therefor, tweezers, powder puffs and sponges", under said mark in Canada in 1993. She provides the total sales value for these goods for 1993.

As Exhibit A, Ms. House attaches photocopies of invoices rendered by Maybelline Canada Inc. to Canadian customers in respect of various products, including goods identified by the subject trademarks. She claims that although the marks are abbreviated on the invoices, the full marks were always used on the products themselves. She further states that all of the goods sold by Maybelline Canada Inc. under the subject marks were packaged in packaging which prominently bore such marks. As Exhibit B, she attaches examples of packaging typical of that used by her company. Ms. House also explains that her company sold goods identified by the subject marks principally to major Canadian drug store chains and major Canadian mass merchandisers for subsequent re-sale to the general public.

The main arguments of the requesting party may be summarized as follows: (1) there is an error in the jurat of the House affidavit submitted in respect of the EXPERT TOUCH proceeding; (2) the registrant's allegations of use and sales are bare assertions of use insufficient to show use; (3) the respective packages attached as Exhibit B are for products not appearing on any of the invoices attached as Exhibit A; furthermore, no company name appears on the label, so we do not know who is using the label; (4) the license agreement only provides that the registered owner is **entitled** to exercise control over the character and quality of the wares, which is not sufficient for purposes of s. 50 of the *Act*; (5) the mark as registered does not appear on any of the invoices submitted by the registrant; (6) with respect to the mark EXPERT TOUCH, all of the invoices bear dates more than two years prior to the date of the Section 45 notices and, therefore, are outside the relevant period; and, (7) the registrant has failed to set out its normal course of trade.

The main arguments of the registrant may be summarized as follows: (1) the error in the jurat of the House affidavit is a mere technicality; (2) the registrant has shown, not merely asserted, use of the marks; (3) the licensing requirements pursuant to s. 50 of the *Act* are satisfied by the clear assertion of control in the House affidavit; (4) the registrant has provided information on its normal course of

trade; and (5) given the low evidentiary threshold in Section 45 proceedings, the evidence provided by the registrant is sufficient to maintain all wares on both registrations.

In my opinion, the registrant has shown use of the trade-mark EXPERT TOUCH in association with the wares "cosmetic accessories, namely sharpeners for make-up, eyebrow and/or eyelash pencils, eyelash curlers and refills therefor, tweezers, powder puffs, sponges" during the year 1993. The registrant has also shown use of the trade-mark EXPERT EYES during the years 1993, 1994 and 1995 in association with the wares "(1) Eye shadow preparations and applicators therefor. (2) Eye liners, eye pencils, eye make-up kits. (3) Eyelash curlers and refills." (category 3, as noted earlier, not being the object of the present proceeding). Use of the marks has not been shown in association with the remaining wares for each registration.

The requesting party has noted that there are two jurats with respect to Ms. House's affidavit and Exhibit A thereto submitted in respect of the EXPERT TOUCH proceeding, and that the second jurat on each document is not dated. In this regard, the requesting party relied on the decision in *Dr. Ing. h.c.F. Porsche AG v. Procycle Inc.* (1992), 45 C.P.R. (3d) 432. In that case, four documents were found to be inadmissible as a result of an error in the jurats. However, the defects in that case were considered to be more substantial than a mere technical deficiency or minor irregularity, as they rendered it unclear whether the documents in question had been sworn as affidavits or affirmed as statutory declarations. In the present case, it would appear that Exhibit B might not have been enclosed when the affidavit was first sworn on March 6, 1996, and that the entire evidence was re-sworn on March 8, 1996 before a different Commissioner of Oaths. I am satisfied that the absence of a date on the second jurats is a technical shortcoming, and as such, does not render the evidence inadmissible in a Section 45 proceeding (see *Baume & Mercier S.A. v. Brown carrying on business as Circle Import* (1985), 4 C.P.R. (3d) 96 (F.C.T.D.) [hereinafter *Baume & Mercier*]).

While a bare allegation is insufficient to establish use of a mark (see *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62 (F.C.A.)), I am of the view that the registrant, in the present case, has provided more than a bare assertion of use. The registrant has provided sufficient details and supporting evidence from which I have been able to conclude that use of the marks in

association with those wares noted above has been shown. In addition to stating that certain of the registered wares were sold under the subject marks, the affiant has provided consolidated sales figures for those wares during the relevant period as well as "typical" invoices evidencing sales of the wares and "typical" packaging showing how the mark was displayed thereon.

Despite the requesting party's assertions to the contrary, and although it might be preferable if such were the case, it is not necessary that the packaging attached as Exhibit B pertain to the exact wares as those referred to in the invoices attached as Exhibit A, nor is it necessary that the mark appear on the invoices. In this regard, I note that the affiant has **specifically** identified which of the registered wares were sold by her company (paragraph 6 of the affidavits) and has stated that all such wares were packaged in packaging which prominently bore the subject marks (paragraph 8 of the affidavits). In my view, these are assertions of facts of the type found acceptable in *Central Transport, Inc. v. Mantha & Associés/Associates* (1995) 64 C.P.R. (3d) 354 (F.C.A.). As for the invoices, they substantiate the registrant's claims that sales were made during the relevant period. On the invoices submitted, the products that bore the subject trade-marks have been highlighted. In addition, I am of the view that the registrant has not relied upon the invoices to show use of the mark. Rather, the invoices provide evidence of transfers of the registered wares having occurred during the relevant period, whereas the packaging itself was submitted to show how the mark was associated with the wares at the time of transfer. I am satisfied from the evidence that the trade-marks were associated with the wares in the manner prescribed by Section 4(1) of the *Act*.

The requesting party has argued that Maybelline Canada Inc. is not a proper licensee of the registered owner, and consequently, any use by such company does not accrue to the registered owner. It is clear from the jurisprudence that the use required to be shown is use by the registered owner or a licensed user pursuant to s. 50 of the *Act*. Subsection 50(1) of the *Act* reads as follows:

50(1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

[Emphasis added]

At paragraph 3 of her affidavits, Ms. House states that the registrant licensed use of the subject marks, and that under the licensing agreement the registrant “is entitled to exercise control over the character and quality of any goods sold in Canada under any licensed trade-mark” by the licensee or any sub-licensee thereof [emphasis added]. Ms. House also states that the licensee was authorized to sub-license use of the marks “provided that any such sub-license so granted by [the licensee] would be subject to the same terms and conditions” as the original licensing agreement. According to Ms. House, there were two such sub-licensing agreements, both of which provided that the sub-licensor, on behalf of the registered owner, is entitled to exercise control over the character and quality of any goods sold in Canada under the sub-licensed marks.

The requesting party argues that the fact that the registered owner is only entitled to exercise control under the agreement is insufficient to meet the licensing requirements of the *Act*, as s. 50 requires actual control. In support of its argument, the requesting party relies on the decision of *Dynatech Automation Systems Inc. v. Dynatech Corp.* (1995), 64 C.P.R. (3d) 101. That case dealt with whether use by a wholly owned subsidiary is sufficient to comply with the licensing requirements set out in s. 50(1) of the *Act*, where there was no assertion or evidence regarding control by the registered owner over the character and quality of the registered wares. At page 106, Senior Hearing Officer D. Savard stated that “... control merely by share ownership does not appear to satisfy the requirements of s. 50(1) of the Act since s. 50(1) clearly states that the owner must have under the licence control over the character and quality of the wares. The fact that the registrant *can* control the use by the licensee would not appear to be sufficient.” [emphasis in original]. It is this latter statement that the requesting party in the present case relies upon.

I am of the view that the present case can be distinguished from *Dynatech, supra*. In the instant proceedings, the registrant is not relying on a relationship between two companies to establish a license; rather, there is a licensing agreement in place that sets out the terms and conditions of the licence. One of those terms is that the registered owner is entitled to exercise control over the character and quality of the wares. In my view, and for purposes of Section 45 proceedings, I am prepared to infer from the inclusion of such provision in the license agreement that the owner has, under the license, direct or indirect control of the character and quality of the wares, in compliance

with the provisions of s. 50 of the *Act*. To conclude otherwise would, in my opinion, be taking an overly technical approach to Section 45 proceedings (see *Baume & Mercier, supra*). Consequently, I conclude that the use in Canada of the mark by Maybelline Canada Inc. in association with the registered wares specified in the affidavits accrues to the registrant. As stated by Strayer J. in *Lewis Thomson & Sons Ltd. v. Rogers, Bereskin & Parr* (1988), 21 C.P.R. (3d) 483 (F.C.T.D.) at 486, the nature of Section 45 proceedings are such that it is not considered that the facts of use are to be infinitely contestable before the Registrar or the Court. I would add, however, that I consider the present case to be more borderline than that of *Bereskin & Parr v. Kimberly-Clark of Canada Ltd.* (1995), 64 C.P.R. (3d) 118 (referred to and relied upon by the registrant), as in *Bereskin* the affiant had clearly alleged that the registrant “maintains strict control over the character and quality of its licensees’ products and use of its trade marks.”

Concerning the requesting party's argument that all of the invoices which have been furnished concerning the trade-mark EXPERT TOUCH are dated prior to September 6, 1993 and are therefore outside the relevant period, as noted above and as argued by the registrant, Section 45 as amended January 1, 1996 requires the registrant to demonstrate use at any time during the **three year period** preceding the date of the Notice. As Section 45 proceedings do not touch upon any vested or substantive rights of a requesting party (see *Riches, McKenzie & Herbert v. Taliano Inc.* (1995), 65 C.P.R. (3d) 98), the Trade-Marks Opposition Board applies Section 45 as amended to all Section 45 cases, whether they were commenced before or after January 1, 1995. Accordingly, each of the invoices submitted by the registrant are within the relevant period.

Section 4(1) of the *Act* requires the transfers to have occurred in the normal course of trade. In this regard, Ms. House has stated that the wares were sold principally to major Canadian drug store chains and mass merchandisers. Further, she has described the invoices attached as Exhibit A as "typical", which, in my opinion, implies that they are representative transactions. On the basis of this information, I am satisfied that the transfer of wares occurred in the normal course of trade.

With regard to the registrant's argument that all of the wares for both registrations ought to be maintained on the register, I respectfully disagree. Section 45(1) of the *Act* makes it clear that use

must be shown in association with each of the wares specified in the registration (see *John Labatt Ltd. v. Rainier Brewing Co.* (1984), 80 C.P.R. (2d) 228 (F.C.A.), hereinafter “*John Labatt*”). Where the registration contains a long list of wares which have been logically and properly categorized in the registration, the registrant is not required to furnish documentary proof regarding every item in each category (see *Saks and Co. v. Registrar of Trade Marks* (1989), 24 C.P.R. (3d) 49 (F.C.T.D.)); however, it seems that the affidavit must provide sufficient facts to permit the Registrar to conclude that the trade-mark was in use in association with each ware. In this regard, in the Rules of Practice with respect to Section 45 proceedings (effective April 1, 1995 published in the Trade-marks Journal of March 15, 22 and 29, 1995) it is clearly indicated that the Registrar may accept a **general statement of use within the relevant period in respect of each item together with a description of the use made during the relevant period** in association **with each item** and representative examples of use. In the present case, Ms. House's statements regarding use within the relevant period pertain to only some of the registered wares. The registrant's arguments at page 4 of its written submissions also amount to a concession that the evidence does not show use with each of the wares. It is clear from *John Labatt, supra*, that use must be shown with **each of the registered wares**, and use with similar or related wares is not sufficient to preserve the registration intact (see *John Labatt, supra*, at 236-37). As there is no allegation or evidence of use of the marks in association with the remaining wares, they shall be deleted from the register.

I concur with the requesting party that the case of *Effem Foods Ltd. v. Sears Canada Inc.* (1987), 16 C.P.R. (3d) 23 - relied on by the registrant at page 9 of its written submissions - is of no relevance to the present proceedings. First, the relevant period within which to show use is no longer the same. Furthermore, in that case, the registration was maintained for wares on which there had been a stoppage of use of approximately nine months. Here, use has not been shown at any time during the three year period immediately preceding the Notice, which is now the relevant period to show use. Also, in *Effem*, there was evidence of active use of the mark in association with the wares for several years prior to the stoppage of use. There is no such evidence in the present case, and the registrant has not relied on special circumstances to excuse the non-use.

While I agree with the registrant that evidentiary overkill is not necessary in Section 45 proceedings (see *Philip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 13 C.P.R. (3d) 289 at 293), s. 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 during the relevant period in association with each of the registered wares. The evidence in this case pertains to only some of the registered wares, and accordingly, it is only those wares that shall be maintained on the register.

Disposition:

In view of the foregoing, the respective registrations for EXPERT EYES and EXPERT TOUCH will be amended to refer to the following wares:

- Reg. No. 285,909 (1) Eye shadow preparations and applicators thereof. (2) Eye liners, eye pencils, eye make-up kits. (3) Eyelash curlers and refills.
- Reg. No. 310,003 Cosmetic accessories, namely sharpeners for make-up, eyebrow and/or eyelash pencils, eyelash curlers and refills therefor, tweezers, powder puffs, sponges.

DATED AT HULL, QUEBEC, THIS 29th DAY OF April, 1997.

C.J. Campbell
Hearing Officer
Section 45