

SECTION 45 PROCEEDINGS  
TRADE-MARK: RELACOR  
REGISTRATION NO. TMA585,370

[1] On October 19, 2006, at the request of Oyen Wiggs Green & Mutala LLP (the Requesting Party), the Registrar issued the notice prescribed by s. 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) to Dr. Mathias Rath (the Registrant), the registered owner of registration No. TMA585,370 for the trade-mark RELACOR (the Mark). The Mark is registered in association with nutritional and dietary supplements, namely vitamins, minerals, amino acids and trace elements (the Wares).

[2] The purpose of s. 45 is to provide a simple, summary and expeditious procedure for clearing the register of trade-marks which are not *bona fide* claimed by their owners as active trade-marks [*Ridout & Maybee s.r.l. v. Omega SA* (2004), 39 C.P.R. (4th) 261 (F.C.)].

[3] Section 45 requires the registered owner of a trade-mark to show whether the mark has been used in Canada in association with each of the wares and services listed in the registration at any time during the three years preceding the date of the notice, in this case between October 19, 2003 and October 19, 2006 (the Time Period). If the mark has not been used during that time period, then the registered owner is required to indicate the date on which it was last used and the reason why it has not been used since that date. The onus on a registered owner under s. 45 is not a heavy one [*Austin Nichols & Co. v. Cinnabon, Inc.* (1998), 82 C.P.R. (3d) 513 (F.C.A.)].

[4] What qualifies as use of a trade-mark is defined in s. 4 of the Act, which is reproduced below:

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.

(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

(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.

[5] An affidavit of Donald Wesley Karn was filed in response to the s. 45 notice. Mr. Karn has been the Chief Executive Officer of Dr. Rath Health Programs USA, BV (Rath Programs) since it was incorporated in 2004. During 2002-2004, he was responsible for the operations of Matthias Rath Inc. (Rath Inc.), which was dissolved in December 2004. Mr. Karn informs us that both Rath Programs and Rath Inc. (collectively the Licensees) were/are licensed by the Registrant to use the Mark in Canada in association with the Wares. Mr. Karn states that the Registrant has under such licenses direct and indirect control of the character and quality of the Wares sold by the Licensees in association with the Mark; this is sufficient for the purposes of s. 45 proceedings to conclude that any use of the Mark by the Licensees would accrue to the benefit of the Registrant pursuant to s. 50 of the Act.

[6] Both parties filed a written argument and participated in an oral hearing.

[7] The Registrant is not claiming that the Mark was used in Canada during the Time Period. Rather, it is relying on special circumstances to excuse the lack of use.

[8] Hearing Officer Barnett summarized the approach to be taken when special circumstances are relied upon to excuse non-use as follows in *Bereskin & Parr v. Bartlett* (2008), 70 C.P.R. (4th) 469 (T.M.O.B.):

16 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 (Registraire des marques de commerce) c. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 (Fed. 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 (Fed. T.D.)).

17 The Federal Court of Appeal in the recent decision, *Scott Paper Ltd. v. Smart & Biggar*, 2008 FCA 129 (F.C.A.), 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 (Fed. T.D.); *NTD Apparel Inc. v. Ryan* (2003), 27 C.P.R. (4th) 73 (Fed. T.D.)).

[9] Applying the foregoing analysis, I will begin by noting that Mr. Karn has not evidenced that the Mark has ever been used in Canada. Instead, Exhibit "D" to the Karn affidavit, which is a letter dated May 23, 2006 from a party representing Rath Programs to the Natural Health Products Directorate, asserts that products have not been introduced to the Canadian market pending approval of the Product Licence Applications. The Requesting Party submits that this is evidence that the Mark was never used in Canada. However, Mr. Karn attested that the *Natural Health Products Regulations* (NHP Regulations), which required that the Registrant's Wares receive approval prior to sales, only came into effect on January 1, 2004 and so it is unclear if the statement in Exhibit "D" is merely confirming that there have been no sales contrary to the NHP Regulations, i.e. subsequent to January 1, 2004.

[10] At the oral hearing, the Requesting Party directed me to the s. 45 decision in *Re Canaglobe International Inc.* (1992), 47 C.P.R. (3d) 122 where Senior Hearing Officer Savard stated, “In cases where a date of last use is not provided or evidenced, the Registrar generally considers the date of registration as the date of last use.” I agree with this approach and note that the present registration issued on July 16, 2003. Accordingly, the period of non-use, as of the date of Mr. Karn’s affidavit, was approximately four years.

[11] The present registration issued pursuant to the filing of a Declaration of Use and the Requesting Party submits that the registration was improperly obtained because the evidence provided by Mr. Karn suggests that the Mark has never been used in Canada. In support of the relevance of such submission, it points to the following statement of the Senior Hearing Officer in *Re Canaglobe International Inc. (supra)*: “...I am also well aware of the fact that the registrant never used the trade-mark in association with the registered services; thus the registered owner was not entitled to a registration”. However, I do not consider submissions or comments of this nature to be appropriate in s. 45 proceedings because all that is to be decided in a s. 45 proceeding is whether a registered mark has been used during a specific three-year period or whether there were special circumstances that justified the lack of use during that time period.

[12] The next point to consider is whether the reasons for non-use during the Time Period were beyond the control of the Registrant. In this regard, I consider it important to note that the Time Period began October 19, 2003, which is approximately two and one half months prior to the coming into effect of the NHP Regulations and four months after the filing of the Registrant’s Declaration of Use. As I understand the Registrant’s argument, it is submitting that the NHP Regulations are the special circumstances that should excuse its non-use. However, whether or not the NHP Regulations qualify as special circumstances, they do not explain why there was no use during the portion of the Time Period that predated the coming into force of the NHP Regulations, namely between October 19, 2003 and January 1, 2004. There is no requirement that there be continuous use of the Mark during the Time Period, but if there is no use, the

alleged special circumstances must apply to the entire Time Period. On this basis alone, I find that the Registrant has not satisfactorily responded to the s. 45 notice.

[13] Nevertheless, for completeness sake, I will address whether the NHP Regulations qualify as special circumstances that justify the lack of use between January 1, 2004 and October 19, 2006.

[14] I will begin by summarizing the evidence presented by Mr. Karn concerning the Registrant's efforts to comply with the NHP Regulations:

- July 26, 2004: Health Canada's Natural Health Products Directorate (NHPD) acknowledged receipt of Rath Inc.'s July 19, 2004 application. (Exhibit "B") I note that Mr. Karn does not explain why it took approximately seven months for the Registrant to file an application with NHPD.
- April 26, 2006: NHPD sent a letter to Rath Inc.'s agent advising that there were new concerns about the safety of L-arginine (an ingredient that apparently is in the Registrant's RELACOR product) and that all sales of product containing L-arginine were to stop. Instructions were given to submit a revised Product License Application Form and label to comply with specified requirements. (Exhibit "C")
- May 22, 2006: Rath Inc.'s agent responded to NHPD's April 26 correspondence, indicating that revised Product Licence Applications for the "two referenced products" were attached. (Exhibit "D")
- June 14, 2006: NHPD sent a Processing Deficiency Notice to Rath Inc.'s agent, setting out four items required for the processing of the application to be completed and setting a deadline of 30 calendar days. (Exhibit "E")
- July 2006: According to Mr. Karn, NHPD requested Product Quality Summary Data and the application was deemed abandoned when Rath Programs did not respond to such request. (paragraph 7(f) and Exhibit "F")
- April 2007: Mr. Karn advises that Rath Programs will be "shortly" submitting a fresh

application for NHPD's approval of the RELACOR wares and provides a redacted copy of the "main portion" of such application, which has not yet been signed or dated. Mr. Karn states that Rath Programs "fully intends to vigorously pursue [the application] through to approval by NHPD." (paragraph 7(g) and Exhibit "G")

[15] Mr. Karn does not explain why Rath Programs allowed the NHPD application to be deemed abandoned in July 2006, nor why a fresh application had not been filed as of the swearing of Mr. Karn's affidavit on April 18, 2007. Thus it is not possible for me to find that the Registrant did not voluntarily abandon its NHPD application in July 2006; instead I must conclude that it did voluntarily abandon an application which apparently is required in order to sell the RELACOR Wares in Canada. (On the latter point, I note the Requesting Party's comment that there is no evidence that NHPD approval is in fact a prerequisite to sales of the RELACOR Wares.)

[16] Overall, I do not see how the existence of the NHPD requirements can be held to be a special circumstance that excused the lack of use of RELACOR in Canada between July 2006 and October 19, 2006 when it is not evident that the Registrant was taking any action at that time to comply with the Regulations.

[17] Both parties agree that government regulations can qualify as special circumstances that justify a period of non-use. However, the Requesting Party distinguishes the cases cited by the Registrant on the basis that in those cases there was no abandonment of the regulation application procedure, rather those trade-mark owners evidenced that they were continuously vigorously pursuing government approval [see *Re Montorsi Francesco E Figli-S.p.A.* 2007 CarswellNat 4056 (T.M.O.B.), *Cassels Brock & Blackwell LLP v. Montorsi Francesco E Figli-S.p.A.* (2004), 35 C.P.R. (4th) 35 (F.C.)]. The evidence before me does not show that the Registrant was actively pursuing government approval throughout the Time Period.

[18] The Registrant submits that the present fact situation is similar to that in *Spirits International N.V. v. The Registrar of Trade-Marks and SC Prodal 94 Srl* (2007), 60 C.P.R. (4th) 31 (F.C.A.), affirming 49 C.P.R. (4th) 196 (F.C.), affirming 42 C.P.R. (4th) 279 (T.M.O.B.). However I consider that case to be distinguishable on a number of facts, including the following: i) that registrant evidenced various steps that it was taking in an effort to introduce its wares into the Canadian market; and ii) that registrant provided an anticipated date of entering the Canadian market, together with anticipated sales volume. In any event, it is trite to say that fact situations are seldom identical and each case must be decided on its own facts.

[19] Finally, I will consider whether there exists a serious intention to shortly resume use. According to *Lander Co. Canada v. Alex E. Macrae & Co.* (1993), 46 C.P.R. (3d) 417 (F.C.T.D.) at 421, the intention to resume use shortly must be “substantiated by factual elements such as purchase orders, or at least a specific date of resumption.” The Karn affidavit does not provide any such factual elements. As submitted by the Requesting Party, even if the Registrant had secured NHPD approval for its RELACOR Wares, there is no evidence that the Registrant was commercially prepared to commence selling once its application received approval.

[20] In conclusion, I find that the Registrant has failed to evidence reasons that justify the non-use of the Mark for the entire Time Period. In addition, I find that the Registrant has failed to demonstrate that there was a serious intention to shortly resume use of the Mark.

#### Disposition

[21] Pursuant to the authority delegated to me under s. 63(3) of the Act, the registration will be expunged, in accordance with the provisions of s. 45(5) of the Act.

DATED AT GATINEAU, QUEBEC THIS 17th DAY OF MARCH 2010.

Jill W. Bradbury  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office