



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

**Citation: 2012 TMOB 137**  
**Date of Decision: 2012-07-27**

**IN THE MATTER OF A SECTION 45 PROCEEDING  
requested by Nike International Ltd. against registration  
No. TMA604,616 for the trade-mark PEGASUS in the  
name of Infinité Cycle Works Ltd.**

[1] At the request of Nike International Ltd. (the Requesting Party), the Registrar of Trade-marks issued a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) on May 26, 2010 to A. Mordo & Son Ltd. (the Registrant), the registered owner at that time of registration No. TMA604,616 for the trade-mark PEGASUS (the Mark).

[2] The Mark is registered for use in association with the following wares: scooters, skateboards and bicycles.

[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 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 between May 26, 2007 and May 26, 2010 (the Relevant Period).

[4] The relevant definition of “use” is set out in section 4(1) 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.

[5] It is well established that the purpose and scope of section 45 of the Act is to provide a simple, summary and expeditious procedure for removing “deadwood” from the register and, as such, the evidentiary threshold that the registered owner must meet is quite low [*Uvex Toko Canada Ltd v Performance Apparel Corp* (2004), 31 CPR (4th) 270 (FC)].

[6] In response to the Registrar’s notice, the Registrant filed the affidavit of Ion Chivu, sworn on July 7, 2010. I note that subsequent to the filing of evidence, the registration was assigned to Infinité Cycle Works Ltd. (the Current Owner); the assignment is not at issue in this proceeding. Both the Requesting Party and the Current Owner filed written representations. An oral hearing was not requested.

[7] In his affidavit, Mr. Chivu identifies himself as an employee of the Registrant and its interim manager acting under the direction and supervision of Deloitte & Touche Inc., which was appointed as the Receiver and Trustee of the Estate of the Registrant on November 9, 2009. In this respect, attached as Exhibit A to Mr. Chivu’s affidavit is a copy of the Receivership Order and the Certificate of Appointment regarding the estate of the Registrant.

[8] Mr. Chivu attests that as the interim manager, he has access to the Registrant’s books and records, and confirms that both before and after the Registrant’s bankruptcy in 2009, it sold bicycles in Canada in association with the Mark. No evidence of use of the Mark in association with scooters or skateboards is provided, and no special circumstances excusing non-use with respect to such wares is provided. The registration will be amended accordingly

[9] In support of the assertion of use with respect to bicycles, Mr. Chivu provides the following evidence:

- Exhibit B consists of eight invoices, which Mr. Chivu identifies as showing sales of bicycles “all bearing the trade-mark PEGASUS and the trade-mark GITANE” in Canada during the Relevant Period. I note that the first six invoices, pre-bankruptcy, show sales of “Gitane Pegasus” by the Registrant in quantities of one to four bicycles. The seventh invoice shows a sale of one “Gitane Pegasus” bicycle amongst a total of four bicycle

sales from the Registrant to a company named Midland Liquidators Ltd, while the eighth invoice shows the sale of 708 bicycles, 109 of which are for “Gitane Pegasus”, from the Registrant to a company named Maynards Auctioneers Liquidators.

- Exhibit C consists of three photographs, which Mr. Chivu identifies as being of a PEGASUS bicycle representative of the bicycles sold by the Registrant as shown in the Exhibit B invoices. I note that the Mark appears on the crossbar of the bicycle and that the word GITANE appears separately on the diagonal or down tube of the bicycle.

### Requesting Party Submissions

[10] The Requesting Party submits that none of the evidence constitutes use of the Mark that accrues to the Registrant under section 4 of the Act. In this respect, the Requesting Party asserts that the evidence shows the Mark always presented in conjunction with the trade-mark GITANE: on the Exhibit B invoices, the description reads “Gitane Pegasus”, and both GITANE and PEGASUS appear on the bicycle frame in the Exhibit C pictures. However, the Requesting Party identifies Cycleurope Industries SA (Cycleurope), a company located in France, as the owner of registered trade-mark TMA198,234 for GITANE in association with bicycles and related wares, amongst other associated GITANE marks. Accordingly, the Requesting Party submits that the Registrant’s evidence indicates that it is a mere retailer, distributor or importer in Canada of GITANE bicycles, one model of which is named PEGASUS.

[11] I would agree with the Current Owner that the Requesting Party is precluded from introducing evidence as to the ownership of alleged third party trade-marks in this proceeding [per *Fairweather Ltd v Canada (Registrar of Trade-marks)* (2006), 58 CPR (4th) 50 (FC); aff’d (2007) 62 CPR (4th) 266]. In any event, section 45 proceedings are not intended to provide an alternative to the usual *inter partes* attack on a trade-mark [*United Grain Growers v Lang Michener* (2001), 12 CPR (4th) 89 (FCA)]. As noted by the Federal Court of Appeal in *Ridout & Maybee LLP v Omega SA* (2005), 43 CPR (4th) 18 (FCA), the validity of the registration is not in dispute in section 45 proceedings. Issues of ownership are more properly dealt with by way of application to the Federal Court pursuant to section 57 of the Act. As such, the nature of the Registrant’s relationship to Cycleurope, if any, is beyond the scope of this proceeding.

[12] As for the appearance of both GITANE and PEGASUS on the bicycles, as noted above, I find that the placement of the Mark, on a separate part of the bicycle, distinguishes it from the word GITANE. As such, the present case is similar to *AW Allen Ltd v Canada (Registrar of Trade Marks)* (1985), 6 CPR (3d) 270 (FCTD), where it was noted that “the law is also quite clear that there is nothing to prevent two registered trade marks being used at the same time” [at para 9].

[13] Although Mr. Chivu provides no information regarding the total volume of sales by the Registrant, he does provide invoices showing sales of bicycles by the Registrant in Canada during the Relevant Period and exhibits demonstrating how the Mark was displayed on the bicycles in the course of such sales. This is sufficient to meet the registrant’s *prima facie* burden to demonstrate use of the Mark pursuant to sections 4 and 45 of the Act.

[14] As noted by the Current Owner in its written representations, the Requesting Party does not allege that the bicycle sales that occurred before the Registrant’s bankruptcy were not in the normal course of trade. Accordingly, the evidence with respect to such pre-bankruptcy sales is sufficient to maintain the subject registration with respect to “bicycles”. However, as the Requesting Party made substantial submissions with respect to the two post-bankruptcy sales, I consider it appropriate to address such sales presently.

[15] In this respect, the Requesting Party submits that any bicycle sales made as part of the Registrant’s bankruptcy proceeding do not constitute use of the Mark by the Registrant pursuant to section 4 of the Act as they did not occur “in the normal course of trade”. In particular, the Requesting Party submits the following:

- section 4 of the Act contemplates a continuity of transaction beginning with the manufacturer and ending with the consumer; the bankruptcy of the Registrant severs that continuity;
- the distribution of the Registrant’s assets, including the bicycles, is an entirely new activity governed by the Receivership Order and the provisions of the *Bankruptcy and Insolvency Act* (BIA); it is not a continuation of the Registrant’s “normal course of trade”; and

- pursuant to the Receivership Order and the BIA, all property rights in the bicycles after November 9, 2009 vested in the Receiver, not the Registrant; therefore, any sales of the bicycles after that date were by the Receiver and for the benefit of the Registrant's creditors, not the Registrant.

[16] I would note that the Requesting Party provides no authority that clearly states that sales in bankruptcy are, by definition, not "in the normal course of trade" for purposes of section 4 of the Act. On the other hand, it has frequently been observed that section 45 proceedings are not intended to resolve complex issues [see *Barrigar & Oyen v Canada (Registrar of Trade Marks)* (1994), 54 CPR (3d) 509 (FCTD)].

[17] Nevertheless, having reviewed the parties' submissions, I would agree with the Current Owner's characterization that such sales are done by a receiver on behalf of, or in the shoes of, the registered owner. As the Current Owner notes, the post-bankruptcy sales went forward under the Registrant's name and invoice. That the sales were to liquidators in the context of a bankruptcy proceeding is, in my view, irrelevant to the question of whether they were done "in the normal course of trade" within the meaning of section 4 of the Act. Alternatively, but with the same result, it may be appropriate to view the Receivership Order and Certificate of Appointment as akin to an assignment of the Mark, with subsequent sales by the Receiver as being "in the normal course of trade" for purposes of sections 4 and 45 of the Act.

[18] In my view, either of these approaches is more consistent with the summary and expeditious nature of section 45 proceedings, as well as cases where bankruptcy has been found to constitute special circumstances excusing non-use of a trade-mark [see, for example: *Burke-Robertson v Swan Recreational Products Ltd* (1990), 33 CPR (3d) 56 (TMOB); *Lapointe Rosenstein v Maxwell Taylor's Grill Inc* (2001), 19 CPR (4th) 263 (TMOB)]. It would be an odd result to maintain registrations in such cases, but expunge in cases such as the present one where there is actually evidence of continued sales, albeit in bankruptcy.

[19] In view of the foregoing, I am satisfied that the Registrant has demonstrated use of the Mark in association with bicycles during the Relevant Period within the meaning of sections 4 and 45 of the Act.

Disposition

[20] In view of the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with the provisions of section 45 of the Act, the registration will be amended to delete the following wares: scooters, skateboards.

[21] Accordingly, the amended statement of wares will read as follows: “bicycles”.

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Andrew Bene  
Hearing Officer  
Trade-marks Opposition Board  
Canadian Intellectual Property Office