



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

**Citation: 2015 TMOB 57**  
**Date of Decision: 2015-03-30**

**IN THE MATTER OF A SECTION 45 PROCEEDING  
requested by McKay-Carey & Company against  
registration No. TMA677,260 for the trade-mark CO-  
AUTO & Design in the name of Co-Auto Co-Operative  
Inc.**

[1] At the request of McKay-Carey & Company (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 June 10, 2013 to Co-Auto Co-Operative Inc. (the Owner), the registered owner of registration No. TMA677,260 for the trade-mark CO-AUTO & Design (the Mark), shown below:



[2] The Mark is registered in association with “Repair services, namely automobile collision and body repairs”.

[3] The notice required the Owner to furnish evidence showing that the Mark was in use in Canada, in association with each of the services specified in the registration, at any time between June 10, 2010 and June 10, 2013. If the Mark had not been so used, the Owner was required to

furnish evidence providing the date when the Mark was last used and the reasons for the absence of use since that date.

[4] The relevant definition of use with respect to services is set out in section 4(2) of the Act as follows:

4(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.

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of section 45 proceedings [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)]. Although evidentiary overkill is not required [*Union Electric Supply Co Ltd v Registrar of Trade Marks* (1982), 63 CPR (2d) 56 (FCTD)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with each of the services specified in the registration during the relevant period. For services, the display of the Mark on advertising is sufficient to meet the requirements of section 4(2) when the trade-mark owner is offering and prepared to perform those services in Canada [*Wenward (Canada) Ltd v Dynaturf Co* (1976), 28 CPR (2d) 20 (TMOB)].

[6] In response to the Registrar's notice, the Owner furnished the affidavit of Thomas Langton, President and CEO of the Owner, sworn on September 9, 2013. Both parties filed written representations and were represented at an oral hearing held on November 26, 2014.

#### The Owner's Evidence

[7] In his affidavit, Mr. Langton attests that the Owner is a co-operative in the automotive industry, whose mission is to offer car and truck dealers a marketplace for purchasing parts and accessories and automotive services at lower prices. He states that the Owner has become known as a national buying group throughout Canada, "for its success in passing significant savings to its members through competitive pricing, advantageous rebate programs and profit sharing." He states that the Owner provides services to approximately 1400 new car and truck dealerships across Canada and is considered to be one of the largest co-operatives serving automobile and truck dealerships in Canada.

[8] With respect to the registered services, Mr. Langton attests that in or around 2006, the Owner created a network of car and truck dealerships that offered repair services including automobile collision and body repair services. He confirms that the Owner does not provide repair services itself; rather, he attests that the Owner's member suppliers provided repair services at discounted rates to others in association with the Mark. He confirms that such services were provided in accordance with a license agreement between the Owner and the supplier, such that the supplier was granted a limited license to use the Mark only as permitted by the license agreement and only in association with the performance of the registered services. As discussed below, however, it is unclear whether any such licenses were in force during the relevant period.

[9] Nevertheless, Mr. Langton attests that, since 2010, annual sales figures associated with the Owner's co-op business were approximately \$91 million, for which he estimates "sales associated with automobile collision and body repair services specifically to represent approximately 18% of total sales on an annual basis." Unfortunately, it is not clear how he arrives at this percentage or whether any such "sales" were associated with the Mark as registered. Additionally, he provides no evidence of actual performance of repair services by any of its members, such as in the form of invoices to customers or accountings to the Owner.

[10] In his affidavit, Mr. Langton discusses the Owner's "Membership and Supplier Programs" at length, and provides numerous exhibits. However, I agree with the Requesting Party that the bulk of the evidence is irrelevant to the present proceedings, as it primarily relates to the Owner's parts and accessories discount services, and not to the registered "repair services".

[11] Furthermore, I note that much of the evidence relates to a variation of the Mark that omits the maple leaves and the "Dealership Collision Network" and "Drive Away Assured" phrases around the central Co-Auto design.

[12] Even if I were to consider display of the central Co-Auto design as constituting display of the Mark as registered, the issue is moot because any display of this variation does not appear to be in association with any actual performance or advertisement of the services as registered during the relevant period.

[13] For example, attached to Mr. Langton's affidavit are Exhibits E1 to E5, which he attests are excerpts of various catalogues, brochures and other promotional materials made available to members and prospective customers during the relevant period. However, these catalogues are essentially advertisements for goods such as motor oil, cleaning products and other automotive-related products. If these catalogues and the like advertise "repair services", how they do so is not self-evident.

[14] Although the variation of the Mark is displayed at the top of a "Preferred Supplier Index" (at Exhibit E-3), I do not consider such display as being in association with the registered services. The supplier index lists numerous suppliers organized by category, including "Parts and Service", "sales/F&I", "Body Shop", "Building Maintenance", "PDI Clean Up" and "Office". The note under the title states that "To take advantage of products and services offered by any of the following suppliers please contact them directly using the contact information provided." Accordingly, at best the service provided by the Owner through these materials appears to be in the nature of a membership or a listing service.

[15] Although the evidence furnished is voluminous, it is conspicuously lacking in precision regarding the registered services. The reason for this is perhaps found at paragraph 45 of Mr. Langton's affidavit, where he elaborates on the evolution of the Owner's network after 2006. After noting that the Owner began using the aforementioned variation of the Mark, he states the following:

In subsequent years, it became clear that the service offering provided in conjunction with or under the Program/Network either did not adequately meet the expectations of Co-Auto members or required a significant re-evaluation to be more successful from a business perspective. A decision was made to reassess and redesign the entire Program and Network to include a service offering that would be more appealing to Co-Auto members and prospective service suppliers. During this period, collision and repair services continued to be offered by Co-Auto suppliers to Co-Auto members *but not specifically through the Co-Auto Program/Network*. The Network and Program were not forgotten or abandoned but were simply being redesigned. [emphasis added]

[16] Mr. Langton does not specify the duration of this period. It would appear that this period in which members were not offering repair services in association with the Mark began at some point in 2007 or 2008 and persisted until the date of Mr. Langton's affidavit. Although Mr. Langton describes at length the Owner's efforts to revive and reform a new "Co-Auto Collision

Services Network Program” as of some point in 2012, he crucially does not attest to any actual services having been performed in association with the Mark during the relevant period.

[17] He does provide, at Exhibit F-4, photographs of two signs displaying the Mark, which he identifies as being displayed at two member locations in Ontario. He attests that both signs have been displayed at these member premises since approximately 2006 and “continue to be displayed at these locations today”.

[18] However, notwithstanding that repair services may have been conducted where these signs were displayed, the signs were not displayed by the Owner. As such, whether any such use of the Mark enures to the benefit of the Owner is subject to section 50 of the Act. Unfortunately, per paragraph 45 of his affidavit, reproduced above, it would appear that while members may have continued to perform repair services, they were not done so pursuant to the members’ agreements with the Owner. As such, even if I were to infer that these two members performed repair services during the relevant period, I do not consider the Owner to have had direct or indirect control of the character or quality of the services performed during the period in accordance with section 50(1). As such, the merely coincidental display of those signs bearing the Mark does not constitute use of the Mark in association with “repair services” enuring to the benefit of the Owner.

[19] In view of all of the foregoing, I am not satisfied that the Owner has demonstrated use of the Mark during the relevant period within the meaning of sections 4 and 45 of the Act.

#### Special Circumstances

[20] I will turn now to the question of whether, pursuant to section 45(3) of the Act, there were special circumstances which excuse non-use of the Mark with respect to the registered repair services.

[21] The general rule is that absence of use will be penalized by expungement, but there may be an exception where the absence of use is due to special circumstances [*Smart & Biggar v Scott Paper Ltd* (2008), 65 CPR (4th) 303 (FCA) at para 22]. To determine whether special circumstances have been demonstrated, the Registrar must first determine, in light of the

evidence, why in fact the trade-mark was not used during the relevant period. Second, the Registrar must determine whether these reasons for non-use constitute special circumstances [per *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]. The Federal Court has held that special circumstances mean circumstances or reasons that are unusual, uncommon, or exceptional [*John Labatt Ltd v The Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD) at 123].

[22] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such special circumstances *excuse* the period of non-use. This involves the consideration of three criteria: (1) the length of time during which the trade-mark has not been in use; (2) whether the reasons for non-use were beyond the control of the registered owner; and (3) whether there exists a serious intention to shortly resume use [per *Harris Knitting, supra*].

[23] The Federal Court of Appeal offered further clarification with respect to the interpretation of the second criterion, with the determination that this aspect must be satisfied in order for there to be a finding of special circumstances excusing non-use of a trade-mark [*Scott Paper Ltd, supra*]. In other words, the other two criteria are relevant but, considered by themselves in isolation, they cannot constitute special circumstances excusing non-use. Further, the intent to resume use must be substantiated by the evidence [see *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD); *NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 (FCTD)].

[24] In its written representations, the Owner acknowledges that at some point between 2007 and 2011, the Owner “recognized that the Program/Network may not have adequately met the expectations of Co-Auto members and was not as successful as Co-Auto had hoped from a financial perspective.” It notes that this recognition “coincides with the Great Recession, the global economic decline in late 2008.”

[25] In view of its submissions, it would appear that the Owner’s position is that the reason for non-use of the Mark was the decision to re-tool the Owner’s network program offered in association with the Mark in light of inadequate financial performance. However, it has been held that unfavourable market conditions and voluntary business decisions are not the sort of

unusual, uncommon, or exceptional circumstances that constitute special circumstances [see *Harris Knitting, supra*; *Lander Co Canada Ltd v Alex E Macrae & Co* (1993), 46 CPR (3d) 417 (FCTD)].

[26] In view of the foregoing, I conclude that the Owner has not demonstrated special circumstances in this case.

[27] In the alternative, I will nonetheless discuss whether the reasons for non-use in this case could constitute special circumstances excusing the non-use in view of the three criteria set out by the Federal Court of Appeal [per *Harris Knitting, supra*].

[28] First, with respect to whether the Owner has demonstrated a serious intention to resume use, Mr. Langton attests that the Owner's "refreshed Dealership Collision Network" was launched in the spring of 2013. He attests that by the end of the first week of June 2013, the Owner had already received at least four executed agreements from interested members. However, he attests that this improved network was planned, discussed and designed well before the issuance of the section 45 notice in this case, starting as early as spring 2012. He further asserts that the Mark "has since actually been used in association with collision and body repair services as part of Co-Auto's new and improved Network/Program."

[29] Although the Requesting Party notes that the documents furnished in support of these assertions have been heavily redacted (at Exhibits G, H and I), I accept at face value Mr. Langton's assertion that the network has been re-launched with at least four members. It is less clear as to whether repair services have actually been performed in association with the Mark as registered; although the signs displaying the Mark (as shown in Exhibit F-4) continue to be displayed at two repair shops, it is not stated whether those two are among the members of the new network.

[30] In any event, as noted above, it is insufficient to only show a serious intention to resume use. With respect to the second criterion, and in line with the reasoning above that such business decisions do not constitute circumstances that are "unusual, uncommon, or exceptional", a voluntary business decision is not beyond the Owner's control [see *Lander, supra*]. This is especially evident given the duration of non-use of the Mark; at best, the registered repair

services were last performed in association with the Mark in 2006. Accordingly, this constitutes a lengthy period of non-use of approximately six to seven years, during which time the Owner did not use the Mark in association with the registered services. At paragraph 48 of his affidavit, and as highlighted by the Requesting Party, Mr. Langton references separate proceedings before the Trade-marks Opposition Board, coinciding with the Owner's impetus to "refresh" the network in 2012. This would further indicate that the persistent non-use through 2011 was not actually beyond the Owner's control.

[31] As such, I am not satisfied that the Owner has established that the reasons for non-use were beyond its control. Therefore, even if I were to conclude that the reasons for non-use shown by the evidence constituted special circumstances, I would not be satisfied that the circumstances excused the non-use in this case.

#### Disposition

[32] In view of all 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 expunged from the register.

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