



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

Citation: 2014 TMOB 280
Date of Decision: 2014-12-17

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by Morrison Brown Sosnovitch LLP against
registration No. TMA629,608 for the trade-mark
ECOBED in the name of Jax and Bones Inc.**

[1] This is a decision involving a summary expungement proceeding with respect to registration No. TMA629,608 for the trade-mark ECOBED owned by Jax and Bones Inc.

[2] The subject trade-mark is registered for use in association with “pet beds”.

[3] For the reasons that follow, I conclude that the registration ought to be expunged.

The Proceeding

[4] On May 30, 2012, at the request of Morrison Brown Sosnovitch LLP (the Requesting Party), the Registrar of Trade-marks sent a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) to Rory Carr, the name recorded as the owner of the registration on the trade-mark register at that time.

[5] The notice required the registered owner to provide evidence showing that it had used the trade-mark ECOBED (the Mark) in Canada, at any time between May 30, 2009 and May 30, 2012 (the relevant period), in association with the goods specified in the registration. If the trade-mark had not been so used, the registered owner was required to furnish evidence

providing the date when the trade-mark was last in use and the reasons for the absence of use since that date.

[6] Subsequent to the issuance of the section 45 notice, an assignment of the Mark to Jax and Bones Inc. was filed with the Registrar. The assignment document indicates that Jax and Bones Inc. acquired the Mark on November 30, 2011. The assignment was filed with the Registrar on June 20, 2012 and recorded on the register on October 1, 2012.

[7] In this case, the use of the Mark in association with the registered goods is governed by section 4(1) of the Act, which reads:

A trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

[8] 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 clearing the register of “deadwood”. Mere claims of use are insufficient to show the use of the trade-mark, and ambiguities in evidence are to be interpreted against the interests of the registered owner [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)].

[9] In response to the Registrar’s notice, the Registrant provided the affidavit of Tina Nguyen, sworn December 31, 2012, together with Exhibits A through D.

[10] Only the requesting party filed written representations. An oral hearing was not conducted.

The Evidence

[11] In her affidavit, Ms. Nguyen states that she is the President of Jax and Bones, Inc. (Jax), the current owner of the Mark. She indicates that she has held the position of President of Jax since its incorporation in California in 2004.

[12] Ms. Nguyen further attests that Jax acquired title to the subject trade-mark pursuant to a Trade-mark Assignment dated November 30, 2011, a copy of which she attaches as Exhibit A to her affidavit. As I have previously confirmed upon review of the file, Ms. Nguyen explains that the assignment was filed with the Registrar on June 20, 2012 and recorded on the Register on October 1, 2012. The assignment is not at issue in this proceeding.

[13] Ms. Nguyen describes Jax as a small American based company involved in the international wholesale and on-line retail sale of specialty pet products including pet beds. She states that since Jax is a young company in a high growth stage, its resources have been focused primarily on the larger U.S. market, with Canada now designated as its next target market.

[14] Ms. Nguyen then indicates that while a Declaration of Use for the subject registration had been filed by the previous owner on December 6, 2004, she has no knowledge of the predecessor's use of the Mark from that date to the date of the assignment to Jax. However, Ms. Nguyen attests that Jax has had sales in Canada of pet products, including pet beds, from November 2011 to the date of swearing of her affidavit amounting to CDN\$50,000. She attaches as Exhibit C to her affidavit, a representative invoice showing products sold to Canadian consumers.

[15] Due to its recent acquisition of the rights to the Mark, Ms. Nguyen explains, Jax has not yet used the Mark in commerce in Canada. She attests however, that Jax fully intends to commence such use by mid-2013. In this regard, she further attests that in early December (presumably referring to December, 2012, as per *Plough, supra*), Jax finalized additional distribution agreements in Canada and has taken steps to produce new labels using the Mark.

[16] With respect to labelling of the goods, Ms. Nguyen attaches as Exhibit D to her affidavit, a sample of the current hang tags being used on pet beds, along with a photograph showing how the hang tag is attached to the goods. The Mark does not appear on these hang tags. Ms. Nguyen explains that the Mark will be clearly printed on similar hang tags and attached to pet beds in the same way as shown in this exhibit, for ultimate sales in Canada and the U.S. She attests that rather than incurring costs in expedited printing and re-labeling of all existing products, Jax made the "frugal business decision" to first deplete its existing stock of relevant product using the old hang tags.

Analysis and Reasons for Decision

[17] It is clear from the evidence, that no use of the Mark in Canada during the relevant period has been shown. Thus, the determination to be made is whether there existed special circumstances that would excuse the absence of use during that time.

[18] A determination of whether there are special circumstances that excuse the absence of use involves the consideration of three criteria, as set out in *Registrar of Trade-marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA). The first criterion is the length of time during which the trade-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.

[19] The decision in *Smart & Biggar v Scott Paper Ltd* (2008), 65 CPR (4th) 303 (FCA) offered further clarification with respect to the interpretation of the special circumstances criteria in *Harris Knitting*. In particular, the Court determined that the second criterion must be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. In other words, the other two factors are relevant but, considered by themselves in isolation, cannot constitute special circumstances.

[20] The relevance of the first criterion is apparent, as reasons that may excuse a brief period of non-use may not excuse an extended period of non-use; in other words, the reasons for non-use will be weighed against the length of period of non-use [*Harris Knitting, supra; Re: Goldwell* (1974), 29 CPR (2d) 110 (RTM)]. Furthermore, with respect to the second criterion, circumstances of non-use must be those which do not exist in the majority of cases involving non-use or, likewise, must be “circumstances that are unusual, uncommon or exceptional” [see *John Labatt Ltd v The Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)]. In any event, the intent to resume use must be substantiated by the evidence [*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)].

[21] When a date of last use is not provided, as is in the present case, generally the date of registration or the date of assignment of the trade-mark to the current owner will be used [*Cassels Brock & Blackwell LLP v Montorsi Francesco e Figli-SpA* (2004), 35 CPR (4th) 35

(TMOB); *Sim & McBurney v Hugo Boss AG* (1996), 67 CPR (3d) 269 (TMOB); *GPS (UK) v Rainbow Jean Co* (1994), 58 CPR (3d) 535 (TMOB)]. While the Mark was registered on January 6, 2005, it has been considered an overly technical approach to require a new registered owner to justify an absence of use of the mark by its predecessor [see *GPS (UK)*, *supra*; *Scott Paper Co v Lander Co Canada Ltd* (1996), 67 (3d) 274 (TMOB)]. I consider this approach to be reasonable in the present case, as Ms. Nguyen has clearly attested that she has no knowledge of the former owner's use of the Mark. Thus, the period of non-use to be accounted for in the present case, due to the recent assignment of the Mark in November 2011, is approximately six months.

[22] With respect to the reasons for non-use and whether they are excusable, it has been held that a recent assignment sometimes excuses a short absence of use, but an assignment *per se* does not constitute special circumstances [*Taogosei Co v Servicios Corporativos De Administracion GMZ, SA De CV* (1999), 3 CPR (4th) 275 (TMOB)].

[23] There are a number of cases wherein a recent assignment or the acquisition of a trade-mark during the relevant period was held to excuse non-use, as it was reasonable in those cases to assume that the new owner would need some time to make arrangements concerning the use of a newly acquired trade-mark [see for example *Baker & McKenzie v Garfield's Fashions Ltd* (1993), 52 CPR (3d) 274 (TMOB); *Scott Paper Co v Lander Co Canada Ltd* (1996), 67 CPR (3d) 274 (TMOB); *Sim & McBurney v Hugo Boss AG* (1996), 67 CPR (3d) 269 (TMOB); *IPC – Intellectual Property Centre v Nada Fashion Designs Inc*, 2010 TMOB 109 (CanLII); and *Hudson's Bay Co v Bombay & Co Inc*, 2013 TMOB 159]. More particularly in these cases however, the reasons for non-use were not merely due to the recent acquisition of the trade-mark; regard was also given to individual circumstances deemed beyond the control of the registered owner which reasonably affected the timing of the reintroduction of the goods associated with the trade-mark at issue. For example, difficulties in finding the necessary financing to re-launch the product line, technical difficulties in manufacturing, or difficulties in finding a suitable supplier, etc. In each case, active steps were taken to resume use prior to the date of the section 45 notice. Furthermore, in many of these cases, the evidence concluded with actual post-notice sales, which reaffirmed the ongoing efforts and genuine intention of the owners to resume use of their recently acquired trade-marks.

[24] In the present case, while the Mark was acquired only six months prior to the date of the section 45 notice, as submitted by the Requesting Party, the reason for non-use was based upon financial considerations and the additional costs for printing and re-labeling all existing products. The Requesting Party submits that these circumstances do not constitute special and unusual circumstances beyond the registered owner's control. I agree. In Ms. Nguyen's own words, the registered owner made the "frugal business decision" to first deplete its existing stock of pet beds using the old hang tags. There is no indication that the printing and re-labeling would have been cost prohibitive, nor are reasons provided as to why the registered owner would necessarily have to re-label all existing products. Furthermore, the evidence shows that the registered owner had an existing market for sales in the goods in Canada. This appears to have been a voluntary decision on behalf of the registered owner, and therefore, not a circumstance that was beyond its control. As per *Harris Knitting, supra* at page 493, it is difficult to see why an absence of use due solely to a deliberate decision by the owner of a trade-mark would be excused.

[25] Furthermore, this is not a situation comparable to the above noted cases involving recently acquired trade-marks. In the present case, it is not clear from the evidence that active steps were taken prior to the date of the section 45 notice to resume use. The evidence in this regard is vague and ambiguous, as Ms. Nguyen only states that in December (that is nearly seven months after the date of the section 45 notice, and 13 months following Jax's acquisition of the Mark), Jax finalized additional distribution agreements in Canada and has also taken steps to produce new labels using the Mark. Ms. Nguyen does not provide any further details regarding the distribution agreements or what steps in particular were taken with respect to obtaining new labels.

[26] Lastly, while Ms. Nguyen states that the registered owner fully intends to resume use by mid-2013, I note that this date would be nearly 19 months after the acquisition of the Mark. Yet the evidence shows that the registered owner was fully able to sell pet beds in Canada during that time, but made a voluntary business decision not to use the Mark on any of the pet beds it sold.

[27] Having regard to the foregoing, I cannot conclude that the reasons for the absence of use are such that an exception ought to be made to the general rule that the registration of a mark that is not in use should be expunged.

Disposition

[28] Accordingly, pursuant to the authority delegated to me under section 63(3) of the Act, the registration will be expunged in compliance with the provisions of section 45 of the Act.

Kathryn Barnett
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office