



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

Citation: 2017 TMOB 36
Date of Decision: 2017-04-24

IN THE MATTER OF A SECTION 45 PROCEEDING

Riches, McKenzie & Herbert LLP

Requesting Party

and

Cosmetic Warriors Limited

Registered Owner

TMA649,810 for LUSH

Registration

[1] At the request of Riches, McKenzie & Herbert LLP (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 September 10, 2014, to Cosmetic Warriors Limited (the Owner), the registered owner of registration No. TMA649,810 for the trade-mark LUSH (the Mark).

[2] The Mark is registered for use in association with the following goods: “Clothing, namely, t-shirts.”

[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 goods 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 the trade-mark was last used and the reason for the absence of such use since that date. In this case, the relevant period for showing use is between September 10, 2011 and September 10, 2014.

[4] The relevant definitions of “use” in association with goods are set out in sections 4(1) and 4(3) of the Act as follows:

4(1) 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.

...

4(3) A trade-mark that is marked in Canada on goods or on the packages in which they are contained is, when the goods are exported from Canada, deemed to be used in Canada in association with those goods.

[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 the threshold for establishing use is quite low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD)], and 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 goods specified in the registration during the relevant period [*John Labatt Ltd v Rainer Brewing Co et al* (1984), 80 CPR (2d) 228 (FCA)].

[6] In response to the Registrar's notice, the Owner furnished the affidavit of Brandi Halls, sworn on April 9, 2015. Both parties filed written representations and were represented at a hearing held on December 2, 2016.

Evidence

[7] In her affidavit, Ms. Halls identifies herself as the Director of Brand Communications at Lush Handmade Cosmetics, Ltd. (Lush Canada). She attests that the Owner is a cosmetics company that operates through its licensees worldwide, and that Lush Canada is its Canadian licensee. She states that Lush Canada operates retail outlets and online stores to offer a range of clothing and personal care products as well as health and beauty care consulting and counseling services. In particular, she attests that Lush Canada is responsible for the manufacture of all LUSH-branded products, including t-shirts, for sale in Canada and the United States. She further states that the Owner controls the character and quality of such goods offered in association with the Mark.

[8] Ms. Halls attests that Lush retail stores have operated in Canada since 1996 and that, as

of July 2014, Lush Canada operates over 200 stores in North America, including 46 in Canada.

[9] With respect to the registered goods, “t-shirts”, Ms. Halls attests that Lush retail store employees wear clothing bearing the Mark as part of their uniform. This includes t-shirts, tank tops, sweatshirts and aprons.

[10] In addition to being part of the employee uniform, she explains that LUSH-branded clothing is available to Lush retail store employees for purchase and that “employees also purchase clothing displaying the LUSH mark as gifts for family and friends”.

[11] Ms. Halls explains that the LUSH-branded t-shirts sold by Lush Canada are made under contract by Ethical Profiling Ltd., which she describes as an “eco-friendly custom manufacturer of environmentally promotional products, located in Vancouver, British Columbia, and supplied to Lush Canada for sale and distribution”, as described above. She confirms that the Owner, through Lush Canada, controls the character and quality of such t-shirts. She further explains that Lush Canada “regularly orders clothing bearing the LUSH mark from Ethical Profiling” and that, once manufactured, the shirts are delivered to Lush Canada’s Vancouver facility and that, “in limited circumstances and at the direction of Lush Canada”, deliveries are also directed to Denver, Colorado.

[12] With respect to sales, Ms. Halls indicates that sales of LUSH t-shirts to the Owner’s Canadian employees from February 2013 to August 2014 were in excess of CAD\$1200. With respect to sales of such t-shirts to the Owner’s U.S. employees for the same period, she attests that sales exceeded USD\$2900.

[13] Ms. Halls also provides sales figures for LUSH tank tops during the same period, being in excess of CDN\$700 to Canadian employees and in excess of USD\$1700 to U.S. employees. Ms. Halls confirms that such shirts were shipped from Lush Canada’s facilities in Vancouver.

[14] Finally, Ms. Halls attests to sales of other LUSH-branded t-shirts, meant to promote campaigns consistent with the Owner’s “commitment to the environment and environmentalism”. For example, she attests that LUSH-branded t-shirts were sold to promote the Owner’s “Fight Animal Testing” campaign in 2014.

[15] In support, Ms Hall attaches the following exhibits to her affidavit:

- Exhibit B consists of three photographs that Ms. Halls attests are representative images showing Lush retail store employees wearing clothing bearing the Mark. I note that the Mark is visible on some of the clothing items, including t-shirts. The first photograph shows an employee wearing a t-shirt displaying the Mark on the front of the shirt, above the words “FRESH HANDMADE COSMETICS”, which are in a smaller font than the Mark. The other two photographs show employees wearing t-shirts that display the Mark as part of a logo with the same words below the Mark, albeit with the word “FRESH” being the same size font.
- Exhibit C consists of two photographs of t-shirts that Ms. Halls attests have been available for purchase since at least as early as 2013. One of the shirts corresponds with the t-shirt shown in the first photograph of Exhibit B. The other shirt displays the variation of the LUSH FRESH HOMEMADE COSMETICS logo, albeit on the front of the shirt.
- Exhibit D is a photograph of two tank tops that Ms. Halls attests have been available for purchase since at least as early as 2013. On both tops, the Mark appears above the words “FRESH HANDMADE COSMETICS”.
- Exhibit E is a spreadsheet that Ms. Halls attests summarizes purchases of LUSH t-shirts and tank tops by the Owner’s employees from February 2013 to August 2014. The spreadsheet lists hundreds of transactions, some of which appear to have been made to locations in the United States.
- Exhibits F and G consist of several invoices that Ms. Halls attests are representative of sales of LUSH products, including the aforementioned LUSH t-shirts and tank tops, from Lush Canada to the Owner’s Canadian and U.S. employees, respectively, from February 2013 to July 2014.
- Exhibit H consists of two photographs of t-shirts that Ms. Halls attests were sold to promote the Owner’s “Fight Animal Testing” campaign in 2014. The LUSH FRESH

HOMEMADE COSMETICS logo appears on the sleeve of the t-shirts.

- Exhibit I consists of several invoices that Ms. Halls attests were issued by Ethical Profiling to Lush Canada from February 2012 to September 2014 with respect to “clothing, including t-shirts and tank tops bearing the LUSH mark, and other LUSH promotional products” for shipment to Vancouver and Denver.

Analysis - Display of the Mark

[16] As a preliminary matter, I accept that the two versions of the LUSH FRESH HOMEMADE COSMETICS logo appearing on the t-shirts, described above, both constitute display of the Mark as registered. First, with respect to the Requesting Party’s suggestion that the display of such LUSH logos on the t-shirts did not serve to distinguish the Owner’s t-shirts (in part because the Owner is a cosmetics company, rather than a clothing company), I note that the jurisprudence is clear that such an inquiry is beyond the scope of a section 45 proceeding. Section 4(1) of the Act is clear that display of a trade-mark on a good at the time of transfer is deemed use of that trade-mark; embarking on an inquiry as to whether the trade-mark actually distinguished such goods from the goods of others is not the function of the Registrar in a section 45 summary cancellation proceeding [see *United Grain Growers Ltd v Lang Michener* (2001), 12 CPR (4th) 89 (FCA)].

[17] Second, in applying the principles set out by the Federal Court of Appeal [per *Canada (Registrar of Trade Marks) v Cie International pour l’informatique CII Honeywell Bull SA* (1985), 4 CPR (3d) 523 (FCA) and *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA)], I accept that the dominant feature of the Mark, being the word LUSH, is retained on the front and sleeves of the evidenced t-shirts. In the context of the Owner’s business and the Lush store name, the addition of the descriptive words FRESH HOMEMADE COSMETICS below the Mark is, in my view, a minor deviation.

Analysis – Use of the Mark

[18] At the hearing, the Requesting Party further submitted that the evidence is insufficient to demonstrate the Owner’s use of the Mark in association with the registered goods in the normal

course of trade. In particular, the Requesting Party drew attention to the fact that the affiant tends to describe the Owner's t-shirts as "promotional" goods, and that the only evidence of transfers are in the form of low volume sales to store employees. Furthermore, it notes that the exhibited invoices from the Owner's supplier and the invoices to the employee purchasers would suggest that any LUSH t-shirts were sold at cost, rather than for a profit.

[19] It has been held that the free distribution of a good merely to promote one's own brand does not constitute a transfer in the normal course of trade [see, for example, *Smart & Biggar v Sutter Hill Corp*, 2012 TMOB 121, 103 CPR (4th) 128; and *Riches, McKenzie & Herbert LLP v Park Pontiac Buick GMC Ltd* (2005), 50 CPR (4th) 391 (TMOB)]. For the free distribution of a good to qualify as a transfer in the normal course of trade, the evidence must show that the good was delivered, not merely as a means of promoting *other* products or services, but as an object of trade in itself, leading to some kind of payment or exchange for such goods [see *Canada Goose Inc v James*, 2016 TMOB 145; and *Oyen Wiggs Green v Flora Manufacturing and Distributing Ltd*, 2014 TMOB 105, 125 CPR (4th) 152].

[20] In this case, I first note that a particular volume of sales, as suggested by the Requesting Party, is not required in order to show use of a trade-mark. While the Federal Court has stated that "sales that have been found to be 'token' sales, sales to related companies, free delivery of samples, and pro-forma transfers", do not meet the requirements of "in the normal course of trade", it also stated that "the Act does not impose any requirements concerning the length or extent of use" [*JC Penney Co v Gaberdine Clothing Co* (2001), 16 CPR (4th) 151 (FCTD) at paragraph 92].

[21] Indeed, evidence of a single sale in the normal course of trade may suffice to show use of a trade-mark in association with goods. In *Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d) 289 (FCTD), the Federal Court stated that "evidence of a single sale, whether wholesale or retail, in the normal course of trade may well suffice so long as it follows the pattern of a genuine commercial transaction and is not seen as being deliberately manufactured or contrived to protect the registration of the trade mark" [at 293].

[22] Furthermore, the jurisprudence also indicates that good faith sales of goods directly to employees satisfy the "normal course of trade" requirement in section 4(1) of the Act [see

Canada Post Corp v H & K Horizons Inc (1997), 84 CPR (3d) 232 (TMOB)]. In this respect, although the t-shirts formed part of the uniform, they were not *merely* employee uniforms. Indeed, some of the exhibited invoices show sales of multiple t-shirts of various sizes, which is consistent with Ms. Halls' statement that employees also purchased LUSH-branded t-shirts for friends and family.

[23] Granted, when read together, the invoices to employees and the invoices from the Ethical Profiling do suggest that the t-shirts were sold to employees at cost. However, notwithstanding the Owner's primary business activity being in the field of personal care products and cosmetics, I accept that the LUSH-branded t-shirts were themselves objects of trade.

[24] On the "at cost" issue, I note that the Owner is not required to furnish any particular evidence in response to a section 45 notice, and that some evidence of transfers of the registered goods in association with the trade-mark is generally all that is required of a registered owner. In other words, the Owner was not required to furnish evidence of its purchase of its clothing products from its supplier, Ethical Profiling. In this case, I am not prepared to draw a negative inference against the Owner for it having done so.

[25] Despite Ms. Halls' intermittent reference to the t-shirts as "promotional" in nature, the t-shirts were also not *merely* promotional, in my view. The LUSH-branded t-shirts were sold to employees, invoices were issued, and taxes were collected from such sales. I do not consider it appropriate to expand the aforementioned jurisprudence to suggest that a registered owner needs to sell its goods strictly for monetary profit for such sales to be considered "in the normal course of trade" within the meaning of section 4(1) of the Act.

[26] The fact that, during the relevant period, the Owner appears to have exclusively sold its LUSH-branded t-shirts to its employees does not vitiate the fact that the evidenced sales themselves appear to form a pattern of genuine commercial transactions in the normal course of trade.

[27] In a similar vein, the Requesting Party drew attention to Ethical Profiling's use of the term "assorted swag" at the top of two of its invoices to Lush Canada, suggesting that "swag" essentially denoted promotional items. Again, I am not prepared to draw any negative inferences

from such vague terminology, in particular when it originates from the Owner's supplier, rather than the Owner itself.

[28] In view of the evidenced sales of LUSH-branded t-shirts in Canada described above, I am satisfied that the Owner has demonstrated use of the Mark in association with t-shirts within the meaning of sections 4 and 45 of the Act.

[29] As such, I do not find it necessary to conclude whether the evidenced sales of LUSH-branded t-shirts to employees in the U.S. constituted use of the Mark pursuant to section 4(3) of the Act. I will note that, while section 4(3) does not explicitly include the "in the normal course of trade" requirement found in section 4(1), there is some jurisprudence to indicate that the language of "export" in section 4(3) still requires some form of commercial transaction [see *Molson Companies Ltd v Moosehead Breweries Ltd* (1990), 32 CPR (3d) 363 (FCTD)].

[30] Suffice to say, in view of my conclusion above with respect to the evidenced sales to the Owner's Canadian employees, I find it difficult to conclude that similar sales and shipments to its employee purchasers in the U.S. by Lush Canada would not constitute, at a minimum, the export of the registered goods in the nature of a commercial transaction.

Disposition

[31] 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 maintained.

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

TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD

Hearing Date: 2016-12-02

Appearances

Mark Robbins For the Registered Owner

Peter W. Choe For the Requesting Party

Agents of Record

Bereskin & Parr LLP For the Registered Owner

Gowling WLG (Canada) LLP For the Requesting Party