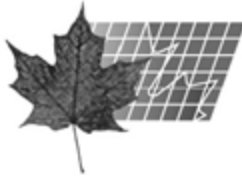


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LE REGISTRAIRE DES MARQUES DE COMMERCE  
THE REGISTRAR OF TRADE-MARKS

**Citation: 2018 TMOB 30**

**Date of Decision: 2018-03-29**

**IN THE MATTER OF A SECTION 45 PROCEEDING**

**David Michaels J.D.**

**Requesting Party**

**and**

**Michaels Stores Procurement  
Company, Inc.**

**Registered Owner**

**TMA578,207 for MICHAELS**

**Registration**

[1] This is a decision involving a summary expungement proceeding with respect to registration No. TMA578,207 for the trade-mark MICHAELS (the Mark), owned by Michaels Stores Procurement Company, Inc.

[2] The Mark is currently registered in association with the following goods and services:

Goods:

- (1) Artists' canvas for painting, drawing and sketching.
- (2) Picture frames.

Services:

- (1) Retail store services for the sale of hobby, craft and picture framing materials.

[3] For the reasons that follow, I conclude that the registration ought to be maintained in part. In particular, the registration ought to be maintained solely with respect to “picture frames” and the services “retail store services for the sale of hobby, craft and picture framing materials”.

#### THE PROCEEDING

[4] On December 8, 2015, the Registrar of Trade-marks sent a notice under section 45 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) to Michaels Stores Procurement Company, Inc. (the Owner). The notice was sent at the request of David Michaels, J.D. (the Requesting Party).

[5] The notice required the Owner to furnish evidence showing that it had used the Mark in Canada, at any time between December 8, 2012 and December 8, 2015, in association with each of the goods and services specified in the registration. If the Mark had not been so used, the Owner was required to furnish evidence providing the date when the Mark was last in use and the reasons for the absence of use since that date.

[6] The relevant definitions of use are set out in sections 4(1) and 4(2) 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.

(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.

[7] 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 FC 448, 31 CPR (4th) 270].

[8] In response to the Registrar’s notice, the Owner furnished the affidavit of Heather Morschauser, sworn March 8, 2016, together with Exhibits 1 to 6.

[9] Both parties filed written submissions and attended an oral hearing in the matter.

[10] As a preliminary matter, I note that in his written submissions, the Requesting Party makes reference to facts not in evidence. These submissions will be disregarded [*Ridout & Maybee LLP v Encore Marketing International, Inc* (2009), 72 CPR (4th) 204 (TMOB)].

#### THE EVIDENCE

[11] Ms. Morschauser is the Associate General Counsel for Michaels Stores, Inc. (MS, Inc.). She states that the Owner, as well as Michaels of Canada, ULC, are wholly-owned subsidiaries of MS, Inc. She refers to all of the above-noted entities and their respective business activities collectively as the “Michaels Business”.

[12] Ms. Morschauser attests that she has access to business records of the Michaels Business, created and kept in the ordinary course of business, that she has personal knowledge of the facts set out in her affidavit, and that references to sales and promotional figures and other business metrics have been determined from her review of the business records.

[13] Ms. Morschauser then describes the Michaels Business, operating under the name and mark MICHAELS, as the largest arts and crafts specialty retailer in North America, having approximately 100 MICHAELS stores in Canada. She attests that the normal course of trade in Canada for the Michaels Business includes providing the registered services under the Mark through retail stores which sell MICHAELS branded registered goods as well as third party goods.

[14] Ms. Morschauser attests that at all times since at least 2008, the Owner has licensed Michaels of Canada, ULC to use the Mark in association with the registered goods and services, over whose character and quality the Owner has maintained direct or indirect control. She further attests that the Mark has been used in the normal course of trade in Canada by the Owner (through the licensee) continuously from at least as early as December 8, 2012 to date, with the registered goods and services. In support of the aforementioned, she provides the following:

Exhibit 2A – representative photographs of MICHAELS branded picture frames sold by the Owner (through the licensee) in Canada during the relevant period. I note that the Mark is displayed in the form of a signature or an otherwise fanciful cursive font below another trade-mark “Studio Décor”.

Exhibit 2B – representative photographs of artists’ canvas for painting, drawing and sketching sold by the Owner (through the licensee) in Canada during the relevant period. I note that the canvas is branded “Artist’s Loft”, but bears the notation “distributed by Michael’s Stores, Inc.” together with an address.

Exhibit 3 – representative photographs of the interior and exterior of a Canadian MICHAELS retail store. The interior photographs, she explains, evidence various examples of hobby, craft, and picture framing materials being offered for sale, as well as signage or other displays of the Mark used in the performance of the services. She draws attention to a photograph of the interior wherein a staff member is wearing a MICHAELS branded vest. She confirms that this is a standard uniform for retail employees and that this (or a similar version of it) was worn by Canadian retail employees during the relevant period.

Exhibit 4 – a representative sales receipt for the purchase of picture frames and canvas. She attests that while the purchase was made after the relevant period, identical (or substantially identical) receipts were issued in the normal course for any sales of such goods as well as hobby, craft and picture framing materials by the Owner (through the licensee) in the retail stores during the relevant period. The Mark appears prominently at the top of the receipt.

Exhibit 5 – representative examples of advertisements (flyers) circulated in Canada (in print and online) for the Michaels Business during the relevant period.

Exhibit 6 – representative printouts from the website *michaels.com*, which she confirms are representative of how the Mark has been promoted to consumers, including Canadians, on the website at all times during the relevant period.

[15] In addition, Ms. Morschauer attests that based on business records, she conservatively estimates that the Owner (through the licensee) sold in excess of CAN\$150 million of various types of off-the-shelf and custom picture frames in Canada during the relevant period. She estimates that in excess of 700,000 units (totalling revenues in excess of CAN\$100 million) of those frames were branded with the Mark, as shown in Exhibit 2. She further confirms that, during the relevant period, the Owner (through the licensee) sold in excess of CAN\$20 million of various types of artists’ canvas for painting, drawing and sketching in Canada. She estimates that more than one third of these sales were of MICHAELS house brand canvas, as shown in Exhibit 2, or in circumstances where the Mark was otherwise associated with the goods such that, at the time of transfer, notice of association was given to the purchasing customer (including by way of in-store advertising per Exhibit 3, and MICHAELS branded receipts per Exhibit 4). Lastly, she estimates that the Michaels Business has enjoyed more than a billion dollars of sales in Canada under the Mark since 2013 alone.

[16] Ms. Morschauser estimates that, each year during the relevant period, Michaels Business spent CAN\$20 million on promotion of the Mark, including for the registered goods and services, through print, broadcast and online promotional efforts.

[17] Lastly, Ms. Morschauser states that business records confirm that Canadians have viewed the website *michaels.com* more than one million times a year each year during the relevant period.

#### ANALYSIS AND REASONS FOR DECISION

[18] The Requesting Party's submissions can be grouped as follows, and I will deal with each in turn:

- There is a lack of evidence of use of the Mark in any form on goods (1), "artists' canvas for painting, drawing and sketching";
- There is no evidence of sales receipts during the relevant period for either of the registered goods, or for the registered services;
- The use of a scripted signature design mark for the surname Michaels is insufficient to support the registered word Mark; and
- The use of the Mark does not enure to the benefit of the Owner.

[19] With respect to the first point above, the Requesting Party submits that the Owner has produced photos of artists' canvas showing only the "Artist's Loft" brand and that none of the specimens of packaging of artists' canvas show use of the Mark. The Requesting Party submits that the "Artist's Loft" branded canvas merely indicates that the product is "distributed by Michaels Stores, Inc.", which does not amount to use of the Mark as a trade-mark, but rather, use of a company or trade-name [citing *Illico Communication Inc c Norton Rose SENCRL*, 2015 FC 165, 2015 CarswellNat 4216, 475 FTR 186].

[20] The Owner, on the other hand, submits that while the Mark appears arguably in the context of reference to a distributor, in section 45 proceedings, it is not at issue as to whether a trade-mark is being used to distinguish. The Owner further submits that there are many additional and different ways that the Mark is brought to the consumer's attention, such as being

presented in-store, in various store isles, and on receipts, such that notice of association between the Mark and the goods is given. It cites *Loblaws Ltd v Richmond Breweries Ltd (1982)*, 73 CPR (2d) 258; and *Loblaws Ltd v Richmond Breweries Ltd (1983)*, 78 CPR (2d) 236 (TMOB), as precedent that with strong in-store branding, a trade-mark can be established as being associated with goods within the meaning of section 4 of the Act, even if it is not displayed directly on the goods themselves.

[21] The Requesting Party submits however, and I agree, that the *Loblaws* cases are distinguishable. In those cases, unlike the present case, no trade-mark appeared on the goods themselves, only a description of the product in generic terms and the quantity. Furthermore, there were significant sales of the goods in question and evidence showing the trade-mark (NO NAME) displayed prominently on the bins and shelves where the goods were displayed. The Requesting Party submits that the present situation is analogous to that of Sears selling third party goods. I agree and consider that consumers would view the artists' canvas as being associated with the "Artist's Loft" trade-mark, particularly when the packaging indicates that the product is "distributed by Michaels Stores, Inc.". Furthermore, I also agree that in this context, the appearance of "Michaels" on the packaging is use as a company name or trade-name [*Illico, supra*; and *Road Runner Trailer Manufacturing Ltd v Road Runner Trailer Co (1984)*, 1 CPR (3d) 443 (FCTD)]. Indeed, not only is "Michaels Stores" being identified as the distributor, but the word "Micheals" appears in the same size and lettering as the surrounding text; thus, the word "Michaels" used in such a manner does not stand out and does not constitute use of the Mark as registered [*Atlantica Law Group v Clutterbuck*, 2012 TMOB 165, 2012 CarswellNat 3938].

[22] Accordingly, as there is no evidence that the Mark was associated with goods (1) "artists' canvas for painting, drawing and sketching", I am unable to conclude that the Owner used the Mark in association with these goods in a manner that satisfies section 4(1) of the Act. Furthermore, as no special circumstances have been brought forth which would excuse the absence of such use, goods (1) "artists' canvas for painting, drawing and sketching", will be deleted from the registration.

[23] In addition to the aforementioned, the Requesting Party submits that there is a lack of evidence of sales receipts during the relevant period for the registered goods and services. The Requesting Party submits that to prove sales during the relevant period, a registrant needs to produce invoices showing sales of products using the trade-mark that are dated during the material period, and that the trade-mark needs to be in the item details of the invoices, not just at the top of the invoice. Further, the Requesting Party submits that not only are the sales receipts in this case dated outside of the relevant period, they appear on their face to be manufactured for the purposes of giving evidence of sales.

[24] The Owner submits, and I agree that a lack of invoices is not fatal [*Lewis Thomson & Sons Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD)]. The Owner submits that it is perfectly proper that an individual with personal knowledge provide statements of fact that collectively amount to showing use. The Owner submits that in the present case, Ms. Morschauser clearly swears that she has access to business records, and based on those records, she provides conservative sales figures. I agree that these are not bare assertions of law; they are statements of fact that support that the registered goods were sold during the relevant period. I would add that although the sales receipts are dated after the relevant period, Ms. Morschauser clearly swears “that identical (or substantially identical) receipts were issued in the normal course for any sales of the goods [...] by the Owner (through the licensee) in the retail stores during the relevant period.” As such, I accept that the evidenced sales receipts are genuine and representative of those issued during the relevant period.

[25] Furthermore, while the receipts themselves do not provide notice of association of the Mark with any of the specific goods listed therein, I accept the Mark at the top of the receipts as display of the Mark in the performance of the services.

[26] As noted above, the Requesting Party also questions whether the evidence of use of a scripted signature design mark for the surname Michaels is sufficient to support the registered word Mark. The Requesting Party submits that the signature mark is not the registered Mark and that as per the Trade-marks Examination Manual, Section IV.10.8, a signature mark is examined differently and is considered inherently distinctive.

[27] The Owner submits, and I agree, that a word mark registration generally entitles one to use any font. Furthermore, I accept that the Mark in this case has not lost its identity and remains clearly recognizable in its scripted form [see *Canada (Registrar of Trade-marks) v. Cie Internationale pour l'informatique CII Honeywell Bull, SA* (1985), CPR (3d) 523 (FCA)]. As stated in *Stikeman, Elliott v Wm Wrigley Jr Co* (2001), 14 CPR (4th) 393 (TMOB):

As clearly pointed out by the registrant, the trade-mark as registered is a word mark. No particular design or font size was registered. Consequently, in the case of a word mark, use of the trade-mark word or words in any stylized form and in any colour can be considered as use of the registered mark. [at 395]

See also *Masterpiece Inc v Alavida Lifestyles Inc* (2006), 92 CPR (4th) 361 at para 57 [SCC].

[28] The Owner acknowledges that there are two different marks being used on the picture frames: Studio Décor, which is presented in a different font, size and colour and has the TM designation beside it, and below that, the Mark, in the form of a signature with the ® designation beside it. The Requesting Party submits that “Studio Décor” is the dominant trade-mark, and that this trade-mark together with the “Michaels” signature appearing in a faint font beneath, constitutes a composite mark at best. The Owner submits, however, and I agree, that the Mark is not faint, is distinct from the surrounding text, and is indicated to the public to be a registered mark on its own. Furthermore, there is no prohibition against the use of more than one trade-mark simultaneously [*AW Allen Ltd v Warner-Lambert Canada Inc* (1985), 6 CPR (3d) 270 (FCTD); and *Canadian Council of Professional Engineers v Ardex Inc* (2001), 13 CPR (4th) 554 (TMOB)]. Having regard to the aforementioned, I am satisfied that the display of the MICHAELS signature constitutes use of the Mark as registered in association with the picture frames sold during the relevant period.

[29] Lastly, the Requesting Party questions whether use of a Mark by a parent company to advertise services on behalf of the Owner enures to the Owner’s benefit when the Owner’s name is hidden. The Requesting Party argues that, since the Exhibit 5 advertising flyers include a notice identifying the parent company, MS, Inc., as owning copyright over the advertising materials, it is the parent company using the Mark. The Requesting Party submits that the use of a trade-mark by a parent company under licence does not enure to the benefit of the subsidiary, as a subsidiary can hardly control a parent company by definition [citing a decision of the United



States Trade-mark Trial and Appeal Board, *Noble House Home Furnishings, LLC v Floorco Enterprises, LLC*, 118 USPQ2d 1413 (TTAB 2016)]. In any event, the Requesting Party submits that, since there is no option to cross-examine affiants in a section 45 proceeding, an alleged licence agreement needs to be produced instead of bald assertions alleging that a licence agreement exists.

[30] With respect to the copyright notice on the Exhibit 5 advertising flyers, the Owner submits, and I agree, that the copyright regime is entirely distinct from the trade-mark regime, and that, in the present case, there is a clear sworn statement in the Morschauser affidavit regarding the identity of the owner, the licensor, and the licensee, and the requisite control.

[31] Further to this, the Owner submits that the normal course of trade of the Owner is clearly described in paragraphs 11 to 13 of the affidavit and that the licence is clearly described in paragraphs 14 to 15. The Owner submits that all that is needed is a sworn statement of control and that a copy of the licence agreement is not required [citing *Taylor v Cadbury UK Limited*, 2015 TMOB 71, 2015 CarswellNat 2811, at paragraph 23].

[32] As stated by the Federal Court, there are three main methods by which a trademark owner can demonstrate the requisite control pursuant to section 50(1) of the Act: first, by clearly attesting to the fact that it exerts the requisite control; second, by providing evidence demonstrating that it exerts the requisite control; or third, by providing a copy of the license agreement that provides for the requisite control [per *Empresa Cubana Del Tabaco Trading v Shapiro Cohen*, 2011 FC 102, 91 CPR (4th) 248 at paragraph 84]. Applied to the present case, I agree with the Owner that Ms. Morschauser's statements attesting to the Owner's control over the character and quality of the registered goods and services are sufficient for the purposes of section 50 of the Act.

DISPOSITION

[33] Having regard to the aforementioned, pursuant to the authority delegated to me under section 63(3) of the Act, the registration will be amended solely to delete “Artists’ canvas for painting, drawing and sketching” in compliance with the provisions of section 45 of the Act.

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

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

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**HEARING DATE** 2017-11-14

**APPEARANCES**

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David Michaels, J.D.

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