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

Citation: 2018 TMOB 67

Date of Decision: 2018-06-26

IN THE MATTER OF A SECTION 45 PROCEEDING

TRANSPORT FOR LONDON

Requesting Party

and

STILES CLOTHIERS INC.

Registered Owner

TMA432,883 for UNDERGROUND

Registration

[1] This is a decision involving a summary expungement proceeding with respect to registration No. TMA432,883 for the trade-mark UNDERGROUND (the Mark), owned by Stiles Clothiers Inc.

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

(1) Clothing, namely, jeans and casual pants, shirts, and t-shirts, sweaters; outerwear, namely, jackets and coats.

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

THE PROCEEDINGS

[4] On December 23, 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 Stiles Clothiers Inc. (the Owner). The notice was sent at the request of Transport for London (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 23, 2012 and December 23, 2015, in association with each of the goods 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 definition of use is set out in section 4(1) 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.

[7] Section 45 proceedings are considered to be summary and expeditious for clearing the register of non-active trade-marks. The expression “clearing deadwood” has often been used to describe such proceedings [*Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d) 289 (FCTD)]. While it is true that the threshold for establishing use in a section 45 proceeding is quite low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD); *Austin Nichols & Co v Cinnabon, Inc* (1998), 82 CPR (3d) 513 (FCA)], 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 registered goods during the relevant period [*Uvex Toko Canada Ltd v Performance Apparel Corp*, 2004 FC 448, 31 CPR (4th) 270]. Mere statements of use are insufficient to prove use [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)].

[8] In response to the Registrar’s notice, the Owner furnished the affidavit of John Stiles, sworn April 29, 2016, together with Exhibits A to G.

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

THE EVIDENCE

[10] Mr. Stiles is the President of the Owner.

[11] Mr. Stiles attests that during the relevant period, the Mark appeared prominently on racks displaying clothing on sale at the Owner's stores. Such clothing, he attests, included jeans and casual pants, shirts, t-shirts, sweaters and outerwear such as jackets and coats. He provides as Exhibits A and B, photographs of clothing racks with signage that he states is identical that in use during the relevant period.

[12] In addition to the Mark appearing on clothing racks, Mr. Stiles attests that the Mark has also prominently appeared during the relevant period on sales counter signage, garment care and loyalty/rewards program cards, tissue paper, and shopping bags. He attests that the garment care cards, which were in regular use during the relevant period, accompany the garments at the time of sale providing care and maintenance instructions for the clothing being purchased. He further attests that the rewards cards, used for an active rewards program during the relevant period, were used by consumers when making future clothing purchases. He attests that the clothing sold during the relevant period was wrapped in tissue paper bearing the Mark, and placed in shopping bags bearing the Mark. In support of the aforementioned, he provides as Exhibits C through G, photographs of sales counter signage, a garment care card, a rewards card, an image of the tissue paper and of the shopping bags.

[13] Mr. Stiles concludes his affidavit by stating that during the relevant period, the signage and the packaging materials, shown in the exhibits to his affidavit, were in use in association with a full range of garments, including jeans, casual pants, shirts and t-shirts, sweaters, jackets and coats.

ANALYSIS AND REASONS FOR DECISION

[14] The Requesting Party's submissions can be summarized as follows:

- The evidence does not show use of the Mark as registered;

- The evidence does not establish that the Mark was associated with the goods at the time of transfer; and
- There is no evidence of transfers in the normal course of trade of UNDERGROUND branded clothing in Canada during the relevant period.

[15] To expand on the first general submission noted above, the Requesting Party submits that the evidence which depicts use of the Mark in conjunction with other matter as below, is not evidence of use of the Mark, as use of the U Design element is clearly the dominant feature of the mark as used:



[16] The Requesting Party further submits that the word UNDERGROUND is shown in much smaller lettering and is embedded within the logo such that it is not visually possible to detach the word from the design. The Requesting Party cites examples wherein use of a trade-mark in combination with other matter or as part of a larger mark was held not to constitute use of the mark as registered [*Cassels Brock & Blackwell v Relton Corporation* [2003] TMOB No 6; and *Brouillette Kosie Prince v Andres Wines Ltd* (2004), 38 CPR (4th) 424 (FCTD)].

[17] In any event, the Requesting Party submits, the use of this above depicted mark on store signage alone does not constitute use of the Mark in association with the goods, as the use of the Mark on signage over third party brands is use in association with retail store services, and not the goods themselves [citing *Batteries Plus LLC v Source (Bell) Electronics Inc* (2012), 107 CPR (4th) 469 (TMOB)]. The Requesting Party submits that Mr. Stiles does not explain the origin or source of the goods on the store racks or counters or of those that were accompanied by garment care cards, rewards cards, wrapped in tissue paper or placed in shopping bags. Moreover, the Requesting Party points to the photographs in Exhibits A and C, wherein the Mark does not appear on the goods themselves, but rather, third party trade-marks such as Diesel clearly appear

on labels/packaging for the goods. The Requesting Party submits that the Owner's evidence does not set forth in any detail the nature of the business carried out by the Owner, such as whether the Owner manufactures and sells UNDERGROUND branded clothing or whether the Owner is simply an importer or reseller of third party branded clothing. Thus, the Requesting Party submits, it appears that the Owner is providing retail services wherein the goods sold are third party branded goods [citing *Laverna GmbH & Co KG v Heather Ruth McDowell*, 2015 TMOB 125].

[18] Lastly, with respect to the Requesting Party's submissions that there is no evidence of transfers in the normal course of trade of the goods bearing the Mark, the Requesting Party submits that the Stiles affidavit does not provide any sales information, invoices or any other evidence that shows actual sales of the goods in Canada during the relevant period. While acknowledging that the furnishing of invoices is not mandatory, the Requesting Party submits that in the absence of such evidence, the Owner should have provided sales figures (such as volume of sales, dollar value of sales or equivalent factual particulars) to allow the Registrar to conclude that transfers in the normal course of trade actually occurred in Canada during the relevant period with respect to *each* of the registered goods [citing *John Labatt Ltd v Rainier Brewing Co et al* (1984), 80 CPR (2d) 228 (FCA); *Lewis Thomson & Sons Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD); *1471706 Ontario Inc v Momo Design srl*, 2014 TMOB 79; *Gowling Lafleur Henderson LLP v Wertex Hosiery Incorporated*, 2014 TMOB 193 at para 15; and *Guido Berlucci & C Srl v Brouillette Kosie Prince* (2007), 56 CPR (4th) 401 (FC) at 407].

[19] In conclusion, the Requesting Party submits that at most, there may be sufficient evidence to show use of the design mark with retail services.

[20] The Owner on the other hand, submits that the Mark is used in association with both the registered goods and with services, and that there is no need for a clear cut division of the two. The Owner submits that when selling third party goods, the signage features third party marks when the goods are not UNDERGROUND branded goods, and that the Owner need not show that there is labelling on goods to establish use. The Owner submits that the appearance of the Mark on racks and signage, cards, tissue paper, and shopping bags is "use in any other manner"

satisfying section 4(1) of the Act [citing *McMillan LLP v April Cornell Holdings Ltd*, 2015 TMOB 111 at para 24].

[21] The Owner submits that the evidence in these proceedings bears similarities to the evidence in *McDowell v Laverana GmbH & Co KG*, 2016 FC 1276, wherein the Court overturned the decision of the board holding that “contested findings regarding the evidence” involve “contentious matters” not suited to resolution under section 45 proceedings. The Owner also notes that the Court commented that any issues of doubt should be resolved to sustain the maintenance of the trade-mark registration. Applied to the present case, the Owner submits that the display of the Mark on care cards accompanying purchase, rewards cards, tissue paper and shopping bags provides the purchaser with the requisite notice of association of the Mark with the goods and is sufficient to show use within the meaning of sections 4(1) and 45 of the Act.

[22] With respect to the design mark, the Owner submits that case law tells us that the dominant part is the word, the size of the letter U is not the issue, and that the word is clearly visible and is obviously the dominant part of the mark. The Owner further submits that the word is separated from the letter U. The Owner submits that the test regarding deviation in *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA) supports use of the registered Mark in the present case, in that an unaware purchaser would not be deceived as to the origin of the goods. The Owner also refers to *Honey Dew Ltd v Rudd*, 1928 CarswellNat 32 (Exch ct) in that “the resemblance between two marks must be considered with reference to the ear as well as to the eye”. Further to this, the Owner analogizes the present case to that in *Cassels Brock & Blackwell LLP v Sweet Creations Inc*, 2015 TMOB 27, a case wherein the trade-mark SWEET CREATIONS was maintained despite the inclusion of a background design element.

[23] Lastly, in response to the Requesting Party’s submissions regarding a lack of evidence of transfers of the goods in the normal course of trade, the Owner submits that the affidavit sets out in sufficient detail the Owner’s normal course of trade. Further to this, the Owner submits, that in the context of such proceedings, the evidence furnished is adequate, and particulars regarding the quantity and manner of sales of the goods, volume of sales or the number of purchasers or transactions are not necessary to establish use in the normal course of trade [citing as support *Sim & McBurney v Anchor Brewing Company*, 2003 CanLII 71164 (TMOB)]. The Owner submits

that as noted by the Federal Court of Appeal, it is not the function of the Court or the Registrar to find and set standards as to what constitutes the normal course of trade for a given industry [citing *Guido Berlucchi & C Srl v Brouillette Kosie Prince*, 2007 FC 245; *Performance Apparel, supra*; and *Lapointe Rosenstein Marchand Melançon LLP v American Dairy Queen Corp*, 2014 TMOB 186].

[24] The Owner further submits that Mr. Stiles has made a clear statement of use of the Mark “in association with a full range of garments covered in the registration”. More specifically, the Owner submits that Mr. Stiles attests that during the relevant period, “every garment purchased was wrapped in tissue paper which prominently displays the UNDERGROUND mark”, and that “all clothing purchased was also placed in bags which prominently show the UNDERGROUND trade-mark”. These statements, the Owner submits, ought to be sufficient to allow the Registrar to conclude that sale were made in the normal course of trade.

Does the Evidence Show Use of the Mark as Registered?

[25] It is well established that where the trade-mark as used deviates from the trade-mark as registered, the question to be asked is whether the trade-mark was displayed in such a way that it did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used [*Canada (Registrar of Trade-marks) v Cie International pour l’informatique CII Honeywell Bull* (1985), 4 CPR (3d) 523 (FCA)]. In deciding this issue, one must look to see if, as a question of fact, the “dominant features” of the registered trade-mark have been preserved [*Promafil, supra*].

[26] In the present case, I agree with the Owner that the word UNDERGROUND remains clearly visible and dominant, despite the inclusion of the proportionately larger U design element. The Mark has not lost its identity and remains recognizable in spite of the differences, and consumers would not be misled as to the source of the goods. Indeed, a consumer would be able to identify several trade-marks when viewing the Mark as used, such as the U Design logo, UNDERGROUND and an UNDERGROUND & U Design composite mark. In other words, the Mark stands out sufficiently within the third composite mark to have an identity that is distinguishable from the whole.

[27] With respect to the decisions relied upon by the Requesting Party, they are clearly distinguishable from the present case. In *Relton, supra*, for example, the additional matter in the trade-mark as used would not have been perceived as a separate logo or mark, but rather the additional matter formed a dominant part of the mark as used, and changed the mark not only visually and aurally, but also changed the idea suggested by the mark. In *Andres Wines, supra*, the registered mark was held to be indistinguishable from the design matter and was no longer considered a dominant portion of the mark as used.

Does the Evidence Establish that the Mark was Associated with the Goods at the Time of Transfer?

[28] As noted above, the Owner is seeking rely on display of the Mark on store signage, counter cards, care cards accompanying purchase, rewards cards, and tissue paper and shopping bags, as providing the requisite notice of association of the Mark with the goods “in any other manner” per section 4(1) of the Act.

[29] While the Owner has relied on cases of notice of association of a trade-mark being provided to goods through alternate means, each of these cases is distinguishable from the present situation. In particular, with respect to the decision in *April Cornell, supra*, it was accepted that the evidence demonstrated that the goods maintained on the registration were goods of the Owner and were not the goods of others bearing third party trade-marks. I note at paragraph 24 of that decision, the following comments were made with respect to such unique circumstances:

It is true that the display of a trade-mark on signage in close proximity to goods at the time of transfer of possession or property of those goods *may* satisfy the requirements of section 4(1) of the Act. See for example the use of shelf talkers, counter cards, and other in-store displays in the following cases: *Loblaws Ltd v Richmond Breweries Ltd* (1983), 73 CPR (2d) 258 (TMOB); *General Mills Canada Ltd v Procter & Gamble Inc* (1985), 6 CPR (3d) 551 (TMOB); *Canadian Council of Professional Engineers v Randolph Engineering Inc* (2001), 19 CPR (4th) 259 at 262 (TMOB); *Lafco Enterprises Inc v Canadian Home Publishers*, 2013 TMOB 44; *Fogler, Rubinoff LLP v Blistex Inc*, 2014 TMOB 181. However, each case must be considered on its own merits and when considering if notice of association is given “in any other manner”, the context is important. For example, whether or not other trade-marks are present and most notably the presence of trade-marks of other traders are factors to consider [see for example *Clark, Wilson v Myriad Innovative Designs Inc*, 2001 CanLII 37728 (TMOB); and

Batteries Plus, LLC v La Source (Bell) Electronics Inc, 2012 TMOB 202]. In other words, it is not necessarily determinative that a trade-mark is displayed on signage in close proximity to goods. In the case of the sale of third party goods, in fact, it is likely irrelevant.

[30] Indeed, in the *April Cornell* case, many goods were expunged from the subject registration on the basis of evidence that suggested that the goods were third party goods and not goods of the owner.

[31] With respect to the more recent decision in *McDowell, supra*, similar to findings in *Positec Group Limited v Orange Works Kitchen & Home Corp*, 2017 TMOB 141, I do not consider there to be any ambiguity in the evidence as to whether the Owner carries third party goods; clearly, third party goods are sold through the Owner's retail stores (per Exhibit A and C). Furthermore, the evidence in the present case does not include hang tags bearing the Mark attached to the goods and Mr. Stiles does not once attest to the normal course of trade involving sales of the Owner's goods.

[32] Consequently, as the evidence in the present case does not show the Mark in close proximity to goods other than third party goods, or that the Owner retails its own goods, I am not prepared to accept that notice of association of the Mark was given in respect of any of the registered goods.

There is no evidence of transfers in the normal course of trade of UNDERGROUND branded clothing in Canada during the relevant period?

[33] While I accept that the evidence as a whole supports that sales of third party goods were made in the normal course of trade of the Owner, having regard to the foregoing, there is no evidence that the Owner's goods were sold. Furthermore, despite Mr. Stiles' attestation of use of the Mark "in association with a full range of garments covered in the registration," given that the evidence clearly shows that the Owner retails third party goods, I find Mr. Stiles statements to amount to bare statements of use of the Mark.

Conclusion

[34] The evidence is not sufficient to establish that the Mark was associated with any of the registered goods at the time of transfer. Following this finding, there would be no sales in the normal course of trade of the registered goods associated with the Mark. As no special circumstances have been demonstrated that would excuse the absence of use of the Mark in association with the goods, the Mark will be expunged from the register.

DISPOSITION

[35] Having regard to the aforementioned, 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

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

HEARING DATE 2018-02-13

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