



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

Citation: 2019 TMOB 29

Date of Decision: 2019-03-29

IN THE MATTER OF A SECTION 45 PROCEEDING

Smart & Biggar

Requesting Party

and

Lotuspc.com Corporation

Registered Owner

TMA861,031 for dahua

Registration

INTRODUCTION

[1] At the request of Smart & Biggar (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 January 11, 2017 to Lotuspc.com Corporation (the Owner), the registered owner of registration No. TMA861,031 for the trade-mark “dahua” (the Mark).

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

- (1) Computer software, namely, user and operator security software for control and monitoring of live images from security surveillance cameras both on a local area network and remotely from the internet and software for automated recording, storage, retrieval and enhancement of images from security surveillance cameras.
- (2) Electronic video recording devices, namely, computers, digital video recorders and video capture cards used for monitoring, recording and transmitting security surveillance images.
- (3) Security and surveillance cameras.

[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 it was last in use and the reason for the absence of such use since that date. In this case, the relevant period for showing use is January 11, 2014 to January 11, 2017.

[4] The relevant definition of use for goods is set out in section 4 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.

[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 in these proceedings is 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 Rainier Brewing Co* (1984), 80 CPR (2d) 228 (FCA)].

[6] In response to the Registrar's notice, the Owner furnished the affidavit of Xiaohui (Alex) Xue, President of the Owner, sworn on April 10, 2017 in London, Ontario. Both parties filed written representations and were represented at a hearing.

THE OWNER'S EVIDENCE

[7] In his affidavit, Mr. Xue explains that he was the owner of the Mark until August 10, 2016, at which time he transferred the Mark to the Owner, of which he is the principal shareholder. Mr. Xue states that the Owner carries on the business of developing software for home and business security systems, as well as selling and installing such security systems (para 2).

[8] Mr. Xue states that the Owner has used the Mark in association with the registered goods by way of labels on the goods, on computer screens displayed when the Owner's software is running, and in the top left corner of the Owner's web page (para 8). He also states that he verbally uses the Mark to identify the goods in his interactions with customers (para 10). Mr. Xue attests that, at all material times, the Owner exercised direct control over the Mark (para 5).

[9] As evidence of transfers in the normal course of trade, Mr. Xue attaches five invoices as Exhibit B to his affidavit. Each invoice is dated during the relevant period and shows a sale of a product identified by the phrase "Dahua Video Security Matrix". Mr. Xue correlates the invoices to specific registered goods and states that the invoices reflect sales made in Canada and are representative of sales of the goods and use of the Mark in the normal course of trade (para 12). In addition, as Exhibit A, Mr. Xue attaches a number of photographs of the goods and related materials, including screenshots of software in use and of the Owner's web pages, point-of-sale brochures, CD-ROMS, security cameras, and labels affixed to computer hardware. On each item, the phrase "Dahua Video Security Matrix" appears either on its own or as part of a logo, as shown below:



[10] Finally, Mr. Xue states that the Mark is important and valuable to the Owner, and that he has been instructed by his legal counsel to place the registration symbol ® next to the Mark on all the goods sold by the Owner (paras 13-14).

ANALYSIS

[11] First, as noted by the Requesting Party during oral submissions, Mr. Xue's evidence pertaining to verbal use of "dahua", the importance of the Mark to the Owner's business, and the intention to use the registration symbol in the future are not relevant to the question of whether the Owner used the Mark within the meaning of sections 4 and 45 of the Act during the relevant period.

[12] In its written and oral representations, the Requesting Party submits that the Owner has not shown use of the Mark as registered, noting that the registration is for the single word “dahua”, which never appears in isolation in the Owner’s evidence. Instead, the word “Dahua” consistently appears alongside additional words such as “Video Security Matrix” in an identical font and size, or as part of the logo reproduced above. Accordingly, the Requesting Party submits that the dominant features of the Mark have not been maintained. It argues that such display amounts to a substantial variation that results in the Mark as registered being unrecognizable from the trade-marks displayed [citing in support *Canada (Registrar of Trade Marks) v Cie internationale pour l’informatique CII Honeywell Bull SA* (1985), 4 CPR (3d) 523 (FCA); *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCTD); and *Convenience Food Industries (Private) Ltd v Clic International Inc*, 2011 FC 1338].

[13] In the alternative, the Requesting Party submits that the dominant component of the trade-marks displayed is “Matrix”, a term which the Requesting Party argues cannot be considered descriptive.

[14] In addition, the Requesting Party submits that the Owner has not shown use of the Mark in association with each of the registered goods. First, the Requesting Party argues that there is no indication that the invoices shown in Exhibit B accompanied the goods at the time of transfer, citing *Riches, McKenzie & Herbert v Pepper King Ltd* (2000), 8 CPR (4th) 471 (FCTD) for the proposition that there can be no assumption that invoices accompanied goods at the time of transfer in the absence of an express indication by the owner to that effect. Accordingly, the Requesting Party submits that the Owner has not provided evidence to show that purchasers would have seen the Mark at the time the software was transferred to them.

[15] In addition, with respect to goods (2), the Requesting Party submits that there is no evidence showing sales of the particular goods “electronic video recording devices”. Further, the Requesting Party notes that there is no evidence of a “computer” branded with the Mark; instead, the evidence shows a computer with a sticker displaying the words “Dahua Video Security Matrix”, which does not indicate that the hardware itself was sold in association with the Mark.

[16] I agree that the evidence does not show transfers of “computers” and “digital video recorders” from goods (2).

[17] However, in response to the Requesting Party's contention that the invoices cannot be presumed to have accompanied the goods at the time of transfer, the Owner notes that the invoices are marked "Terms: COD", meaning "cash on delivery", and "Shipping & Handling (Retail Pickup)", indicating that the invoices accompanied the goods purchased at the Owner's retail store. Further, the Owner notes that one of the invoices identifies the customer as "STORE CUSTOMER" at the Owner's address, and argues that there is no other reasonable conclusion than that this invoice accompanied an in-store transaction.

[18] I agree with the Owner that this case is distinguishable from *Pepper King, supra*, in that each invoice shows "retail pickup". I am prepared to infer that, when receiving the goods, customers would have been provided with an invoice [for a similar conclusion, see *Riches, McKenzie & Herbert v Rematech Div Bremo Inc*, 2002 CarswellNat 4653 at para 13].

[19] As to whether the invoices displayed the Mark as registered, on each invoice, the goods are identified with the phrase "Dahua Video Security Matrix". It is well established that the addition of descriptive words to a word mark is not necessarily fatal to a registration, even where those descriptive words appear in the same font and size as the word mark [see, for example, *Riches, McKenzie & Herbert v Pillsbury Co*, 1995 CarswellNat 2962 at para 14 (TMOB); *Borden & Elliott v Olin Corp*, 1999 CarswellNat 3488 at para 8 (TMOB); *LE PEPE' SRL v PJ Hungary Kft*, 2017 TMOB 82, 2017 CarswellNat 4362 at paras 18-20; *McInnes Cooper c Banque Nationale du Canada*, 2013 TMOB 86, 2013 CarswellNat 2642 at para 13; *Nelligan O'Brien Payne LLP v Beacon Law Corporation*, 2018 TMOB 4, 154 CPR (4th) 305 at para 19].

[20] At the hearing, the Requesting Party referred to the case of *Riches, McKenzie & Herbert v Pepper King Ltd*, 1999 CarswellNat 2914 (TMOB) [overturned on other grounds in (2000), 8 CPR (4th) 471 (FCTD), *supra*], in which the trade-mark displayed was found to be VOLCANO HOT rather than the registered mark VOLCANO. However, the analysis in that case dealt with text in a decorative font appearing on a product label; in this case, the question is whether the Mark retains its identity despite the presence of other text in the same font on the invoices. In applying the principles as set out in *Honeywell, supra*, and *Promafil, supra*, I accept that the dominant element of the Mark, being the word "dahua", is retained in the trade-mark as displayed on the invoices [for similar conclusions with respect to invoice evidence, see *Robinson*

Sheppard Shapiro SENCRL/LLP v Exo Inc, 2017 TMOB 132, 153 CPR (4th) 105 at para 41; and *Global Distillers SRL v Angostura Canada Inc*, 2014 TMOB 38, 119 CPR (4th) 452 at para 9].

[21] In this respect, I note that “Dahua” is the first element in “Dahua Video Security Matrix” that appears on the invoices. The words that follow, “Video Security Matrix”, I find are descriptive, such that the Mark has not lost its identity and remains recognizable. Regarding the Requesting Party’s argument that the term “Matrix” cannot be considered descriptive, while the term does not appear to have a fixed meaning with respect to video surveillance technology, I accept the Owner’s submission that the word indicates “complexity and utility” and would not be perceived as the dominant component of “Dahua Video Security Matrix” in the context of the invoices for the subject goods.

[22] As I have found that, in addition to demonstrating transfers of the registered goods sold by the Owner, the invoices also display the Mark, it is not necessary for me to decide whether display of the logo reproduced above also constitutes use of the Mark as registered.

[23] In view of the foregoing, I am satisfied that the Owner has demonstrated use of the Mark in association with each of the registered goods within the meaning of sections 4 and 45 of the Act, with the exception of “computers” and “digital video recorders” from goods (2).

[24] As noted above, there is no evidence before me showing transfers of such goods in association with the Mark or otherwise.

[25] As there is no evidence before me of special circumstances excusing non-use of the Mark with respect to “computers” and “digital video recorders”, the registration will be amended accordingly.

DISPOSITION

[26] 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 amended to delete “computers, digital video recorders and...” from goods (2).

[27] The amended statement of goods will be as follows:

(1) Computer software, namely, user and operator security software for control and monitoring of live images from security surveillance cameras both on a local area network and remotely from the internet and software for automated recording, storage, retrieval and enhancement of images from security surveillance cameras.

(2) Electronic video recording devices, namely, video capture cards used for monitoring, recording and transmitting security surveillance images.

(3) Security and surveillance cameras.

Andrew Bene
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

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

HEARING DATE 2019-02-27

APPEARANCES

Serge Anissimoff For the Registered Owner

Daniel Anthony For the Requesting Party

AGENTS OF RECORD

Serge Anissimoff For the Registered Owner

Smart & Biggar For the Requesting Party