



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

Citation: 2019 TMOB 33

Date of Decision: 2019-03-29

IN THE MATTER OF A SECTION 45 PROCEEDING

Gowling WLG (Canada) LLP

Requesting Party

and

**Canadian Rockport Homes
International Incorporated**

Registered Owner

TMA703,496 for TEKCRETE

Registration

[1] This is a decision involving a summary expungement proceeding with respect to registration No. TMA703,496 for the trade-mark TEKCRETE (the Mark), owned by Canadian Rockport Homes International Incorporated.

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

(1) Factory built homes and other types of buildings, namely, apartments, schools, warehouses and sports centers produced, finished and assembled using concrete moulding technology.

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

THE PROCEEDINGS

[4] On May 27, 2016, the Registrar of Trade-marks sent a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) to Canadian Rockport Homes International LLP (the Owner). The notice was sent at the request of Gowling WLG (Canada) LLP (the Requesting Party).

[5] 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 and/or services listed on 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 use since that date. In this case, the relevant period for showing use is any time between May 27, 2013 and May 27, 2016.

[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] 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. 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] and “evidentiary overkill” is not required [see *Union Electric Supply Co v Canada (Registrar of Trade Marks)* (1982), 63 CPR (2d) 56 (FCTD)]. Nevertheless, sufficient facts must still be provided to allow the Registrar to conclude that the trade-mark was used in association with each of the registered goods.

[8] In the absence of use as defined above, pursuant to section 45(3) of the Act, a trade-mark is liable to be expunged, unless the absence of use is due to special circumstances that excuse the absence of use.

[9] In response to the Registrar's notice, the Owner furnished the affidavit of Edward Joseph George Taylor, sworn November 28, 2016, together with Exhibits 1 to E.

[10] Both parties filed written representations and attended an oral hearing.

THE EVIDENCE

[11] Mr. Taylor is the President, Chief Executive Officer, and a director of Canadian Rockport Homes Int'l, Inc. (Rockport Homes), the successor by merger of the Owner of record. He explains that he was not aware that the records of the Canadian Trade-marks Office related to the subject registration listed a name that is not the current legal name of the owner prior to working with his counsel in preparation of his affidavit. He states that he has instructed his current trade-mark counsel to take steps to have the records of the Canadian Trade-marks Office amended to reflect the current legal name of the owner. I note that to date, however, this has not been done, and counsel at the time of his affidavit has since been revoked as the agent and representative for service regarding the registration.

[12] In any event, Mr. Taylor states that in addition to the aforementioned, he is also a directing mind of Sociedad Comercializadora y Constructora Canadian Rockport Trading Limitada (Rockport Trading), previously known as Maderas Doradas Canadienses, S.A. He attests that Rockport Trading is the only operating subsidiary and is a wholly owned subsidiary of Rockport Homes, holding substantially all of Rockport Homes' operating assets.

[13] Mr. Taylor attests that from since about 2002, Rockport Trading commenced manufacturing modular buildings formed by manufacturing pre-fabricated concrete modules from its manufacturing facility in Chile. He further attests that Rockport Homes authorizes and licenses Rockport Trading to use the intellectual property rights owned by Rockport Homes, and Rockport Homes has maintained direct control over the character and quality of the goods manufactured and provided by Rockport Trading under the Mark. He asserts that Rockport Trading, under the authority of Rockport Homes, manufactured the registered goods in association with the Mark in their manufacturing facility in Chile and shipped such goods directly to customers.

[14] With respect to the relevant period, however, Mr. Taylor states that Rockport Homes was prevented from using the Mark in association with the registered goods in Canada through Rockport Trading due to special circumstances beyond their control; namely, as a result of an order from the British Columbia Securities Commission (BCSC) and of the bankruptcy of Rockport Trading.

[15] To expand, Mr. Taylor attests that on April 30, 2008, the BCSC issued a Notice of Hearing alleging certain misconduct contrary to the Securities Act by Rockport Homes and two of its officers, including its former chief executive officer. He attaches as Exhibit B to his affidavit, an order of the BCSC prohibiting the former CEO and officer from engaging in investor relations activities for specific periods of time. He states that as a result, funding sourced from investments into Rockport Homes significantly decreased, and international investments and potential new projects including one in China, were negatively affected.

[16] Further to the above, Mr. Taylor explains that on November 11, 2011, a request for bankruptcy was initiated in the Court of Colina in Santiago, Chile against Rockport Trading by its creditors. He attaches as Exhibit C to his affidavit, a copy of the request for bankruptcy, and as Exhibit D, a judgment dated March 15, 2012, declaring Rockport Trading bankrupt. Mr. Taylor attests that he is informed by the trustee in bankruptcy of several steps, which he details in his affidavit, to try to resolve the bankruptcy. He states that addressing the bankruptcy of Rockport Trading and its creditors have prevented Rockport Homes from investing in the continued manufacture, distribution and sale of the registered goods, through its licensee and wholly owned subsidiary, Rockport Trading.

[17] Mr. Taylor states that Rockport Homes and its current directors and officers have tried to acquire alternative licensees to re-initiate the manufacture and distribution of the registered goods. He explains that since mid-2015, Rockport Homes has been in discussion with a former vice president of Rockport Homes, who is now a financial advisor representing an investor interested in obtaining a license to Rockport Homes' technology and the use of the Mark in Canada. Given the costs associated with a required manufacturing facility and the need for purchasing or leasing a large enough parcel of land to build the facility, he states that it has taken and continues to take substantial time to negotiate this potential license.

[18] Lastly, he concludes his affidavit by stating that the current directors and officers of Rockport Homes have continued to produce video and other multi-media promotions for modular housing units. He attaches as Exhibit E to his affidavit, a screenshot of a YouTube promotional video for “Canadian Rockport Homes”, published on September 24, 2013.

ANALYSIS AND REASONS FOR DECISION

[19] As a preliminary comment, I note that the Owner’s brief submissions substantially refer to facts not in evidence as well as further information and/or opinion not relevant to the determination to be made by the Registrar under section 45 of the Act. Such submissions will therefore be disregarded. Additionally, I note that the Owner does not appear to have taken any steps to amend the records of the Canadian Trade-marks Office to reflect to the correct legal name of the Owner; however, nothing turns on this issue.

[20] Now turning to the evidence, the Owner makes no claim to use of the Mark in association with the registered goods during the relevant period. Therefore, the issue in this case is whether special circumstances existed that would excuse non-use of the Mark in Canada during the relevant period.

[21] To determine whether special circumstances have been demonstrated, the Registrar must first determine why the trade-mark was not used during the relevant period. Second, the Registrar must determine whether those reasons for non-use constitute special circumstances [*Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]. Special circumstances mean circumstances or reasons that are unusual, uncommon, or exceptional [*John Labatt Ltd v Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)].

[22] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such circumstances excuse the period of non-use. This determination involves the consideration of three criteria: (i) the length of time during which the trade-mark has not been in use; (ii) whether the reasons for non-use were beyond the control of the registered owner; and (iii) whether there exists a serious intention to shortly resume use [per *Harris Knitting, supra*].

[23] The intention to shortly resume use must be substantiated by “a sufficient factual basis” [*NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 at para 26 (FC); see also *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD)].

[24] All three criteria are relevant, but satisfying the second criterion is essential for a finding of special circumstances excusing non-use [per *Scott Paper, supra*].

[25] In this case, the Mr. Taylor attests that the Mark was not used during the relevant period in Canada due to circumstances beyond Rockport Homes’ control. In particular, Mr. Taylor states that Rockport Homes has been prevented from using the Mark through its licensee and wholly owned subsidiary Rockport Trading due to an Order issued by the British Columbia Securities Commission on January 29, 2009. Mr. Taylor contends that as a result of the Order, investment funding for Rockport Homes significantly decreased, negatively affecting international projects.

[26] In addition to the above, Mr. Taylor attests that on March 15, 2012, Rockport Trading was declared bankrupt in Chile. Mr. Taylor attests that the period to resolve or settle the bankruptcy is not unusual for Chile and has prevented Rockport Homes from investing in the continued manufacture, distribution and sale of the registered goods, through its licensee and wholly owned Rockport Trading.

[27] The Requesting Party submits, and I agree, that Mr. Taylor does not explain how the circumstances noted above rendered the Owner unable to use the Mark in Canada during the relevant period. The Requesting Party notes that the Securities Commission Order merely requires Rockport Homes and the two officers in question to comply with the provisions of the *Securities Act*, RSBC 1996, c 418, which is an obligation shared by all persons carrying on business in British Columbia. The Requesting Party submits, and I agree, that this is not an uncommon circumstance that provides any foundation or a reason as to why the Mark was not used in Canada.

[28] With respect to the bankruptcy of Rockport Trading, the Requesting Party notes that Mr. Taylor does not explain why the Owner could not make use of the Mark through other channels. Indeed, the Requesting Party submits that no explanation has been provided as to why

Rockport Trading could be the only party that could manufacture the goods. The Requesting Party further submits that no explanation has been provided as to why Rockport Trading went bankrupt and whether this was beyond the control of the Owner or whether the reasons for the bankruptcy were uncommon. The Requesting Party submits that a bankruptcy of a licensee does not restrict the registered owner from using the mark in association with the goods in question either by itself or through a licensee.

[29] It is well established that, generally, unfavourable market conditions are not the sort of uncommon, unusual or exceptional reasons for non-use that constitutes special circumstances [see, for example, *Harris Knitting Mills, supra*; and *John Labatt, supra*]. Bankruptcies are sometimes unfortunate, sometimes necessary consequences of unfavourable market conditions. It follows, then, that non-use due to the bankruptcy, in this case of a licensee, does not, in itself, constitute reasons for non-use amounting to special circumstances [see also *MG Icon LLC v Les Ventes Universelles SH Inc* 2012 TMOB 256 (CanLII)].

[30] Accordingly, I cannot conclude that the reasons for non-use of the Mark in Canada during the relevant period constitute special circumstances.

[31] In any event, even if I were to conclude that the bankruptcy of the Owner's licensee was an uncommon, exceptional or unusual circumstance (*John Labatt, supra*), I note that bankruptcy has been held to excuse only short periods of non-use [see for example *Burke-Robertson v Swan Recreational Products Ltd* (1990), 33 CPR (3d) 56 (TMOB); *Rogers & Scott v Naturade Products Inc* (1988), 19 CPR (3d) 504 (TMOB)]. Consequently, this reason must be weighed against the length of time of non-use; the first criterion of the *Harris Knitting* test.

[32] With respect to the first criterion, generally, a registered owner must state or otherwise provide evidence as to when the trade-mark was last used. The Requesting Party submits that there is no evidence that the Mark was ever used in Canada, either by the Owner or by any of its predecessors, successors, or licensees. On this basis, the Requesting Party submits that the declaration of use required for registration of the Mark was false, and the Mark ought to be expunged on that basis alone. In support of these contentions, the Requesting Party submits that the Owner's written submissions indicate that there were plans for use of the Mark in Canada,

rather than actual use, and while the Owner's written representations do not constitute evidence, statements against interest in a party's written representations should nevertheless be considered.

[33] However, regardless of whether such statements should be considered, I disagree with the Requesting Party. As noted by the Federal Court of Appeal in *Ridout & Maybe srl v Omega SA*, 2005 FCA 306 at para 2, 43 CPR (4th) 415, the validity of a registration is not in dispute in section 45 proceedings. Any issues of validity are more properly dealt with by way of application to the Federal Court pursuant to section 57 of the Act.

[34] When a date of last use is not provided, as in the present case, the date of registration or the date of assignment of the trade-mark to the current owner will generally be used [*Cassels Brock & Blackwell LLP v Montorsi Francesco E Figli - SpA* (2004), 35 CPR (4th) 35 (FC); *Sim & McBurney v Hugo Boss AG* (1996), 67 CPR (3d) 269 (TMOB); *GPS (UK) Ltd v Rainbow Jean Co* (1994), 58 CPR (3d) 535 (TMOB)]. As such, for purposes of this analysis, the date of last use is deemed to be the date of registration, namely, December 18, 2007.

[35] This lengthy period of nearly 10 years of non-use weighs heavily against the Owner, to the extent that I cannot conclude that the reasons for non-use given by the Owner excuse the lengthy period of non-use.

[36] In view of the foregoing, I cannot conclude that the Owner has demonstrated special circumstances that would excuse the absence of use of the Mark during the relevant period.

DISPOSITION

[37] 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

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

HEARING DATE: 2018-11-27

APPEARANCES

Nelson Riis FOR THE REGISTERED OWNER

Kevin Sartorio FOR THE REQUESTING PARTY

AGENTS OF RECORD

N/A FOR THE REGISTERED OWNER

Gowling WLG (Canada) LLP FOR THE REQUESTING PARTY