



LE REGISTRAIRE DES MARQUES DE COMMERCE  
THE REGISTRAR OF TRADEMARKS

**Citation: 2020 TMOB 10**

**Date of Decision: 2020-01-29**

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

**Joia Calcado, S.A.**

**Requesting Party**

**and**

**Vella Shoes Canada Ltd.**

**Registered Owner**

**TMA388,241 for WALKING ON A  
CLOUD**

**Registration**

INTRODUCTION

[1] At the request of Joia Calcado S.A. (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) on August 23, 2017, to Vella Shoes Canada Ltd. (the Owner), the registered owner of registration No. TMA388,241 for the trademark WALKING ON A CLOUD (the Mark).

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

**GOODS**

All types of footwear, namely boots, shoes and slippers.

**SERVICES**

Operation of retail stores selling footwear and clothing and related accessories.

[3] The notice required the Owner to show whether the trademark has been used in Canada in association with each of the goods and services 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 August 23, 2014 to August 23, 2017.

[4] The relevant definitions of use are set out in section 4 of the Act as follows:

4(1) A trademark 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(2) A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

[5] It is well established that bare statements that a trademark is in 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 trademark in association with *each* of the goods and services specified in the registration during the relevant period [*John Labatt Ltd v Rainier Brewing Co* (1984), 80 CPR (2d) 228 (FCA) [*Rainier Brewing*]].

[6] In response to the Registrar's notice, the Owner furnished the affidavit of Lori Vella, sworn on March 22, 2018. Both parties filed written representations. An oral hearing was not requested.

#### THE OWNER'S EVIDENCE

[7] Ms. Vella states that she has been the vice president of marketing of the Owner since 2006. She states that prior to 1993, the Owner, operating under the name "Vella Shoes", operated 17 shoe stores across southern Ontario. In 1993, the Owner acquired the Mark, and all existing Vella Shoes locations were renamed Walking On A Cloud. She states that new locations have since been opened, and that at least 30 retail store locations were in operation during the relevant period and using the Mark under license from the Owner. She further states that "[a]t all material

times, [the Owner] has controlled the character and quality of the wares and services provided by the licensees”, which are “related to [the Owner] and in common control” in that the licensees and the Owner “form part of a business run by my family”. She states that gross annual sales generated from the retail stores during the relevant period were in excess of \$30 million per year.

[8] Ms. Vella states that the Mark has been continuously displayed on the storefront of each of the retail stores since 1993, including during the relevant period. As Exhibit B, she attaches photographs of four storefronts, each of which displays the Mark on a large sign affixed to the front of the stores. The signs also display the words “Comfort Footwear”, and footwear appears to be on display in the pictured stores. I cannot determine from the photographs whether the stores displayed clothing other than footwear. Ontario addresses are listed underneath each of the photographs.

[9] Ms. Vella explains that footwear or accessories purchased from the stores are placed into shopping bags bearing the Mark. As Exhibit C, she attaches photographs of plastic and reusable shopping bags displaying the Mark as they appeared during the relevant period. She states that approximately 1,000 reusable bags were sold, and 520,000 plastic bags were used, per month during the relevant period.

[10] Ms. Vella states that for many years prior to the relevant period, the Owner sold products bearing the Mark at its retail stores, but these ceased to be sold prior to the relevant period due to the third-party manufacturer of these goods ceasing business. However, in June 2017, the Owner began taking steps to resume sale of house-branded shoes. As Exhibit D, she attaches a copy of a calendar invite dated August 15, 2017, for a meeting between a representative of the Owner and a third party to discuss manufacture of shoes bearing the Mark. She states that this meeting resulted in the delivery of samples on December 18, 2017, and the placement of an order. As Exhibits E and F, she attaches a document showing an order for the manufacture of samples, and photographs of sandals displaying the Mark, respectively. She explains that the Owner intends to resume sales of footwear bearing the Mark in its stores in spring of 2018.

[11] As Exhibit G, Ms. Vella attaches registration information for the domain names *www.walkingonacloud.ca* and *www.walkingonacloud.com*, both owned by the Owner. As Exhibit H, she attaches four internet screenshots taken from the Wayback Machine internet

archive showing the Owner's website as it existed during the relevant period. Each such screenshot displays "Rockport Shoes, Ecco Shoes, Mephisto Shoes – Walking on a Cloud" at the top of the page, and includes various headings entitled "Shop Women", "Shop Men", "Women's Shoes", "Men's Shoes", "Shoe Accessories", and the like. Again, there is no reference to clothing other than footwear. As Exhibit I, she attaches an audience overview from Google Analytics showing that Canadians accessed the website *www.walkingonacloud.ca* during the relevant period.

[12] Finally, as Exhibits J through N, she attaches samples of advertising materials and catalogues dated within the relevant period, and explains that the Owner spent over \$1 million in total advertising costs per year during the relevant period. These materials include both broadcast and print advertisements; for instance, Exhibit N is described by Ms. Vella as an advertisement that ran in the December 2014 issue of the "ON the GO" magazine which was distributed in street boxes and transit stations in the Greater Toronto Area. The advertisement shows a variety of third-party footwear products and displays the words "WALKING ON A CLOUD shoe stores" and lists a number of Toronto store locations.

#### ANALYSIS

##### *Has the Owner shown use of the Mark in association with the registered goods?*

[13] As noted by the Requesting Party, Ms. Vella acknowledges in her affidavit that the Owner did not sell footwear displaying the Mark during the relevant period. Instead, the Owner submits that it has established use of the Mark in association with the registered goods by selling third-party footwear and placing it in shopping bags displaying the Mark. In support, the Owner cites *Ellesse International SpA v Tengo Sports Inc* (1989), 24 CPR (3d) 23 (TMOB) for the proposition that where a good is placed in a shopping bag displaying a trademark at the time of purchase, use of that trademark in association with that good is established within the meaning of section 4(1).

[14] The reasoning in *Ellesse* has been considered and distinguished in subsequent jurisprudence. For instance, in *Rosenstein v Elegance Rolf Offergelt GmbH* (2005), 47 CPR (4th)

196 (TMOB) at para 17, the Registrar made the following observations about the conflicting case law on this point:

In *Ellesse International SpA v Tengo Sports Inc* (1989), 24 CPR (3d) 23 (TMOB), the former Chairman of the Opposition Board found that the fact that the wares were delivered to purchasers in bags or wrappings bearing the applicant's trade-mark was sufficient to create an association between the trade-mark and the wares at the time of transfer. Accordingly, it is not without merits for the Registrant to argue that displaying the Mark on packing tape and shopping bags amounts to use of the Mark in association with the wares within the meaning of Section 4(1). On the other hand, in *London Drugs Ltd v Brooks* (1997), 81 CPR (3d) 540 (TMOB) displaying the trade-mark on bags was considered insufficient to show use in association with wares. Therefore, it appears that the particular facts of a case should be considered before concluding that displaying a trade-mark on packing tape or on bags amounts to use of a trade-mark in association with wares. [emphasis added]

[15] Subsequent case law has held that the act of placing goods bearing third-party marks into a shopping bag bearing a trademark at the time of purchase is insufficient, on its own, to establish use of that trademark in association with the third-party goods [see, for example, *6438423 Canada Inc v Consumers Nutrition Center Ltd*, 2009 CanLII 82134 (TMOB) at paras 12-14; *Moffat & Co v Big Erics Inc*, 2015 TMOB 52 at para 17; *Laverana GmbH & Co KG v McDowell*, 2015 TMOB 125 at para 41, rev'd on other grounds 2016 FC 1276]. As stated by the Registrar in *Gowling, Strathy & Henderson v Karan Holdings Inc* (2001), 14 CPR (4th) 124 (TMOB) at para 8:

Concerning the registrant's argument that the trade-mark appears on a sign on the front of the store, on shopping bags and on boxes used to deliver the wares, I am of the opinion that such use of the trade-mark is more akin to use of the trade-mark in association with a service namely to distinguish the registrant's retail outlet from retail outlets of others. Consequently, I cannot conclude that the use shown is use of the trade-mark in association with wares, namely to distinguish a particular item of clothing from the clothing of others. I would add here that at the hearing the registrant conceded that the clothing bore the trade-marks of others.

[16] In my view, the same reasoning is applicable to the current case. The display of the Mark on shopping bags is not enough on its own to establish use of the Mark in association with the third-party goods placed inside those bags at the time of purchase. Instead, it serves to distinguish the Owner's retail stores from the stores of others, and therefore tends to support use

of the Mark in association with the registered services, as discussed further below, rather than with the registered goods.

Has the Owner put forward special circumstances that would excuse non-use?

[17] As the Owner has not shown use with respect to the registered goods, the issue in this case is whether, pursuant to section 45(3) of the Act, special circumstances existed to excuse non-use of the Mark during the relevant period.

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

[19] 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: (1) the length of time during which the trademark has not been in use; (2) whether the reasons for non-use were beyond the control of the registered owner; and (3) whether there exists a serious intention to shortly resume use [per *Harris Knitting*]. All three criteria are relevant, but satisfying the second criterion is essential for a finding of special circumstances excusing non-use [per *Scott Paper Ltd v Smart & Biggar* (2008), 65 CPR (4th) 303 (FCA) [*Scott Paper*]].

Do the reasons given for non-use constitute special circumstances?

[20] As noted above, Ms. Vella states that the Owner ceased selling footwear displaying the Mark as a result of its third-party manufacturer ceasing business. However, there is no evidence to suggest that the Owner's failure to secure alternate manufacturers during the relevant period was anything but a business decision. No information exists regarding any difficulty the Owner experienced in securing a new manufacturer. As such, I am unable to conclude that the

circumstances described in Ms. Vella's affidavit are so "unusual, uncommon or exceptional" that they meet the standard of special circumstances as articulated in *John Labatt*, particularly in light of the lengthy period of non-use.

Would the circumstances excuse the period of non-use?

[21] In any event, even if I were to accept that the delay in resuming use could be considered "unusual, uncommon or exceptional" circumstances, I am not satisfied that they excuse the period of non-use in this case. In this respect, I am not satisfied that the Owner has satisfied the criteria set out in *Harris Knitting*.

[22] With respect to the first criterion, Ms. Vella states that prior to the relevant period, footwear bearing the Mark was not sold since at least 2006. Sales of footwear displaying the Mark did not resume until at least 2018. This lengthy period of at least twelve years of non-use weighs heavily against the reasons justifying the non-use of the Mark.

[23] With respect to the second criterion, in its written representations, the Owner refers to the circumstances of the loss of its manufacturer, the cyclical nature of the fashion industry, and the length of the footwear supply chain as circumstances beyond the Owner's control. I note, however, that Ms. Vella's affidavit itself is silent on the cyclical nature of the fashion industry and the length of the footwear supply chain. Indeed, on the latter factor, Ms. Vella's affidavit seems to suggest a relatively short supply chain as it describes the Owner beginning to take steps to resume sales of house-branded footwear in June 2017, and sales of such goods beginning in spring 2018. Based on the Owner's evidence, I am unable to determine why the Owner did not take such steps to secure an alternate manufacturer earlier. As such, I cannot conclude that the reasons for non-use were beyond the Owner's control.

[24] With respect to the third criterion, even if I were to accept that the resumption of sales of footwear bearing the Mark in 2018 demonstrates a serious continuing intention to use the Mark *during the relevant period*, continuing intention to use the Mark cannot be a special circumstance leading to non-use of the Mark on its own [*Scott Paper* at para 28].

[25] In view of the above, I cannot conclude that the Owner has demonstrated special circumstances that would excuse the absence of use of the Mark in association with the registered goods during the relevant period.

*Has the Owner shown use of the Mark in association with the registered services?*

[26] The Requesting Party argues that the Owner's evidence of use in association with the registered services amounts to bare assertions and ambiguous evidence, and that the Owner has not established that use of the Mark by the retail stores enures to the Owner. Each such argument will be addressed in turn.

[27] I note, however, that there is nothing in the Owner's evidence to suggest that the stores sold clothing other than footwear, and neither the evidence nor the Owner's written representations refer specifically to sales of clothing other than footwear. As such, I cannot conclude that the Owner has shown use of the Mark in association with the "clothing" retail services. As the Owner has outlined no special circumstances excusing non-use of the Mark in association with these services, the registration will be amended accordingly.

*Bare assertions and ambiguous evidence*

[28] The Requesting Party argues that a number of Ms. Vella's statements regarding use in association with the Mark amount to bare assertions, including her statement that the gross annual sales from the retail stores were in excess of \$30 million, as well as her assertion that the Mark has been continuously displayed on the front of each of the retail stores since 1993. With respect to the retail stores, the Requesting Party notes that the Owner does not list all of its retail stores and their locations, and does not explain what products they carry, how the trademark is used in those stores, or their square footage. With respect to the photographs of retail stores attached to Ms. Vella's affidavit as Exhibit B, the Requesting Party submits that the Owner has not explained what goods these stores carry or their gross annual sales, and further notes that no information is provided on who took the photographs, when the photographs were taken, or the length of time that the stores were in operation. Finally, the Requesting Party submits that the Owner has failed to explain its normal course of trade, noting that the Registrar cannot make



assumptions regarding the nature of the Owner's business [citing *SC Johnson & Son Inc v Registrar of Trademarks* (1981), 55 CPR (2d) 34 (FCTD)].

[29] In my view, the Requesting Party's dissection of the Owner's evidence amounts to an overly technical approach that is inconsistent with the purpose of section 45 proceedings [see *Dundee Corp v GAM Ltd*, 2014 TMOB 152 at para 21; *Reckitt Benckiser (Canada) Inc v Tritap Food Broker*, 2013 TMOB 65 at para 27]. It is the evidence as a whole that must be considered, and it must be remembered that exhibits should be read in conjunction with the information provided in the affidavit. Further, absent evidence to the contrary, an affiant's sworn statement is to be accepted at face value, and statements in an affidavit must be accorded substantial credibility in a section 45 proceeding [*Oyen Wiggs Green & Mutala LLP v Atari Interactive, Inc*, 2018 TMOB 79 at para 25].

[30] In this case, I note that each of the Exhibit B photographs is accompanied by an Ontario address, and that Ms. Vella has attested that the Mark has been continually displayed on the storefront of each of its retail stores since 1993. Further, it is clear from an examination of the Exhibit B photographs that the depicted retail outlets are shoe stores, and this conclusion is supported by the totality of the Owner's evidence. Finally, it is clear from Ms. Vella's affidavit that the nature of the Owner's business involves selling third-party footwear and accessories at its retail stores.

[31] The Requesting Party notes that the Owner has provided only a general sales figure of \$30 million without specifying whether these sales occurred at the Ontario stores depicted in Exhibit B, and submits that such ambiguity must be resolved against the Owner. However, in my view, it would be unreasonable to conclude that the Owner operated over 17 shoe stores in Ontario for three years without any sales [for a similar conclusion, see *Riches, McKenzie & Herbert LLP v Park Pontiac Buick GMC Ltd* (2005), 50 CPR (4th) 391 at para 9].

[32] In any event, even if I were to conclude that no sales occurred at the Owner's Ontario stores during the relevant period, it is well established that the display of the trademark in the advertisement of the services is sufficient to satisfy the requirements of section 4(2) of the Act, from the time the owner of the trademark offers and is ready to perform the services in Canada [*Wenward (Canada) Ltd v Dynaturf Co* (1976), 28 CPR (2d) 20 (TMOB)]. In my view, at a

minimum, the existence of these Ontario retail stores during the relevant period establishes that the Owner was offering and ready to perform its retail services. I note that Exhibit N to Ms. Vella's affidavit clearly displays the Mark in the course of advertising the Owner's shoe stores in Toronto; further, Ms. Vella clearly states that the advertisement was printed in a widely distributed magazine in Toronto during the relevant period.

#### Use by licensees

[33] Finally, I am satisfied that the Owner exercised control over the character and quality of the services performed at its retail store licensees in association with the Mark, such that the licensees' use of the Mark enures to the Owner's benefit under section 50(1) of the Act. 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 licence agreement that provides for the requisite control [*Empresa Cubana Del Tobacco Trading v Shapiro Cohen*, 2011 FC 102 at para 84]. In this case, although Ms. Vella did not provide a copy of the licence agreement, she clearly attested that the Owner exerted the requisite control. This is sufficient for the purposes of a section 45 proceeding.

[34] In sum, in view of the aforementioned evidence of signage displaying the Mark at retail stores in Canada during the relevant period combined with Ms. Vella's statements regarding control and licensing, I am satisfied that such evidenced use of the Mark enures to the benefit of the Owner. Per Ms. Vella's statements, such retail stores sold footwear and accessories. Furthermore, Ms. Vella's affidavit demonstrates that the Mark was displayed in association with advertisement of the registered services in Canada during the relevant period, and it is clear from her evidence that the Owner was offering and prepared to perform the registered "footwear" and "accessories" retail services in Canada during the relevant period via its licensees, the retail shoe stores. As such, I am satisfied that the Owner's evidence establishes use of the Mark in association with the services "Operation of retail stores selling footwear [...] and related accessories" in Canada during the relevant period within the meaning of sections 4 and 45 of the Act.

DISPOSITION

[35] 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 the registered goods in their entirety, and to delete “and clothing” from the registered services.

[36] The amended statement of services will be as follows:

Operation of retail stores selling footwear and related accessories.

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G.M. Melchin  
Hearing Officer  
Trademarks Opposition Board  
Canadian Intellectual Property Office

**TRADEMARKS OPPOSITION BOARD  
CANADIAN INTELLECTUAL PROPERTY OFFICE  
APPEARANCES AND AGENTS OF RECORD**

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No Hearing Held

**AGENTS OF RECORD**

Ridout & Maybee LLP

For the Registered Owner

O'Brien TM Services Inc.

For the Requesting Party