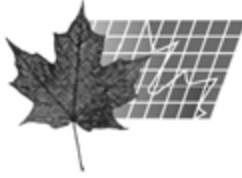


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LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2021 TMOB 69

Date of Decision: 2021-04-12

IN THE MATTER OF A SECTION 45 PROCEEDING

**DB Business Law Professional
Corporation**

Requesting Party

and

Kung's Manufactory Ltd.

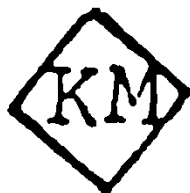
Registered Owner

TMA275,764 for KM & DESIGN

Registration

INTRODUCTION

[1] This is a decision involving a summary expungement proceeding under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) with respect to Registration No. TMA275,764 for the trademark KM & DESIGN (the Mark), which is owned by Kung's Manufactory Ltd. (the Owner) and is shown below:



[2] The Mark is registered for use in association with the following goods: “All types of jewellery including gold and precious metal jewellery, and costume jewellery, namely, necklaces, chains, bracelets, anklets, pendants, earrings, pins, charms, rings, spring-rings, cufflinks, tie-bars, watch bracelets and all types of jewellery.”

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

THE PROCEEDINGS

[4] At the request of DB Business Law Professional Corporation (the Requesting Party), the Registrar of Trademarks issued a notice to the Owner under section 45 of the Act on November 13, 2018.

[5] The notice required the Owner to show whether the trademark 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 November 13, 2015 to November 13, 2018.

[6] The relevant definition of “use” in this case is set out in section 4(1) of the Act as follows:

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.

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

[8] 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 [*Lang Michener, Lawrence & Shaw v Woods Canada* (1996), 71 CPR (3d) 477 (FCTD) at para 9] and

“evidentiary overkill” is not required [*Union Electric Supply Co v Canada (Registrar of Trade Marks)* (1982), 63 CPR (2d) 56 (FCTD) at para 3]. Nevertheless, sufficient facts must still be provided to allow the Registrar to conclude that the mark was used 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) (*Rainier Brewing*) at para 14].

[9] In response to the Registrar’s notice, the Owner furnished the affidavit of Colin Chen, sworn on June 10, 2019. Both parties submitted written representations. No oral hearing was held.

THE EVIDENCE

[10] Mr. Chen is the Vice President of the Owner and Ann-Louise Jewellers Ltd. (ALJ), which is a wholly-owned subsidiary and licensee/distributor of the Owner (paras 1 and 15). He attests that the Owner exercises direct control over the character and quality of all goods sold by ALJ, including goods that display the Mark (para 14).

[11] Mr. Chen attests that the Mark has been continuously used by the Owner in association with the registered goods since at least as early as 1983, including during the relevant period (paras 18 and 20).

[12] With respect to the normal course of trade, Mr. Chen explains that the Owner produces and imports a wide variety of jewellery made of precious metals, such as gold and sterling silver, including goods that display the Mark (paras 8 and 13). He explains that the Owner orders and provides specifications for products to manufacturers in China, India and other countries, which then place the Mark on the products under the Owner’s control and direction (para 23). Mr. Chen explains that the products are then shipped to Canada and distributed to end consumers by ALJ through retail outlets that ALJ operates in British Columbia and Alberta (paras 10, 13 and 24).

[13] Regarding display of the Mark, Mr. Chen provides pictures of the Owner’s goods that display the Mark, which he states are representative of the goods sold by ALJ on behalf of the Owner during the relevant period (para 21; Exhibits E and F). The pictures show rings (Exhibits E1, E2 and E3), a pendant and chain (Exhibit E4), and a pair of earrings (Exhibit E5).

[14] With respect to transfer of the registered goods, Mr. Chen provides redacted reports that he states show imports and sales of goods during the relevant period by the Owner through ALJ (paras 27 and 29; Exhibits G and H). The reports do not include customer information or product descriptions. However, Mr. Chen summarizes the information from the reports in a table, where he provides the number of units sold for each of the products shown in Exhibits E1 through E5 and the approximate revenue earned from those transactions, which total up to \$140,000 during the relevant period (para 32).

ANALYSIS AND REASONS FOR DECISION

[15] In its written representations, the Requesting Party submits that the pictures of the registered goods should be disregarded because they are undated and it is unknown whether the pictures show the Owner's goods for sale in a store. However, given that Mr. Chen attests that the pictures are representative of the goods sold by ALJ on behalf of the Owner during the relevant period (para 21), I accept that this is how they appeared when they were transferred to end consumers during the relevant period.

[16] The Requesting Party also submits that, since the goods were manufactured abroad by third parties, the evidence does not demonstrate use of the Mark by the Owner in association with goods sold in Canada or with exported goods under section 4(3) of the Act. However, I agree with the Owner that section 4(3) is not relevant in this case, given that the Owner imports the goods from abroad and sells them through its licensee in Canada (paras 8 and 13).

[17] To the extent that the Requesting Party is submitting that the third party manufacturers, rather than the Owner, are the source of the goods, I note that any such issues of ownership are more properly dealt with by way of application to the Federal Court pursuant to section 57 of the Act, given that the validity of a registration is not in dispute in section 45 proceedings [*Ridout & Maybee srl v Omega SA*, 2005 FCA 306 at para 2]. With this in mind, it is proper to presume in this proceeding that the Owner is the source of the goods in question, unless the evidence indicates otherwise, such as a case where the licensee is the source of the goods [*Marks & Clerk v Tritap Food Broker*, 2017 TMOB 35 at paras 18 and 19; *Gowling Lafleur Henderson LLP v Henry Company, LLC*, 2017 TMOB 51 at para 19]. In *Smart & Biggar v Canadian Tire Corporation, Limited*, 2017 TMOB 153 at para 16, the Registrar found that:

[...] the Act does not require the owner of a trade-mark itself be the manufacturer. For example, it may outsource that function or have one or more manufacturer suppliers. In other words, to the extent the question is even relevant in a section 45 proceeding — where a registered owner need only establish a *prima facie* case of use — contrary to the Requesting Party’s suggestion, a registered owner need not be established as the actual manufacturer of goods for it to be considered the source of such goods for purposes of the Act.

[see also *David Michaels v Agros Trading Confectionery Spolka Akcyjna*, 2018 TMOB 157 at para 21, *aff’d* 2020 FC 937; *The Coca-Cola Company v Meenaxi Enterprise, Inc DBA Meenaxi Enterprise, Inc a New Jersey Corporation*, 2020 TMOB 14 at para 17].

[18] In this case, given that the manufacturers produce the goods based on the Owner’s specifications and under the Owner’s control and direction (para 23), I am satisfied that the Owner is the source of the goods. In addition, given that part of the chain of distribution takes place in Canada from the Owner to ALJ to the end consumer (para 24), I am satisfied that this constitutes use of the Mark in Canada within the meaning of section 4 of the Act [*Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 (FCTD) at para 39; *CBM Kabushiki Kaisha v Lin Trading Co* (1988), 21 CPR (3d) 417 (FCA) at para 9].

[19] The Requesting Party further submits that the evidence only shows that some of the registered goods were manufactured, but the evidence does not show that the registered goods were sold to consumers in Canada. In particular, the Requesting Party submits that the sales records do not provide sufficient information to show sales in the normal course of trade.

[20] Although Mr. Chen does not provide invoices or reports with customer information or product descriptions, this is not mandatory in order to satisfactorily reply to a section 45 notice as long as some evidence of transfer in the normal course of trade in Canada is provided [*Lewis Thomson & Son Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD) at para 9; *Rainier Brewing* at paras 7 and 10]. Furthermore, evidence of a single sale can be sufficient to establish use for the purposes of section 45 expungement proceedings, so long as it follows the pattern of a genuine commercial transaction and is not seen as deliberately manufactured or contrived to protect the registration [*Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d) 289 (FCTD) at para 12]. In this case, in addition to the redacted sales records, Mr. Chen also makes clear, sworn statements regarding volumes of sales and dollar value of sales with respect

to specific registered goods (para 32), and I find that this provides sufficient evidence of transfer of such registered goods in the normal course of trade [see, for example, *1471706 Ontario Inc v Momo Design srl*, 2014 TMOB 79 at para 14].

[21] However, I agree with the Requesting Party that there is only evidence for some of the registered goods. Mr. Chen only provides pictures, number of units sold, and approximate revenue for rings, pendants and chains, and earrings (para 32; Exhibits E1 to E5). Mr. Chen makes no specific reference to necklaces, bracelets, anklets, pins, charms, spring rings, cufflinks, tie bars, or watch bracelets and there is no evidence showing use of the Mark in association with these goods within the meaning of the Act. Similarly, although Mr. Chen refers to jewellery made of precious metals such as gold (para 8), he makes no specific reference to costume jewellery, and there is no evidence upon which I could conclude that the Owner has used the Mark in association with costume jewellery within the meaning of the Act. As a result, I am not satisfied that the Owner has demonstrated use of the Mark (within the meaning of sections 4(1) and 45 of the Act) in association with costume jewellery, necklaces, bracelets, anklets, pins, charms, spring rings, cufflinks, tie bars, or watch bracelets. As the Owner has not provided any special circumstances excusing non-use of the Mark in association with these goods, they will be deleted from the registration accordingly.

DISPOSITION

[22] Based on the findings above, 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 goods shown ~~struck out~~ below:

All types of jewellery including gold and precious metal jewellery, ~~and costume jewellery, namely, necklaces, chains, bracelets, anklets, pendants, earrings, pins, charms, rings, spring rings, cufflinks, tie bars, watch bracelets and all types of jewellery.~~

[23] The registration will now read as follows:

All types of jewellery including gold and precious metal jewellery, namely, chains, pendants, earrings, rings.

Bradley Au
Hearing Officer
Trademarks Opposition Board
Canadian Intellectual Property Office

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

Clark Wilson LLP

For the Registered Owner

Darryl Joseph Bilodeau (DB Business Law/TM Central) For the Requesting Party