



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2021 TMOB 233

Date of Decision: 2021-10-20

IN THE MATTER OF A SECTION 45 PROCEEDING

BenefitHub, Inc.

Requesting Party

and

Frontline Centre Inc.

Registered Owner

**TMA550,087 for BENE FIT &
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. TMA550,087 for the trademark BENE FIT & DESIGN (the Mark), shown below, owned by Frontline Centre Inc. (the Owner).



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

Goods: Discount cards, debit cards, credit cards, identification cards and security cards.

Services: Administration, claims adjudication, information management, payment processing, eligibility verification, and employee data record keeping, all for employee benefit plans, and marketing services on behalf of benefit plan providers and distributors.

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

THE PROCEEDINGS

[4] At the request of BenefitHub, Inc. (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the Act on June 4, 2020, to the Owner

[5] The notice required the Owner to show whether the trademark was 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 June 4, 2017 to June 4, 2020 (the Relevant Period).

[6] The definition of “use” is 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.

4(3) A trademark that is marked in Canada on goods or on the packages in which they are contained is, when the goods are exported from Canada, deemed to be used in Canada in association with those goods.

[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 [*Performance*

Apparel Corp v Uvex Toko Canada Ltd, 2004 FC 448] 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 Mark was used in association with each of the registered goods and services.

[8] In the absence of use, pursuant to section 45(3) of the Act, the registration of a trademark is liable to be expunged, unless the absence of use is due to special circumstances.

[9] In response to the Registrar’s notice, the Owner furnished the affidavit of Frank Pasquill, sworn on August 27, 2020.

[10] Only the Requesting Party submitted written representations; no hearing was held.

THE EVIDENCE

[11] The affidavit is brief, consisting of the following substantive paragraphs without exhibit:

3. Frontline Inc., received notice to file by Sept 4, 2020, evidence of use of “[the Mark]” in Canada in the three-year period preceding the date of the notice in association with the goods and services covered by the registration. Accordingly, we will provide an explanation for non-use during the period of June 4, 2017 to June 4, 2020. The reasons for non-use were beyond our control, such as disruptive changes in information technology, and travel restrictions due to the Covid-19 pandemic.

4. REASON # 1 – TECHNOLOGICAL CHANGE

In July 2018, we met with our system developer Alleyne Inc. to discuss the potential impact of the highly disruptive blockchain technology, on the provision of “BENE FIT” services. While investigating this new claims processing method, we decided to research the potential use of the trademark in a smartphone interface. The decisions moved us away from using the trademarks on credit card and debit cards, towards its use on identification cards and on our website iBENE-fit.com.

5. In October 2019, we reviewed the system development conducted by Alleyne Inc. who had:

- * researched the application of blockchain for this platform and made recommendations.
- * prepared a workflow/process model around which the system will be built.
- * prepared design sketches for the mobile applications.
- * prepared and end-to-end design of the mobile APP and platform.

6. After reviewing the above developments, we concluded that blockchain technology would give employers the highest level of security during the provision of tax-free

flexible benefits to their employees. As a result, we decided to postpone our use of the BENE FIT trademarks until the blockchain software has been tested, and new marketing plan developed that incorporates the use of a smartphone interface.

7. REASON # 2 – COVID-19 PANDEMIC

Because of the Covid-19 travel advisory, since March 2020 we have been unable to meet face-to-face with prospective investors. As a result, we now envision using the trademarks in fundraising materials that support a new internet “crowdsourcing” strategy.

ANALYSIS AND REASONS FOR DECISION

[12] Given that the Owner has implicitly conceded that there is no evidence of use of the Mark in Canada during the Relevant Period [para 3], the issue here is whether, pursuant to section 45(3) of the Act, special circumstances existed to excuse non-use of the Mark.

[13] In its representations, the Requesting Party submits that the “reasons” provided by the Owner are insufficient to demonstrate special circumstances excusing non-use of the Mark. In this respect, the Requesting Party notes the following relevant issues:

- the Owner made a voluntary and deliberate decision to explore a new technology for their business;
- the Owner’s inability to travel to meet with investors face-to-face due to Covid-19 arose only at the end of the Relevant Period (March 2020);
- the Owner did not provide any evidence as to how the Mark was used at any point in time in association with the Goods and Services; and
- the evidence is silent as to why the Owner needed to speak with potential investors nearly 20 years after the Mark was registered.

The Test for Special Circumstances

[14] To determine whether special circumstances have been established, the Registrar must first determine, in light of the evidence, why in fact the trademark was not used during the relevant period. Second, the Registrar must determine whether these reasons for non-use constitute special circumstances [per *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]. The Federal Court has held that 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) at para 29].

[15] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such special circumstances *excuse* the period of non-use. This involves the consideration of three criteria: (i) the length of time during which the trademark 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 Mills*].

[16] The relevance of the first criterion is apparent, as reasons that may excuse a brief period of non-use may not be sufficient to excuse an extended period of non-use; in other words, the reasons for non-use will be weighed against the length of period of non-use [per *Harris Knitting Mills*].

[17] All three criteria are relevant but satisfying the second criterion is essential for a finding of special circumstances *excusing* non-use [*Smart & Biggar v Scott Paper Ltd*, 2008 FCA 129].

[18] The intention to shortly resume use must be substantiated by “a sufficient factual basis” [*NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 (FCTD)].

Why was the trademark not used during the relevant period?

[19] In his affidavit, Mr. Pasquill provides two reasons for the non-use of the Mark during the Relevant Period: “disruptive changes in information technology” and “travel restrictions due to the Covid-19 pandemic” [para 3].

[20] Given that Mr. Pasquill does not state when the Mark was last in use, it’s not actually clear what the reasons for non-use of the Mark were in this case. As noted by the Requesting Party, the Covid-19 pandemic arose only at the end of the Relevant Period and does not account for the entire period of non-use. Furthermore, it is unclear why the inability to have face-to-face meetings with potential investors explains the absence of use, in particular given that the Mark was registered in 2001.

[21] Taking Mr. Pasquill’s affidavit at face value, the reasons for non-use of the Mark during the Relevant Period appears to be a combination of the Owner’s decision to test new software for smartphones and develop a new marketing strategy [para 6], which itself was disrupted by the Covid-19 pandemic towards the end of the Relevant Period.

Do the reasons for non-use constitute special circumstances?

[22] Even taking the events described in Mr. P’s affidavit at face value, I agree with the Requesting Party that they do not constitute special circumstances. While the pandemic may have disrupted the Owner’s business, it only accounted for a short period near the end of the Relevant Period and the affiant doesn’t explain, for example, how the absence of face-to-face meetings with potential investors caused the Owner not to use the Mark. More importantly, the initial absence of use appears to be the result of a voluntary business decision by the Owner to investigate other technologies and develop a new marketing strategy. Whether compounded by the pandemic or not, such a voluntary business decision does not constitute circumstances that are “unusual, uncommon or exceptional”.

[23] Indeed, in his affidavit, Mr. Pasquill refers on two occasions to business decisions made by the Owner to explain the non-use:

- Paragraph 4: “...While investigating this new claims processing method, we decided to research the potential use the trademark in a smartphone interface. The decisions moved us away from using the trademarks on credit card and debit cards, towards it use on identification cards and on our website iBENE-fit.com.”
- Paragraph 6: “... As a result we decided to postpone our use of the BENE FIT trademarks until the blockchain software has been tested, and new marketing plan developed that incorporates the use of a smartphone interface.”

[24] In light of the foregoing, I cannot conclude that the reasons for non-use of the Mark amount to special circumstances in the present case.

Would the circumstances excuse non-use?

[25] In any event, even if I were to accept that the Owner’s explanations 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 Mills*.

[26] First, with respect to the length of non-use, in cases such as this where an owner cannot or does not state the date of last use, the Registrar may consider the date of registration as the relevant date for purposes of assessing the length of non-use [see, for example, *Clark, Woods v Canaglobe International Inc* (1992), 47 CPR (3d) 122 (TMOB)].

[27] In this case, as the Mark was registered in 2001, the length of non-use for purposes of this criterion is a lengthy 20 years.

[28] Second, as noted above, Mr. Pasquill refers to business decisions made by the Owner, without explaining how these decisions were beyond the control of the Owner.

[29] Third, other than a vague statement related to the possible use of the Mark in fundraising materials in paragraph 7 of the affidavit, one is left in the dark as to whether the Owner will commence (or recommence) any use of the Mark in association with the Goods and Services, and if so when that might happen.

[30] In view of the foregoing, I am not satisfied that the Owner has demonstrated special circumstances excusing non-use of the Mark with respect to any of the Goods or Services during the Relevant Period.

DISPOSITION

[31] 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.

Martin Béliveau
Chairperson
Trademarks Opposition Board
Canadian Intellectual Property Office

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

HEARING DATE: No Hearing Held

AGENTS OF RECORD

No Agent Appointed

For the Registered Owner

Gowling WLG (Canada) LLP

For the Requesting Party