



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2022 TMOB 104

Date of Decision: 2022-05-26

IN THE MATTER OF A SECTION 45 PROCEEDING

**Life Maid Right –
2799232 Ontario Inc.**

Requesting Party

and

Maid Right, LLC

Registered Owner

TMA929,205 for MAID RIGHT

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. TMA929,205 for the trademark MAID RIGHT (the Mark).

[2] The Mark is registered for use in association with the following services (the Services): cleaning of residential, commercial, vacation rental and new construction buildings.

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

THE PROCEEDING

[4] At the request of Life Maid Right – 2799232 Ontario Inc. (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the Act on December 11, 2020, to the registered owner of the Mark, Maid Right, LLC (the Owner).

[5] The notice required the Owner to show whether the Mark was used in Canada in association with the Services 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 December 11, 2017 to December 11, 2020 (the Relevant Period).

[6] The relevant definition of use in the present case is set out in section 4(2) of the Act as follows:

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.

[7] 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 the Services.

[8] In response to the Registrar’s notice, the Owner furnished the Affidavit of Paul E. Flick, sworn on May 13, 2021, to which were attached Exhibits A and B.

[9] Only the Owner submitted written representations. No oral hearing was held.

THE EVIDENCE

[10] Mr. Flick is the CEO and Founder of Premium Service Brands, LLC, the parent company of the Owner. He states that he has personal knowledge of the matters set forth in his affidavit unless indicated otherwise.

[11] Mr. Flick states that the Owner acquired substantially all of the assets of the previous owner of the Mark, Maid Right Franchising, LLC, including an assignment of all franchise agreements and trademarks, on April 13, 2018. I note, from a review of the Register, that the assignment was recorded against the registration for the Mark on May 24, 2018.

[12] Mr. Flick describes the Owner's business as a franchise network which provides the Services. In particular, qualified individuals or businesses who enter into a franchise agreement with the Owner offer cleaning services in association with the Mark in accordance with what Mr. Flick describes as the "Maid Right 'System'" which details things such as uniform standards, specifications and procedures.

[13] Mr. Flick notes that a new franchisee is provided with a variety of support including an initial training program with forty hours of on-boarding training, eighty hours of online training, thirty-six hours of classroom training and four hours of field training.

[14] Mr. Flick states that, as of December 31, 2018, there were twenty-two franchisees in the US and one in Canada. The Canadian franchisee later left the system through a Mutual Termination and Release Agreement.

[15] Mr. Flick states that the Owner went through a significant effort to produce a Canadian Disclosure Document to be used in marketing to potential Canadian franchisees. A copy of the first page of the Canadian Disclosure Document, dated April 22, 2019, is attached as Exhibit A. A copy of the first page of an updated Canadian Disclosure Document, dated October 8, 2020, is attached as Exhibit B. Mr. Flick states that the entire Disclosure Documents were not produced due to privacy reasons and given that they are quite voluminous.

[16] The Disclosure Document in Exhibit A states that it is for use in Alberta and Ontario and that it is provided to prospective or renewing franchisees pursuant to the *Arthur Wishart Act*

(*Franchise Disclosure*) of Ontario and the *Franchise Act* of Alberta. The document also states that “[i]ndependent expert legal and financial advice in relation to the Franchise Agreement should be sought prior to entering into the Franchise Agreement”.

[17] The Disclosure Document in Exhibit B refers to the total investment necessary to begin operation of the franchise, although the specific amount has been redacted. The document also encourages potential franchisees to show the disclosure document and the franchise agreement to an advisor such as a lawyer or an accountant and notes that buying a franchise is a “complex investment”.

[18] Mr. Flick goes on to state that, throughout 2019 and continuing in to 2020, the Owner continued its efforts to recruit franchisees in Canada and provided Disclosure Documents to several potential candidates located in Canada, one of whom signed a Franchise Agreement with the Owner on November 9, 2020. Mr. Flick states that, prior to COVID, the franchisee intended to service the Ontario Region of Durham.

ANALYSIS AND REASONS FOR DECISION

[19] While Mr. Flick states that there was a Canadian franchisee as of December 31, 2018, he does not state, nor provide any evidence to show, that the franchisee was actually offering the Services in Canada in association with the Mark during the Relevant Period or, indeed, how the Mark may have been used by the franchisee in the performance or advertising of the Services. Similarly, while Mr. Flick states that a Canadian Franchise Agreement was signed on November 9, 2020 he gives no indication as to whether or not that franchisee started to offer the Services in Canada in association with the Mark during the Relevant Period (which ended on December 11, 2020).

[20] Accordingly, I have no basis upon which to conclude that there was any use of the Mark in Canada in association with the Services during the Relevant Period within the meaning of sections 4(2) and 45 of the Act.

[21] Having found that there was no evidence of use of the Mark in Canada during the Relevant Period, the issue becomes whether, pursuant to section 45(3) of the Act, there were special circumstances which excused such non-use.

[22] To determine whether special circumstances have been established, the Registrar must first determine, in light of the evidence, why in fact the Mark was not used during the relevant period. Second, the Registrar must determine whether the reasons for non-use constitute special circumstances [per *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)].

[23] 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 Mark has not been in use; (ii) whether the reasons for non-use were beyond the control of the Owner; and (iii) whether there exists a serious intention to shortly resume use [per *Harris Knitting Mills*]. 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].

[24] The Owner submits that the recent acquisition of the Mark, combined with the negative effects of COVID, constitute special circumstances which excuse the non-use of the Mark.

[25] An assignment or change in title in itself does not constitute a special circumstance. However, there are a number of cases in which a recent acquisition of a mark during the relevant period was held to excuse non-use, as it was reasonable in those cases to assume that the new owner would need some time to make arrangements concerning the use of a newly acquired mark [see, for example, *Baker & McKenzie v Garfield's Fashions Ltd* (1993), 52 CPR (3d) 274 (TMOB); *Scott Paper Co v Lander Co Canada Ltd* (1996), 67 CPR (3d) 274 (TMOB); *Sim & McBurney v Hugo Boss AG* (1996), 67 CPR (3d) 269 (TMOB); and *Hudson's Bay Co v Bombay & Co Inc*, 2013 TMOB 159].

[26] In those cases, the reasons for non-use were not due merely to the recent acquisition of the mark. Regard was also given to individual circumstances deemed beyond the control of the registered owner which reasonably delayed the use of the newly acquired mark such as: difficulties in finding the necessary financing to re-launch the product line, technical difficulties in manufacturing; or, difficulties in finding a suitable supplier. In each case, active steps were taken to resume use prior to the date of the section 45 notice. Furthermore, in many of these

cases, the evidence concluded with actual post-notice sales, which reaffirmed the ongoing efforts and genuine intention of the owners to resume use of their recently acquired marks.

[27] As noted above, the Owner acquired substantially all of the assets of the previous owner of the Mark, including an assignment of all franchise agreements and trademarks, on April 13, 2018. This included a Canadian franchisee who subsequently left the system, although we are not advised when that occurred. The acquisition itself does not constitute a special circumstance – we must still look to the individual circumstances beyond the control of the Owner which reasonably affected the timing of the introduction of the Services in Canada.

[28] The evidence is that, after acquiring substantially all of the assets of the previous owner, the Owner went through a significant effort to produce a Disclosure Document pursuant to the *Arthur Wishart Act (Franchise Disclosure)* of Ontario and the *Franchise Act* of Alberta for the purposes of recruiting new franchisees in Canada. Having done so, the Owner continued its effort to recruit franchisees in Canada. It is reasonable to conclude that the recruitment process would take some time – as noted in Exhibit A, “[i]ndependent expert legal and financial advice in relation to the Franchise Agreement should be sought prior to entering into the Franchise Agreement” and, as noted in Exhibit B, buying a franchise is a “complex investment”.

[29] The Owner’s efforts culminated with the signing of a new Canadian franchisee agreement on November 9, 2020, shortly before the end of the Relevant Period. There is no evidence as to how long it took to conclude the agreement with the new Canadian franchisee but it is reasonable to conclude, in light of the warnings in the Disclosure Documents, that there would have been discussions / negotiations leading up to the signing of the agreement and that a period of time would be required for the new franchisee to go through the training discussed in the evidence before it began offering the Services in Canada.

[30] Accordingly, I conclude that the Owner’s recent acquisition of the Mark and the steps required to recruit and sign on a new Canadian franchisee and bring the Mark back into use in Canada in association with the Services are special circumstances not found in most cases of absence of use. Having reached that conclusion, I must still decide whether such special circumstances excuse the period of non-use and that requires me to apply the criteria of *Harris Knitting*.

Length of time during which the trademark has not been in use

[31] There is no evidence before me as to when the Mark was last used in Canada. Where an owner cannot or does not state the date of last use, the Registrar may consider the date of registration (in this instance, February 17, 2016) 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)].

[32] However, where there has been a recent acquisition of the mark, the case law suggests that I should assess the length of non-use as starting with the new owner's date of acquisition [see *Sim & McBurney v Anheuser-Busch, Inc* (2007), 61 CPR (4th) 450 at para 16 (TMOB); *Cassels Brock & Blackwell LLP v. Canada (Registrar of Trade-Marks)*, 2004 FC 753 at para 17].

[33] The case law also suggests that it is an overly technical approach to require a new owner to justify an absence of use of the mark by its predecessor(s) [see *PNC IP Group Professional Corp. v Mark Anthony Group Inc.*, 2021 TMOB 268; *GPS (UK) v Rainbow Jean Co* (1994), 58 CPR (3d) 535 (TMOB); *Scott Paper Co v Lander Co Canada Ltd* (1996), 67 (3d) 274 (TMOB)].

[34] I am aware that, in *Dentons Canada LLP v CanWhite Sands Corp*, 2020 TMOB 95, the Board declined to consider the acquisition date (May 2017) as the relevant date to assess the length of non-use and instead used the registration date (December 2001). Further, the Board noted that the owner did not address the reasons for non-use prior to its acquisition of the mark which left unaccounted the first two years of the relevant period. However, each case must be decided on its own facts.

[35] In this case, the Mark was acquired on April 13, 2018 shortly after the commencement of the Relevant Period (December 11, 2017) and some thirty-two months prior to the issuance of the section 45 notice on December 11, 2020. In effect, the Owner owned the Mark for most of the Relevant Period. To require that the Owner obtain evidence from the previous owner, an entity that is not a party to this proceeding, to explain its non-use of the Mark prior to the date of acquisition (keeping in mind that the section 45 notice issued some thirty-two months after the

acquisition) would be an overly burdensome and technical approach and inconsistent with the case law noted above.

[36] Further, it is important to keep in mind that section 45(1) prevents any person from initiating section 45 proceedings before a period of three years has elapsed following the registration of a trademark; this is consistent with the apparent legislative intent that, generally, there is a maximum start-up time of three years for a registrant to commence serious commercial use in Canada [see *Gouverneur Inc v The One Group LLC*, 2014 TMOB 18; aff'd *One Group LLC v. Gouverneur Inc.*, 2016 FCA 109]. In this instance, the three year period ended on February 17, 2019, i.e. less than two months prior to the Owner's acquisition of the Mark

[37] Accordingly, the period of non-use will be considered to begin at the date of acquisition, April 13, 2018, and run to December 11, 2020, a period of approximately thirty-two months. Given the steps required to resume use of the Mark in Canada, as outlined below, I conclude that the period of non-use was not unreasonable.

Whether the reasons for non-use were beyond the control of the registered owner

[38] The Owner needed a reasonable period of time after its acquisition of the Mark to commence use of the Mark in Canada. Based on the evidence of Mr. Flick, this required significant effort to produce a Canadian Disclosure Document, in compliance with Ontario and Alberta law, to be used in marketing to potential Canadian franchisees, and then the marketing of the franchise to potential Canadian franchisees. Further, the purchase of a franchise is a complex matter and requires financial and / or legal advice. Finally, once the franchise is sold, the franchisee requires considerable training as noted by Mr. Flick. All of these factors put the non-use of the Mark in Canada beyond the control of the Owner alone, akin to those cases in which the loss of a distributor, or a comparable link in the chain of commerce, was accepted as a special circumstance excusing the absence of use for a certain period of time [see *One Group*].

Whether there exists a serious intention to shortly resume use.

[39] Clearly there was a serious intention to resume use given that a Canadian franchise agreement was signed on November 9, 2020.

[40] In the circumstances, I conclude that there were reasons for non-use that constitute special circumstances within the meaning of section 45(3) of the Act. Consequently, the registration will be maintained.

[41] In addition to the assignment, the Owner urges me to take judicial notice of the impact of COVID on the cleaning services business in general. I do not need to address this issue given my conclusion that the registration will be maintained.

DISPOSITION

[42] 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 maintained.

Robert A. MacDonald
Member
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

Esmail Mehrabi

For the Registered Owner

No Agent Appointed

For the Requesting Party