



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2022 TMOB 147

Date of Decision: 2022-08-09

IN THE MATTER OF A SECTION 45 PROCEEDING

**Guangzhou Wanglaoji Grand Health
Co., Ltd.**

Requesting Party

and

Multi Access Limited

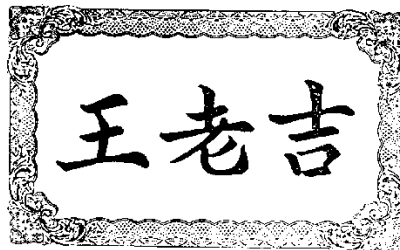
Registered Owner

**TMA410,076 for CHARACTERS-
CHINESE DESIGN**

Registration

INTRODUCTION

[1] This decision involves a summary expungement proceeding under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) with respect to registration No. TMA410,076 for the trademark CHARACTERS-CHINESE DESIGN (the Mark), reproduced below:



[2] The English translation of the Chinese characters is LUCKY OLD KING and the transliteration of the Chinese characters is WONG LO KAT.

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

Herbal products for food and medicinal purposes, namely herbal teas and tonics; non-dairy based beverages, namely herbal, fruit and vegetable juice extracts.

[4] For the reasons that follow, I conclude that the registration ought to be amended.

PROCEEDING

[5] At the request of Guangzhou Wanglaoji Grand Health Co., Ltd. (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the Act on October 30, 2019, to Multi Access Limited (the Owner), the registered owner of the Mark.

[6] The notice required the Owner to show whether the Mark was used in Canada, in association with each of the registered goods, 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 October 30, 2016, to October 30, 2019.

[7] The relevant definition of use in the present case is set out in section 4(1) 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.

[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 that excuse the absence of use.

[9] In response to the Registrar's notice, the Owner furnished the affidavit of Chan Hung To, sworn on May 27, 2020, with Exhibits A to D.

[10] Both parties submitted written representations and were represented at a hearing. The hearing was held jointly with respect to the summary cancellation proceedings for registrations No. TMA892,774 for the trademark Chinese Character Design, No. TMA927,934 for the trademark WONG LO KAT Vertical Chinese Characters Design, No. TMA910,422 for the trademark Red, Black and Brown Colour Arrangement Design, No. TMA910,437 for the trademark Colour Arrangement and Chinese Characters Design, No. TMA879,263 for the trademark WANG JAO LI, No. TMA879,265 for the trademark WONG LO KAT, and No. TMA879,259 for the trademark Chinese Character Design. Separate decisions will be issued with respect to these proceedings.

EVIDENCE

[11] Mr. Chan is the Director of the Owner. He gives an overview of the history of the Owner's products, stating that they were first sold in the 19th century as an effective prevention against and a remedy to different illnesses, such as influenza. He states that, during the relevant period, the Owner's tea and herbal tea were considered an effective prevention against influenza [para 6].

[12] He explains that the Owner has licensed JDB Hangzhou Limited (the Licensee) to "oversee the production of the [Owner]'s Tea and Herbal Tea bearing the [Mark]", stating that the Owner maintains "direct or indirect control over the character and quality of the Tea and Herbal Tea bearing the [Mark]" [para 12].

[13] According to Mr. Chan, during the relevant period, the Owner's teas and herbal teas were produced in Malaysia, and then exported from Malaysia to Canada by Wing Tung Drinks (Malaysia) SDN BHD [Wing Tung], which sold and shipped these products to the Owner's Canadian distributor, Every Green International Inc. (Every Green) [paras 13-14]. Attached to his affidavit are representative invoices issued by Wing Tung to Every Green for "the purchase and sale in Canada of the [Owner]'s Tea and Herbal Tea bearing the [Mark] during the Relevant Period" [para 16, Exhibit C]. The products sold on these invoices are described as "Wong Lo Kat Herbal Drink". Also attached to his affidavit as part of Exhibit C are representative bills of lading issued by Wing Tung to Every Green for "the shipment to Canada of the [Owner]'s Tea and Herbal Tea bearing the [Mark] during the Relevant Period" [para 16].

[14] Mr. Chan attests that the Owner’s tea and herbal tea are sold in Canada in packaging displaying the Mark. Attached to his affidavit as Exhibit B are “representative images of the [Owner]’s Tea and Herbal Tea, which were exported to, and distributed and sold in Canada [...] during the relevant period” [para 15]. The images depict what appears to be two versions of a can of “herbal tea” from various angles. The label on the first version indicates that the product is manufactured by “Pokka Ace (M) Sdn. Bhd.” and that manufacturing is supervised by the Licensee. It also identifies Every Green as the *Exclusive Distributor of Canada* and that “Herbal drink not for medical purposes”. The second version does not indicate which entity manufactured the product, but indicates it was supervised by “Hung To (Holdings)”. Both versions are reproduced below:



[15] Attached to Mr. Chan’s affidavit as Exhibit D is a table providing yearly breakdowns of quantities and dollar values of the Owner’s “Wong Lo Kat Herbal Tea” imported, then distributed and sold in Canada between 2009 and 2019. Mr. Chan confirms that the products depicted in the Exhibit B images are representative of the products sold in Canada, as shown in the table [para 17].

ANALYSIS AND REASONS FOR DECISION

Hearsay

[16] The Requesting Party objects to portions of Mr. Chan's affidavit as constituting hearsay. In particular, the Requesting Party submits that the Exhibit C invoices and bills of lading are issued by the Licensee, which do not have a corporate relationship with the Owner. It cites *Brick Brewing Co v Lakeport Brewing Corp* (2003), 35 CPR (4th) 70 (TMOB), for the proposition that business records of third-party companies constitute inadmissible hearsay.

[17] The Owner submits that it is reasonable to infer that a witness who has full knowledge of all areas of the Owner's operations, such as Mr. Chan, the Owner's director, would be knowledgeable of the activities of parties in its chain of distribution. It adds that the information contained in the Chan affidavit is known to Mr. Chan personally or contained in business records of the Owner and, because the Owner monitors the activities of its exporters and distributors, that it is reasonable to conclude that invoices and bills of lading would be maintained in those records.

[18] I agree with the Owner that Mr. Chan, by virtue of his position, would be knowledgeable of the activities of parties in the Owner's chain of distribution. In view of this and the supporting statements in his affidavit, I accept that the entirety of the affidavit is admissible.

Use by the Owner

[19] The Requesting Party submits that the Owner has not established licensed use of the Mark in accordance with section 50 of the Act. It submits that the evidence suggests that at least five entities have a role in the manufacture, export, and distribution of the goods and, except for the Licensee, the Owner has not provided evidence that these entities have been licensed to use the Mark.

[20] The Owner submits that there is no obligation to "license" each member of its supply chain, as long as the Owner initiated the first link in the chain of transactions. Given that Mr. Chan establishes that the Owner exerts the necessary control over the Licensee and that the

Owner is the first link in the chain of manufacture, export, and distribution to Canada, the Owner submits that any transfer by its Licensee or distributor enures to the benefit of the Owner.

[21] It is well established that a trademark owner's ordinary course of trade will often involve distributors, wholesalers and/or retailers, and that distribution and sale of the owner's goods through such entities can constitute trademark use that enures to the owner's benefit [see *Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 (FCTD); *Lin Trading Co v CBM Kabushiki Kaisha* (1988), 21 CPR (3d) 417 (FCA)].

[22] Moreover, Mr. Chan states that the Owner exerted the requisite control and that is sufficient to establish that any use of the Mark by the Licensee enures to the benefit of the Owner [per *Empresa Cubana Del Tobacco Trading v Shapiro Cohen*, 2011 FC 102 at para 84]. As noted by the Owner, it does not have to demonstrate a licence granted to all of the entities involved, as the Owner initiated the first link in the chain of distribution by way of its Licensee.

Normal Course of Trade

[23] The Requesting Party also submits that the Owner failed to establish its normal course of trade. It submits that the evidence indicates that the production of the tea and herbal tea packaged in the second version of the packaging in the relevant period was supervised by Hung To (Holdings).

[24] In response, the Owner submits that the product labelling in Exhibit B and the invoices and bills of lading in Exhibit C support Mr. Chan's statements establishing that i) the Owner has a Licensee who supervised the production of the Owner's tea goods, and ii) Wing Tung exported such goods from Malaysia by selling them to the Owner's exclusive distributor in Canada, Every Green.

[25] In the present case, Mr. Chan described most of the chain of transactions, and his statements are consistent with the exhibits filed. There is no particular type of evidence that must be provided to show the normal course of trade in a section 45 proceeding and the evidence need not be perfect [see *Lewis Thomson & Son Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD)].

[26] As section 45 proceedings are meant to be simple, summary, and expeditious, it was not necessary for Mr. Chan to identify and explain every entity in the chain of distribution for the Owner's products; the facts provided in the affidavit and exhibits are sufficient to establish the Owner's normal course of trade .

Transfers in Canada

[27] The Requesting Party submits that the evidence does not establish the quantities of herbal tea distributed and sold to consumers in Canada beyond a bald assertion that Every Green distributes and sells "Tea and Herbal Tea" in Canada. Moreover, it adds that the Owner did not establish which version of the can as shown in Exhibit B is reflected in the Exhibit C invoices and bills of lading, as well as in the Exhibit D sales table.

[28] In response, the Owner submits that it filed representative invoices and bills of lading showing the transfer of the goods from the Owner's exporter to its Canadian distributor in Canada, and provided the quantities and values of herbal tea sold in Canada each year during the relevant period. It adds that any transfer in Canada, even to a distributor, would be sufficient to demonstrate a transfer pursuant to the Act.

[29] With respect to the issue of transfers generally, I accept that the Exhibit C invoices and bills of lading are sufficient to demonstrate transfers of the product described as Wong Lo Kat Herbal Tea in Canada, by the Owner, during the relevant period.

[30] As for which version of the can "packaging" was sold and reflected in the representative invoices and bills of lading, while the evidence could have been clearer, I accept Mr. Chan's statements at face value that the Exhibit B images are representative of the cans sold and transferred in Canada during the relevant period, such that both versions were the subject of transfers in Canada.

Use with the registered goods

[31] The Requesting Party submits that the products depicted in Exhibit B do not correspond to the registered goods "Herbal products for food and medicinal purposes, namely herbal teas",

because the packaging shown in that exhibit identifies those products as “Herbal drink not for medical purposes”.

[32] The Owner submits that one is not to be astutely meticulous when dealing with language used in a statement of goods in section 45 proceedings, and that the Requesting Party attempts to equate the word “medical” with “medicinal” is not accurate, as these are two different meanings, relying on the following definition from the *Merriam-Webster Dictionary*:

Medical: (1) of, or relating to, or concerned with, physicians or the practice of medicine; (2) requiring or devoted to medical treatment;

Medicinal: “tending or used to cure disease or relieve pain”

[33] Given Mr. Chan’s statement regarding how the products were considered to prevent illness, and given the nature of section 45 proceedings, I consider that the herbal teas depicted in the evidence fall within the scope of the registered goods “Herbal products for food and medicinal purposes, namely herbal teas”.

[34] Given all of the above, I am satisfied that the Owner has demonstrated use of the Mark only in association with “Herbal products for food and medicinal purposes, namely herbal teas” within the meaning of sections 4 and 45 of the Act. As there is no evidence of special circumstances before me, the registration will be amended accordingly.

DISPOSITION

[35] 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 following from the statement of goods: “[Herbal products for food and medicinal purposes, namely] ... and tonics; non-dairy based beverages, namely herbal, fruit and vegetable juice extracts”.

[36] The statement of goods will now read as follows:

Herbal products for food and medicinal purposes, namely herbal teas.

Ann-Laure Brouillette
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

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

HEARING DATE: April 13, 2022

APPEARANCES

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For the Registered Owner

Andy Chow

For the Requesting Party

AGENTS OF RECORD

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