



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2022 TMOB 239

Date of Decision: 2022-11-30

IN THE MATTER OF A SECTION 45 PROCEEDING

Requesting Party: Rowand LLP

Registered Owner: Gulfstream Aerospace Corporation

Registration: TMA853242 for ASTRA

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. TMA853,242 for the trademark ASTRA (the Mark), owned by Gulfstream Aerospace Corporation (the Owner).

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

THE PROCEEDING

[3] At the request of Rowand LLP (the Requesting Party), the Registrar of Trademarks issued a notice to the Owner under section 45 of the Act on October 26, 2021.

[4] The notice required the Owner to show whether the Mark was used in Canada in association with 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 from October 26, 2018, to October 26, 2021.

[5] The Mark is registered for use in association with the goods “Airplanes”.

[6] The relevant definition of use in the present case 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.

[7] It is well established that 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)]. However, sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trademark in association with the goods specified in the registration during the relevant period.

[8] In response to the Registrar’s notice, the Owner furnished the statutory declaration of Mayra Calzadilla Vieito, Assistant General Counsel & Risk Manager for the Owner, declared on January 24, 2022. Only the Owner submitted written representations; no hearing was held.

EVIDENCE

[9] Ms. Calzadilla Vieito states that the Owner designs, develops, manufactures, markets, sells, and services business jet aircraft, and that the Owner and its predecessors have been in continuous operations since at least 1958. She states that the airplanes are very expensive and sophisticated, and are thus sold only occasionally

and within a limited market. She states that the Owner provides ongoing support to owners, including providing updated manuals displaying the Mark on a regular basis.

[10] Ms. Calzadilla Vieito states that the Owner did not use the Mark in Canada in association with the direct sale of airplanes in Canada during the relevant period. Instead, the Owner's last use of the Mark in association with a direct sale was on March 23, 2018, shortly before the beginning of the relevant period. As Exhibit E1, she attaches a bill of sale showing the transfer of an aircraft. She states that this sale was in Canada and that the Mark was "marked on the goods and associated with the airplane such that notice of the association was given to the person to whom the property or possession was transferred, in accordance with section 4 of the Act".

[11] Further, Ms. Calzadilla Vieito states that there have been sales by third parties of airplanes manufactured by the Owner and displaying the Mark, with one such sale taking place in Canada in 2019. She states that the Owner provides "updated ASTRA-branded aircraft manuals and other support" to the new owners of such airplanes. As Exhibit E2, she attaches a spreadsheet created from "aircraft sales databases" showing transfers of airplanes, with one entry showing a sale on September 13, 2019, in Canada.

[12] Finally, Ms. Calzadilla Vieito states that given the nature of the goods, only a limited number are manufactured, resulting in a "robust secondary market" for third party sales. She confirms that the Owner has not favoured other markets over Canada for sale of its goods, and that the Owner currently provides active support to owners and operators of its aircraft in Canada and intends to continue doing so.

ANALYSIS

Use of the Mark

[13] At the outset, I note that Ms. Calzadilla Vieito does not state how the Mark is associated with the goods at the time of transfer. In this respect, while she refers to "ASTRA-branded aircraft" and states twice in her affidavit that the Mark is "marked on the goods and associated with the airplane such that notice of the association was

given to the person to whom the property or possession was transferred, in accordance with section 4 of the Act”, this is merely a reproduction of the language of the Act, and is moreover a legal determination that is for the Registrar to make. There is nothing in evidence that shows or explains *how* the Mark was displayed on the goods; the Registrar is left in the dark as to whether, for example, the Mark was printed on the exterior of the aircraft, or on the interior in a manner that would not be evident to a purchaser at the time of transfer. Similarly, while Ms. Calzadilla Vieito refers to “ASTRA-branded aircraft operating and maintenance manuals”, there is no indication as to the manner or placement of the Mark on these manuals. It is not enough to merely state that the requirements of the Act have been met; the Registrar must be able to “rely on an inference from proven facts rather than on speculation” to satisfy every element required by the Act [*Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184]. In this case, I am left to speculate as to whether the manner of display or “branding” of the Mark on the aircraft and manuals would provide the requisite notice under sections 4 and 45 of the Act.

[14] Furthermore, the Owner states that there have been third-party sales of its aircraft in Canada during the relevant period and submits as follows:

Although such sales were not initiated by the Owner, given the specialized and narrow market for business jets, and the regulated nature of aircraft sales and operation in Canada, the owner controls the Mark with respect to aircraft sales, even where such sales are initiated by third parties [...] the sales by third parties within the Relevant Period were made under an implied license with the Owner and, therefore, [ought to be] deemed to be uses of the Mark by the Owner within the Relevant Period.

[15] In support of its contention that evidence of control by an owner of a trademark can support the existence of an “implied licence agreement”, the Owner cites *Wells’ Dairy Inc v UL Canada Inc* (2000), 7 CPR (4th) 77 (FCTD). However, while that case stands for the proposition that evidence of control by the owner can support the existence of an implied license agreement, there is little evidence in this case as to *how* the Owner could exercise such control in the context of third-party sales; indeed, Ms. Calzadilla Vieito merely states that the Owner “provides updated aircraft manuals and other support to the new owners from these third-party sales in Canada” and that such

purchasers “rely on the ASTRA trademark and [the Owner]’s goodwill and reputation, such that the ASTRA trademark is still being used and serving as a source-identifier in Canada in such transactions”.

[16] Even if the Owner had provided sufficient evidence to demonstrate that the Mark was displayed at the time of transfer within the meaning of the Act in the course of these third-party transactions, I would not be prepared to accept that providing updated manuals and other unspecified “support” would amount to control over the character and quality of the goods within the meaning of section 50(1) of the Act such that a licence could be implied. In the absence of such a licence, these third-party sales do not amount to transfers in the normal course of trade as set out in section 4(1) of the Act [for a similar conclusion, see *Thor Tech, Inc v Hyundai Auto Canada Corp*, 2020 TMOB 101 at paras 18-19].

[17] In addition, the Owner notes that it “continues to actively provide manuals and other support to the owners and operators of aircraft bearing the Mark in Canada” and submits that “[g]iven the highly complex nature of the Owner’s products, that ongoing support is a continuing aspect of the original sale”. However, section 4(1) of the Act is clear that the Owner must show use of the Mark in association with the goods “the time of the transfer of the property in or possession of the goods”. The Owner appears to be suggesting that this “time of transfer” ought to include technical support provided years after the date of sale of its goods. However, the Owner provides no authorities to support such a contention, and I am not prepared to come to such a far-reaching conclusion in this case.

[18] As such, I am not satisfied that the Owner used the Mark in association with the registered goods within the meaning of sections 4 and 45 of the Act.

Special circumstances

[19] As the Owner has not demonstrated use of the Mark in Canada during the relevant period, the issue now becomes whether, pursuant to section 45(3) of the Act, there were special circumstances which excused such non-use. The general rule is that

absence of use will be penalized by expungement, but there may be an exception where the absence of use is excusable due to special circumstances [*Smart & Biggar v Scott Paper Ltd*, 2008 FCA 129].

[20] 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].

[21] 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*]. All three criteria are relevant, but satisfying the second criterion is essential for a finding of special circumstances excusing non-use [per *Scott Paper*].

[22] The Owner submits that the reasons for non-use are that the Owner’s goods are of an expensive and sophisticated nature and have a long lifespan, such that the goods are sold only occasionally and within a limited market. The Owner submits that these reasons constitute special circumstances, citing *Country-Wide Automotive Ltd v CWA Constructions SA* (1994), 57 CPR (3d) 435 (TMOB) [*Country-Wide*]. In that case, the owner had not used its trademark in association with expensive and sophisticated goods (gondolas, aerial tramway cars, shuttles, and monorails) for three years prior to the issuance of a section 45 notice. The Registrar found that “[c]onsidering the expensive and sophisticated nature of the wares sold by the registered owner, it is not surprising that there has been a fairly lengthy period of non-use” and that such reasons

amounted to special circumstances, especially given that there had been evidence of use shortly before the relevant period and of negotiations for further sales after the relevant period.

[23] The Owner notes that in several cases subsequent to *Country-Wide* [in particular, *Bereskin & Parr v Magnum Marine Corporation*, 2011 TMOB 68 [*Magnum Marine*]; *StarragHeckert GmbH v World, LLC*, 2014 TMOB 179; and *Survival Systems Training Limited v Survival Systems Holdings Limited*, 2016 TMOB 14], the Registrar maintained that unfavourable market conditions do not generally constitute special circumstances and that the mere fact that certain goods are expensive and/or sophisticated does not automatically excuse an owner from non-use of its trademark. However, the Owner submits, and I agree, that such cases can be distinguished from the present case on the grounds that there was no evidence in those cases of *any* sales in Canada, with the effect that the period of non-use was deemed to extend to the date of registration for those trademarks.

[24] Nevertheless, the fact that the Owner has provided evidence of a single sale of an aircraft shortly before the relevant period does not necessarily amount to a “pattern of sales” as was evidenced in *Country-Wide* [see *Magnum Marine* at para 17]. I note that *Country-Wide* was recently considered in *Live! Holdings, LLC v Oyen Wiggs Green & Mutala LLP*, 2019 FC 1042, in which the Federal Court held as follows at para 122:

Country-Wide does not stand for a proposition that a trade-mark owner dealing with expensive and sophisticated wares need not show use of their trade-mark. In *Country-Wide*, the trade-mark owner demonstrated a pattern of use in Canada over 25 years with gaps in between large sales of cable cars. The four year period of non-use of the trade-mark was relatively short in this context.

[25] It is therefore noteworthy that there was evidence in *Country-Wide* of at least eight sales prior to the relevant period, and that such sales established a consistent “pattern of use” prior to the relevant period. Further, the owner in *Country-Wide* provided specific evidence of negotiations for a sale shortly after the relevant period consistent with its pattern of prior use. In this case, the Owner provides evidence of only a single sale prior to the relevant period, and while Ms. Calzadilla Vieito states that the

Owner intends to continue to provide active support to owners and operators of its aircraft in Canada, there is no indication at all that the Owner intends to sell more aircraft in Canada in association with the Mark. Indeed, given the “limited inventory” of aircraft referenced by Ms. Calzadilla Vieito, it could very well be that the Owner does not intend to manufacture or sell any further aircraft. As was the case in *Magnum Marine*, “there is nothing that would assist in establishing a pattern of sales of the [goods] in Canada, which in turn would help determine whether a break in the pattern is due to circumstances beyond the Registrant’s control, and further whether a resumption of sales in Canada in the future would be likely” [para 17, emphasis added].

[26] Thus, even if I were to accept that the Owner last used the Mark shortly before the relevant period and that the period of non-use was beyond the control of the Owner, the evidence is silent on a continuing intention to resume use. In this respect, it is well-established that intention to shortly resume use of the trademark must be substantiated by “a sufficient factual basis” [*NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 at para 26; see also *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD) at para 12; *Lander Co Canada Ltd v Alex E Macrae & Co* (1993), 46 CPR (3d) 417 (FCTD) at para 15]. In the absence of such evidence, I am not prepared to conclude that the Owner has established special circumstances excusing non-use within the meaning of sections 4 and 45 of the Act.

DISPOSITION

[27] In view of the 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 expunged.

G.M. Melchin
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

Appearances and Agents of Record

HEARING DATE: No hearing held

AGENTS OF RECORD

For the Requesting Party: Rowand LLP

For the Registered Owner: Burnet, Duckworth & Palmer LLP