



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2023 TMOB 013

Date of Decision: 2023-01-26

IN THE MATTER OF A SECTION 45 PROCEEDING

Requesting Party: ID Marque

Registered Owner: Lactalis Canada Inc.

Registration: TMA291,335 for VITALITE

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. TMA291,335 for the trademark VITALITE (the Mark).

[2] The statement of goods is reproduced below. All goods are in Nice class 29:

(1) Dairy products, namely, cheese.

(2) Milk.

(3) Yogurt.

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

PROCEEDING

[4] At the request of ID Marque (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the Act on September 30, 2020, to Lactalis Canada Inc. (the Owner), the current owner of the Mark.

[5] The notice required the Owner to show whether the Mark was 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 September 30, 2017 to September 30, 2020 (the Relevant Period).

[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] Where the owner has not shown “use”, the registration is liable to be expunged or amended, unless there are special circumstances that excuse the absence of use.

[8] In response to the Registrar’s notice, the Owner furnished an affidavit of Burhan Khan, sworn on April 30, 2021, together with Exhibits A to G.

[9] Both parties submitted written representations and were represented at an oral hearing.

EVIDENCE

[10] In his affidavit, Mr. Khan states that he has been the National Marketing Director of the Owner since January 2019. He explains that the Owner is a leading Canadian manufacturer and distributor of milk and dairy products, fruit juices, cultured products, cheese products, and table spreads [at paras 1-3].

[11] Mr. Khan acknowledges that the Mark was not used in Canada in association with the registered goods during the Relevant Period. Rather, he states that despite achieving early success after the Mark was launched in Canada in association with milk and yogurt products in 2007, these products were discontinued between 2010 and 2011. Specifically, he indicates that the Mark was last used in Canada in or around 2011 in association with milk products, and in or around 2010 or 2011 in association with yogurt products [at paras 8-9, and 14 17]. Mr. Kahn provides several images of milk and yogurt products packaging to illustrate how the Mark was used in Canada when it was launched in 2007 [Exhibits B and E].

[12] Mr. Khan states that the absence of use of the Mark in association with milk and yogurt during the relevant period was due to reasons beyond the Owner's control. In particular, he states that the Owner was forced to discontinue these products due to customer's cancellations and discontinuations. In this regard, he further explains that the Owner's customer "delisted" these products between 2010 and 2011 [at paras 8, 13 14 and 17 18].

[13] Mr. Khan states that the Owner plans to resume use of the Mark in Canada in association with milk and yogurt in the "very near future". He also states that, in addition to the originally launched dairy products, the Owner plans to use the Mark in association with new products. As evidence of the Owner's concrete and active steps to resume use or to start using the Mark, he provides copies of two new trademark applications, filed on November 16, 2020, for "Dairy products, namely, milk, cheese, butter, margarine, yogurt, ice cream" [Exhibit F]. He also provides images of margarine and yogurt packaging designs prepared by the Owner [Exhibit G]. Regarding the yogurt packaging, apart from the Mark's font color, there is no substantial difference from the 2007 packaging shown in Exhibits B and E. Exhibit G also includes a "proof sheet" for the margarine products design with approval dated November 12, 2020. Finally, Mr. Khan states that the Owner's plan is to start selling margarine products in Canada in or around May 2021 and yogurt products in or around 2023 [at paras 8 and 19-21].

REASONS FOR DECISION

[14] At the hearing, the Owner conceded that the evidence is silent with respect to use or any special circumstance excusing the absence of use of the Mark in association with “Dairy products, namely, cheese”. Consequently, “Dairy products, namely, cheese” will be deleted from the registration.

[15] Furthermore, Mr. Khan’s affidavit and the Owner’s submissions only refer to reasons and representations concerning the absence of use of the Mark in association with milk and yogurt. Accordingly, the sole issue to consider in this proceeding is whether, pursuant to section 45(3) of the Act, the evidence demonstrates that there were special circumstances excusing the absence of use of the Mark in Canada during the relevant period in association with milk and yogurt.

[16] 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 [*Scott Paper Limited v Smart & Biggar*, 2008 FCA 129 [*Scott Paper*]]. 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) [*Harris Knitting Mills*]]. 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)].

[17] 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*].

[18] 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 non-use [*Harris Knitting Mills*].

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

[20] The intention to shortly resume use must be substantiated by “a sufficient factual basis” [*NTD Apparel Inc v Ryan*, 2003 FCT 780, 27 CPR (4th) 73 (FCTD) [*NTD Apparel*]].

Why was the Mark not used during the relevant period?

[21] In its written and oral submissions, the Owner submits having being forced to discontinue milk and yogurt products due to customer cancellations and delisting of its products. Relying on *Swabey, Mitchell, Houle, Marcoux & Sher v Dominion Textile Inc* (1988), 21 CPR (3d) 204 (TMOB), it submits that as the reasons for the absence of use were not the result of a deliberate decision on the part of the Owner, such reasons should be considered as beyond its control. According to the Owner, active and concrete steps support the conclusion that the non-use period is close to an end.

[22] At the hearing, counsel for the Owner explained that the “customer” Mr. Khan refers to is a retailer selling goods to end-consumers. He submitted that the Owner is unable to distribute its products without this retailer. However, the evidence is silent as to the nature of the relationship between the Owner and its customer. The Owner’s submission is therefore disregarded [see *Ridout & Maybee LLP v Encore Marketing International Inc* (2009), 72 CPR (4th) 204 (TMOB) for the general principle that facts not in evidence must be disregarded].

Would the circumstances excuse the absence of use?

[23] At the outset, I note that the evidence is silent as to the context of the cancellations and delisting of the Owner’s milk and yogurt. In this respect, I note that while Mr. Khan states that the Owner was “forced to discontinue sales” of these

products, he does not provide further details. Further, and more importantly, the evidence is also silent as to the impact caused by the products' delisting on the Owner's operations or as to any difficulties, directly or indirectly related to the delisting, faced by the Owner at any time.

[24] Absent details from the Owner regarding the delisting context and impact, it is not clear that the delisting caused a disruption that would amount to unusual, uncommon, or exceptional circumstances. Moreover, it is not clear if the delisting of these products was the result of the customer's reaction to deliberate business decisions made on behalf of the Owner. In any event, the delisting of the products took place in or around 2011; that is, six years before the date of the section 45 notice. Thus, the delisting of the products in 2011 does not explain the absence of use of the Mark during the Relevant Period. If there were other reasons why the Owner could not have used the Mark in association with milk and yogurt in Canada during the Relevant Period, such reasons are not set out in the Owner's evidence.

[25] Accordingly, I am not satisfied that the customer's delisting and cancelling of the Owner's milk and yogurt were the reasons for the absence of use of the Mark in Canada during the Relevant Period, nor am I satisfied that the delisting constitutes special circumstances that are unusual, uncommon or exceptional as to meet the threshold established by the jurisprudence.

[26] In any event, even if I were to accept that the delisting and cancelling of the Owner's products constitutes special circumstances, I would not be satisfied that such circumstances excuse the absence of use.

The length of time during which the Mark was not in use

[27] Mr. Khan estimates that the Owner used the Mark in Canada in association with milk and yogurt up to sometime between 2010 and 2011. As he indicates the Mark was last in use in association with milk products in or around 2011, I accept that the Mark was last used in association with both products in 2011, which is approximately six years before the issuance of the section 45 notice. Therefore, the absence of use of the

Mark lasts approximately nine years in total. Per *Harris Knitting Mills*, this lengthy period of non-use weighs against the Owner.

Whether the reasons for non-use were beyond the Owner's control

[28] With respect to the second criterion, Mr. Khan does not provide details as to how the disruption, caused by the milk and yogurt products cancellation and delisting, could have affected the Owner's ability to relist its products again either with the same customer or with another one. Further, even if the disruption excused a brief period of non-use, absent evidence of any long-term difficulties to be considered as beyond the Owner's control, such disruption cannot excuse an extended period of non-use of around nine years. In this respect, the present case is distinguishable from the *Swabey* case in which the period of non-use was nine months only. Furthermore, the registered owner in that case detailed the context of the products' discontinuation and it was developing a new product, while in the present case, no details were provided and the packaging design shows that the yogurt to be sold in 2023 is essentially the same product launched in 2007.

[29] As no other reason was submitted to excuse the absence of use, I cannot determine whether any other circumstance was beyond the Owner's control.

[30] Specifically concerning the Relevant Period, the inaction of the Owner may have been due to business decisions or other actions of the Owner within its control. In this respect, I note that the evidence shows that the Owner decided to focus on another product instead of milk and yogurt. Indeed, at the time Mr. Khan signed his affidavit, the Owner's plan was to sell margarine products in 2021 while the estimated year of sale for yogurt was 2023. As for milk, there is no reference to any future sales. Thus, the absence of use during the Relevant Period is likely attributable, at least in part, to the Owner's voluntary business decision to prioritize the launching of margarine products over milk and yogurt.

[31] Therefore, I am not satisfied that the Owner has demonstrated circumstances that were beyond its control.

Whether there exists a serious intention to shortly resume use

[32] I first note that Mr. Khan does not expressly state that the packaging designs were prepared during the relevant period. It is therefore unclear whether the yogurt products redesign was prepared during the relevant period, or sometime between the end of that period and the day Mr. Khan signed his affidavit. In such context, given that the evidence is silent as to any other step taken by the Owner to commercialize yogurt products between the delisting and the end of the relevant period, the redesigned packaging is not of any assistance to the Owner.

[33] With respect to the trademarks applications, they were filed after the relevant period. Moreover, it has been held that, absent further evidence, a trademark application only demonstrates the registered owner's desire to hold rights of a trademark in Canada [see *Smart & Biggar v Achar*, 2015 TMOB 1 at para 30].

[34] Therefore, I am not satisfied that the Owner has demonstrated a serious continuing intention to resume use of the Mark in association with yogurt.

[35] Even if I were to accept that the Owner has demonstrated a serious continuing intention to use the Mark in association with yogurt, I would not be satisfied that the redesign sufficiently demonstrates that the absence of use is likely close to an end. In this respect, it has been held that the intention to shortly resume use must be substantiated by factual elements such as purchase orders, or at least a specific date of resumption [see *Lander Co Canada Ltd v Alex E Macrae & Co* (1993), 46 CPR (3d) 417 (FCTD) at para 15; *NTD Apparel, supra*; and *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD)]. In the present case, Mr. Khan neither provides purchase orders nor a specific date of resumption for yogurt products. As he only indicates the year, namely 2023, I find that the date of resumption is not specific enough and uncertain. In such circumstances, I would not be satisfied that the Owner was prepared to resume use of the Mark in association with yogurt products in the "very near future".

[36] Finally, with respect to milk products, except for Mr. Khan's general statement regarding future resumption of use of the Mark, the evidence is silent with respect to any concrete steps taken by the Owner at any time.

[37] For the reasons outlined above, I am not satisfied that the Owner has demonstrated use of the Mark in association with any of the registered goods, within the meaning of sections 4 and 45 of the Act.

DISPOSITION

[38] Accordingly, 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.

Maria Ledezma
Hearing Officer
Trademarks Opposition Board
Canadian Intellectual Property Office

Appearances and Agents of Record

HEARING DATE: 2023-01-05

APPEARANCES

For the Requesting Party: Isabelle Deshaies

For the Registered Owner: Shane Hardy

AGENTS OF RECORD

For the Requesting Party: ID Marque

For the Registered Owner: Cozen O'Connor LLP