

Federal Court



Cour fédérale

Date: 20200618

Docket: T-1400-19

Citation: 2020 FC 710

Ottawa, Ontario, June 18, 2020

PRESENT: The Honourable Mr. Justice Fothergill

BETWEEN:

SIM & MCBURNEY

Applicant

and

GAYLE GORDON

Respondent

JUDGMENT AND REASONS

I. Overview

[1] The Appellant, Sim & McBurney, appeals a decision of the Registrar of Trademarks to maintain the registration of two trademarks: FORGET-ME-KNOT (TMA599,853); and LOVE-KNOT (TMA631,952) [together, the Marks].

[2] The Marks are owned by the Respondent, Gayle Gordon, and are registered in association with gold and silver jewellery [Goods]. The Appellant requested that the Marks be expunged pursuant to s 45 of the *Trademarks Act*, RSC 1985, c T-13 [TMA].

[3] Before the Registrar, the Respondent provided a bare minimum of evidence to demonstrate her use of the Marks during the relevant period. Despite noting several deficiencies in the evidence, the Registrar extended the full benefit of the doubt to the Respondent and maintained the Marks' registrations based on a series of inferences.

[4] On appeal, the Respondent did not file any new evidence to address the deficiencies identified by the Registrar. She did, however, bring a motion shortly before the hearing for an extension of time in which to submit new evidence. The proposed new evidence concerned the Respondent's health. She swore an affidavit to which she appended a brief note written by her doctor, who stated that the Respondent was incapable of using the Marks during the relevant period due to an unspecified "chronic medical condition".

[5] The Appellant objected to the late motion on the grounds of relevance and prejudice. The Respondent's proposed new evidence concerned a contentious matter, but the Appellant was given little notice and no opportunity to cross-examine. The Respondent also failed to explain why she waited until May 25, 2020 to bring the motion. The doctor's note was dated February 16, 2020.

[6] The Respondent withdrew the motion to adduce new evidence early in the hearing, before the Court had an opportunity to hear from counsel for the Appellant.

[7] Given the unsatisfactory state of the evidentiary record before this Court, the Registrar's inferences that the Respondent used the Marks in the normal course of trade are no longer sustainable. The appeal is allowed, and the registrations of the Marks are ordered to be struck from the register of trademarks.

II. Background

[8] Following the Appellant's request that the Marks be expunged, the Registrar sent the Respondent two notices pursuant to s 45 of the TMA requiring her to demonstrate whether and how she had used the Marks in association with the Goods between April 25, 2014 and April 25, 2017. The Respondent submitted identical affidavits in response to both notices, in which she deposed as follows:

1. I am the owner of the trademarks FORGET-ME-KNOT and LOVE KNOT and as such have knowledge of the matters hereinafter deposed.
2. Attached as Exhibit "A" are true copies of invoices issued by me.
3. Each invoice represents a sale by me
 - to the party named on the invoice under the heading "Ship To"
 - on the date indicated on the invoice beside the heading "Date"

- of goods identified on the invoice in the column entitled “Description”
- from the physical location indicated in the footer of the invoice

4. In the invoices, each good that is described by the word “ring”, “chain”, “bracelet”, “pendant”, “pen” or “pin” is a type of jewellery. [“Pen” is an abbreviation for “pendant”]. All rings, bracelets, pendants and tie pins were made from gold or silver.

5. In the invoices, any good that is described by the word “Sil” is constructed from silver; any good that is described with “G” or “10K” is constructed from gold.

6. Each and every good referenced in the invoices with the phrase “Forget Me Knot” or “Forget-me Knot” was shipped to the buyer thereof with a hang tag as shown in front and rear views in Exhibit “B”.

7. Exhibit “C” is a true copy of a brochure that I distributed in small quantities in the three year period preceding April 25, 2017 to generate sales. In the invoices, any reference to a ring that is accompanied by the phrase “Forget-me Knot” or “Forget-me-Knot” evidences a sale of the good that is shown in the photographs beside the annotation FORGET-ME-KNOT.

[9] The footer of each invoice indicated the same address in Toronto. None of the invoices indicated a shipping address for the alleged purchasers of the Respondent’s Goods.

III. Decision under Review

[10] The Registrar accepted that the evidentiary threshold for the Respondent to demonstrate use of the Marks under s 4 of the TMA is “quite low”. Nevertheless, the Registrar observed that the Respondent must provide “sufficient facts [...] to allow the Registrar to conclude that the trademark was used in association with each of the goods specified in the registration.” The

Registrar noted that “[m]ere assertions of use are not sufficient to demonstrate use in the context of section 45 proceedings”.

[11] The evidence did not establish that hang tags were affixed or otherwise attached to the Goods that the Respondent shipped. Nor did the Respondent demonstrate that they were displayed in a manner that would provide notice of the association between the Marks and the Goods to the purchaser at the time of transfer. The Respondent’s affidavits provided no evidence that the invoices accompanied the Goods at the time of transfer. The Registrar acknowledged that advertisements and promotional materials were not sufficient to demonstrate use.

[12] Despite the deficiencies in the evidence, the Registrar was prepared to infer from the definition of “hang tags” that they were attached to the Goods at the time they were sold. The Registrar therefore accepted that buyers had notice of the association between the Marks and the Goods at the time of their transfer.

[13] The invoices submitted by the Respondent indicated no charges for HST or shipping. The Respondent provided no explanation for discounting the price of some items. Nor did the Respondent describe her normal course of trade. The Respondent did not disclose the purchasers’ locations.

[14] The Registrar was nevertheless prepared to infer that the Respondent was a small business owner located in Toronto. Nothing in the evidence suggested that the Respondent was involved in the importing or exporting of products. Rather, the Registrar found that the evidence

suggested the Respondent's goods were "artisanal in nature and sold locally". The Registrar was satisfied that the invoices represented cash sales, which the Respondent said had been made from the Toronto address identified in the footer. The Registrar rejected the Appellant's assertion that the sales were "deliberately contrived to protect the registration of the Marks".

[15] The Registrar remarked that "the evidence need not be perfect, a registered owner need only establish a prima facie case of use and the Registrar may draw reasonable inferences from the facts provided". The Registrar concluded that the evidence was sufficient to demonstrate use of the Marks during the relevant period in accordance with s 4(1) of the TMA, and maintained the registrations.

IV. Issue

[16] The sole issue raised by this appeal is whether the Respondent demonstrated use of the Marks during the relevant period.

V. Analysis

[17] Prior to the Supreme Court of Canada's decision in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [Vavilov], the standard of review applicable to appeals of decisions made pursuant to s 45 of the TMA was understood to be reasonableness (*Mövenpick Holding AG v Exxon Mobil Corporation*, 2011 FC 1397 at para 8; *Shell Canada Limited v PT Sari Incofood Corporation*, 2008 FCA 279 at para 22). However, following *Vavilov*, a court conducting an appeal from a Registrar's decision must assess questions of law in accordance

with the standard of correctness, and must examine questions of fact, or mixed fact and law, for any palpable and overriding error (*Obsidian Group Inc v Canada (Attorney General)*, 2020 FC 586 at para 26, citing *The Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 at paras 20-23).

[18] The TMA provides in s 4(1):

When deemed to be used

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.

Quand une marque de commerce est réputée employée

4 (1) Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

[19] The requirements to show use under s 4(1) of the TMA were summarized by Associate Chief Justice Gagné in *Geox SPA v De Luca*, 2018 FC 855 [*Geox SPA*] at paragraph 35, citing *Havana House Cigar & Tobacco Merchants Ltd v Skyway Cigar Store* (1998), 81 CPR (3d) 203 (FC) at paragraph 45:

1. the mark must be a trade mark as defined in s 2 [of the Trade-marks Act], that is, used for the purpose of distinguishing the wares;

2. the mark must be associated with the wares so that notice of the association is given; and
3. the transfer of the property or possession therein must occur in the normal course of trade.

[20] The Appellant argues that the evidence before the Registrar was insufficient to establish either the second or third of these requirements. For the purpose of this appeal, it is necessary to consider only the latter: whether the transfer of the property occurred in the normal course of trade.

[21] In order to maintain the registrations, the Respondent must “do more than merely state that use of a registered mark has occurred”; rather, she is required to show that the Marks were used with respect to each of the Goods as specified in the registration (*Plough (Canada) Ltd v Aerosol Fillers Inc*, (1980), 53 CPR (2d) 62 (FCA) [*Aerosol Fillers FCA*] at p 66; *Fraser Sea Food Corp v Fasken Martineau Dumoulin LLP*, 2011 FC 893 at para 14). While the Registrar and this Court may infer the three elements described above, there must be sufficient evidence from which it is possible to infer every element (*Geox SPA* at para 36; *Aerosol Fillers Inc v Plough (Canada) Ltd*, [1980] 2 FC 338 at paras 22-23, *aff’d*, *Aerosol Fillers FCA*).

[22] With the exception of the motion that was withdrawn, the Respondent did not offer any new evidence in response to this appeal despite having the opportunity to do so (TMA, s 56(5)). A party’s failure to file further evidence on appeal to address factual deficiencies identified by the Registrar may support the inference that a trademark was not in use, either during the period leading up to the s 45 notice or subsequently. The onus is on the registrant to establish, in a clear and unambiguous way, that the statutory requirements of s 4(1) of the TMA have been met

(*Riches, McKenzie & Herbert v Pepper King Ltd*, (2000), 195 FTR 58 (FC) at paras 23-24, citing *Aerosol Fillers FCA* at p 66).

[23] There must be some evidence from which the Court may infer the normal course of trade. A statement to that effect will be a beginning, though not in and of itself sufficient (*Guido Berlucchi & C Srl's v Brouillette Kosie Prince*, 2007 FC 245 at para 21). Token or promotional sales do not constitute sales in the normal course of trade (*L'Oréal v Cosmética Cabinas SL*, 2016 FC 680 at para 51; *JC Penney Co Inc v Gaberdine Clothing Co Inc*, 2001 FCT 1333 (FC) at para 92).

[24] The Appellant argues that the invoices attached as Exhibit "A" to the Respondent's affidavits did not represent sales in the normal course of trade, but rather promotional or token sales (noting, among other things, the absence of any HST charges or number). No shipping costs were indicated, although the Respondent stated that all items of jewellery were shipped to the purchasers.

[25] It is possible that the Respondent's business did not generate sufficient revenue to require registration for the purposes of GST/HST (*Excise Tax Act*, RSC 1985, c E-15, ss 148(1), 240(1) and (3)). It is also possible that shipping costs were included in the sale prices. However, the Respondent has provided no information regarding the nature of her business beyond the general assertion that she sold items of jewellery to the individuals named on the invoices.

[26] The Registrar found that the Goods were shipped to the buyers. However, this finding appears inconsistent with the Respondent's statement that the sales occurred at the Toronto

address indicated in the footers of the invoices. Nor did the Respondent explain how or where cash payments were made, beyond the notation on each invoice “Terms: Upon Receipt of Invoice”. The Registrar found there was no clear evidence that the invoices accompanied the Goods at the time of their transfer.

[27] The Registrar relied on inferences to find that the Respondent’s normal course of trade consisted of being “a small business owner located in Toronto”, who “is not involved in the importing or exporting of her products”, and whose Goods “are artisanal in nature and sold locally”. The Respondent did not specify whether she personally made the jewellery or obtained the Goods from an external supplier. Nor did she explain whether she acted as a retailer, wholesaler, designer, or in another capacity. No information was provided about the manner in which the items were “shipped” to the purchasers, or indeed where those purchasers were located. The Respondent did not explain to whom she sold the Goods in the normal course of trade, or provide any information regarding the total volume of sales.

[28] The very limited evidence presented by the Respondent does not demonstrate, clearly and unambiguously, whether the alleged sales were made in the Respondent’s normal course of trade, or whether they were contrived to maintain the registrations of the Marks.

[29] The evidentiary burden faced by the Respondent before the Registrar was low. She was represented by counsel, and knew the case to meet. She was simply required to demonstrate use of the Marks in association with the Goods in her normal course of trade during the relevant period. She was not subject to cross-examination.

[30] On appeal, the Respondent was again represented by counsel, and again knew the case to meet. In addition, she had notice of the deficiencies in the evidence identified by the Registrar, and a further opportunity to provide clear and unambiguous evidence regarding her normal course of trade. She declined to do so.

[31] As the Federal Court of Appeal held in *Boutiques Pro Golf Inc v Marks & Clerk* (1993), 54 CPR (3d) 451 (FCA) at 460, “the onus is on the registered owner, and not on the courts, to explain the normal course of trade in a particular industry”. Given the unsatisfactory state of the evidentiary record before this Court, the Registrar’s inferences that the Respondent used the Marks in the normal course of trade are no longer sustainable.

VI. Conclusion

[32] The appeal is allowed, and the registrations of the Marks are ordered to be struck from the register of trademarks.

[33] If the parties are unable to agree upon costs, including with respect to the Respondent’s abandoned motion to adduce new evidence regarding her medical condition during the relevant period, then they may make written submissions, not exceeding three (3) pages, within twenty-one (21) days of the date of this decision.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The appeal is allowed, and the registrations of the following trademarks are ordered to be struck from the register of trademarks:
 - a. FORGET-ME-KNOT (TMA599,853); and
 - b. LOVE-KNOT (TMA631,952).

2. If the parties are unable to agree upon costs, then they may make written submissions, not exceeding three (3) pages, within twenty-one (21) days of the date of this decision.

"Simon Fothergill"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1400-19

STYLE OF CAUSE: SIM & MCBURNEY v GAYLE GORDON

PLACE OF HEARING: HELD BY VIDEOCONFERENCE BETWEEN
OTTAWA, TORONTO AND BURLINGTON, ONTARIO

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