

Federal Court



Cour fédérale

**Date: 20230529**

**Docket: T-1434-22**

**Citation: 2023 FC 748**

**Ottawa, Ontario, May 29, 2023**

**PRESENT: The Honourable Mr. Justice Manson**

**BETWEEN:**

**SHAOGUAN RISEN TRADING  
CORPORATION LTD.**

**Applicant**

**and**

**DONG PHUONG GROUP PARTNERSHIP**

**Respondent**

**JUDGMENT AND REASONS**

**I. Introduction**

[1] The Applicant appeals a decision of the Registrar of Trademarks (the “Registrar”) issued on May 10, 2022 under section 56 of the *Trademarks Act*, RSC, 1985, c T-13 (the “Act”). The decision expunged the Applicant’s Trademark Registration No. TMA287136 for the trademark DOUBLE SWALLOW BRAND & DESIGN because the Applicant failed to show evidence of use.

II. Background

[2] The Applicant, Shaoguan Risen Trading Corporation Ltd., is a corporation headquartered in Guangdong, China. The Applicant owns Trademark Registration No. TMA287136 for the trademark DOUBLE SWALLOW BRAND & DESIGN (the “Mark”), reproduced below:



[3] The Mark was registered on January 20, 1984 for use in association with rice vermicelli, glutinous rice flour, rice flour and instant rice vermicelli (the “Registered Goods”).

[4] The Respondent is Dong Phuong Group Partnership.

[5] On August 22, 2019, at the request of the Respondent, the Registrar issued a notice pursuant to section 45 of the Act, requiring the Applicant to furnish within three months an affidavit or statutory declaration showing the Mark was used in connection with each of the Registered Goods at any time during the three-year period immediately preceding the date of the notice, and, if the Mark had not been used within that period, the date when it was last used along with an explanation for the lack of use since that date.

[6] The relevant period for the Applicant to show use of the Mark is August 22, 2016 to August 22, 2019 (the “Relevant Period”).

[7] On October 1, 2019, the Applicant filed the initial Affidavit of Michael Ma, sworn September 23, 2019 (the “Initial Ma Affidavit”).

[8] Mr. Ma is the President of WM International Inc., the exclusive distributor in North America for the Double Swallow Brand rice vermicelli product made by the Applicant. The Initial Ma Affidavit included a photo of the Applicant’s rice vermicelli product as well as copies of an export invoice, a bill of lading and Canada Customs declaration. The copies of these documents refer to the “Shaoguan Ruisheng Trading Corporation Ltd.”, a spelling different to the name of the registered owner of the Mark, “Shaoguan Risen Trading Corporation Ltd.”.

[9] Subsequent to the filing of the affidavit evidence, both parties made representations to the Registrar at an oral hearing.

### III. Decision under Review

[10] On May 10, 2022, the Registrar issued the decision expunging the registration of the Mark.

[11] The Applicant had conceded that there was no evidence that the Mark had been used in connection with glutinous rice flour, rice flour and instant rice vermicelli during the Relevant

Period. The Registrar accepted this concession and deleted these goods from the registration of the Mark,

[12] The sole issue that remained before the Registrar was whether the Applicant had shown use of the Mark in connection with rice vermicelli.

[13] After considering the evidence, the Registrar expunged the registration of the Mark in connection with rice vermicelli as well. The Registrar noted that the copies of the export invoice, the bill of lading and the customs declaration referred to “Shaoguan **Ruisheng** Trading Corporation Ltd.” and not the spelling of the name of the Applicant and registered owner “Shaoguan **Risen** Trading Corporation Ltd.”. The Registrar further observed that there was no evidence to explain the difference in spelling or confirm that the two spellings referred to the same entity.

[14] Additionally, the Registrar observed that the Initial Ma Affidavit did not identify the Applicant as beginning the “chain of distribution of the rice vermicelli”, nor did the attached photograph of the product’s packaging refer to the Applicant’s name.

[15] For these reasons, the Registrar found that the Applicant’s evidence failed to establish *prima facie* use of the Mark in connection with any of the Registered Goods and there was no explanation for the lack of use. As such, the Registrar ordered expungement of the registration of the Mark.

IV. Issues

- A. *Does the Applicant's new evidence affect the standard of review?*
  
- B. *Has the Applicant established prima facie use of the Mark in connection with rice vermicelli under section 45 of the Act?*

V. Analysis

- A. *Does the Applicant's new evidence affect the standard of review?*

[16] On appeal under section 56 of the Act, the applicable standards of review are the appellate standards (outlined in *Housen v Nikolaisen*, 2002 SCC 33 [*Housen*] as stated in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at para 37). For questions of law and mixed fact and law where a legal question is extricable, the standard is correctness (*Housen* at paras 8, 27). For questions of fact and question of mixed fact and law without an extricable legal question, the standard is whether the decision maker made an overriding and palpable error (*Housen* at paras 10, 28).

[17] However, under subsection 56(5) of the Act, when additional evidence is adduced on appeal that would have a material impact on the Registrar's decision, the Court may step into the shoes of the Registrar, reassess the evidence, and apply the standard of correctness (*Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 at paras 21-23).

[18] Evidence is said to be “material” when it is “sufficiently substantial and significant” and of “probative value”. New evidence is relevant when it fills a gap or assuages concerns identified by the Registrar (*Kabushiki Kaisha Mitsukan Group Honsha v Sakura-Nakaya Alimentos Ltda*, 2016 FC 20 at para 18).

[19] In this case, the Applicant has filed new evidence consisting of two affidavits, both affirmed on August 22, 2022. The first is a fresh affidavit from Michael Ma (the “Appeal Ma Affidavit”) and the second is from the Applicant’s legal representative during the relevant period Pijun Huang (the “Huang Affidavit”). Both affidavits were originally in Chinese with certified translations.

[20] The Huang Affidavit provides the following evidence:

- A. The legal name of the Applicant is spelled in Chinese characters as follows: 韶关睿胜贸易有限公司. When doing business in English, the Applicant’s name is translated in two forms, as “Shaoguan Risen Trading Corporation Ltd.” and “Shaoguan Ruisheng Trading Corporation Ltd.”. When transliterated from Chinese to English by sound, the first translation is the outcome; when translated by Chinese Pinyin spelling, the second translation is the outcome. Both translations refer to the same entity.
- B. The Applicant purchased the Mark on July 29, 2016 from its previous owner. The Applicant manufacturers and packages its rice noodle product in China.

- C. In early 2017, the Applicant appointed WM International Inc. (“WMI”) as the exclusive distributor of the rice vermicelli product in North America.
- D. Prior to WMI being the exclusive distributor, the Applicant promoted its product to Canadian consumers at trade shows in China. Mr. Huang has provided invoices of two sales made during the Relevant Period at such trade shows; one to a customer in Mississauga, Ontario (invoice dated December 5, 2016) and another to a customer in Toronto, Ontario (invoice dated March 25, 2017).
- E. In June 2019, WMI entered into an agreement with Perk-Up, Inc., doing business as Kari-Out Co. (“Kari-Out”), for distribution of the rice vermicelli product bearing the Mark in Canada. Mr. Huang’s evidence includes images of the products bearing the Mark and referring to Kari-Out and WMI on its packaging.
- F. Mr. Huang has also included evidence of the sale referenced in the Initial Ma Affidavit.

[21] The Appeal Ma Affidavit provides the following evidence:

- A. The Applicant uses both the name “Shaoguan Risen Trading Corporation Ltd.” and “Shaoguan Ruisheng Trading Corporation Ltd”, the latter being a Chinese Pinyin translation.

- B. The Applicant is responsible for manufacturing and packaging the rice vermicelli product. To that end, the Applicant hires third-party factories to manufacture and package the rice vermicelli and maintains control over the character and quality of the goods and how the Mark appears on the packaging.
  
- C. Kari-Out is an authorized distributor of WMI for Canada. Kari-Out orders the rice vermicelli products for restaurants, supermarkets or food service businesses. Kari-Out placed an order for rice vermicelli from WMI on June 20, 2019. WMI ordered the product from the Applicant. The product was packaged on July 31, 2019 and shipped from China to a customer in Mississauga, Ontario on August 11, 2019. Mr. Ma has included copies of relevant sale, shipping and customs documents evincing this sale.

[22] The Huang Affidavit and the Appeal Ma Affidavit provide evidence of probative value that is sufficiently substantial and significant to support the registration of the Mark for use in association with rice vermicelli in Canada. The new evidence deals with the Registrar's concerns with respect to "Shaoguan Risen Trading Corporation Ltd." and "Shaoguan Ruisheng Trading Corporation Ltd" being one in the same entity and shows the Applicant's place in the chain of distribution. The Court can logically infer from the new evidence that the two names refer to the same entity and that the Applicant is responsible for manufacturing and packaging the rice vermicelli in China and ensuring its quality and character prior to its arrival in Canada.

[23] Given the import of the new evidence, the standard of review for the Court is correctness.



B. *Has the Applicant established prima facie use of the Mark in connection with rice vermicelli under section 45 of the Act?*

[24] Section 45 of the Act provides a means for clearing the Register of Trademarks or trademarks that have fallen into disuse. Section 45 proceedings are summary in nature, aiming to remove “deadwood” from the Register; they are not suitable for resolving contentious issues between competing commercial interests (*Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 9 [*Hilton Worldwide*]).

[25] The threshold for establishing the use of a trademark in the section 45 context is low. An applicant must establish “use” only on a *prima facie* basis (*Sport Maska Inc v Bauer Hockey Corp*, 2016 FCA 44 at para 55). Evidentiary overkill is unnecessary; however, a trademark owner must adduce sufficient facts to allow the finder of fact to find use in association with the relevant registered goods during the relevant period (*Hilton Worldwide* at para 10).

[26] The Respondent raises three arguments against establishing use of the Mark in Canada:

- A. The evidence in the Appeal Ma Affidavit and the Huang Affidavit with respect to the translation of the Applicant’s name is improper and irrelevant, since Mr. Ma nor Mr. Huang have only limited competency in English and are not experts in Mandarin to English translation.
- B. The Applicant has not established that it exercised control of the Mark and the manner in which it appears on the packaging. The evidence of Mr. Ma and Mr.

Huang does not explain exactly how they exercised this control; for instance, there is no evidence of specific visits to third-party factories.

- C. The Applicant has not established that sales were made in the normal course of trade in Canada. There is no evidence that the products sold by the Applicant found their way into Canadian hands.

[27] I find that the Applicant has discharged its burden and established use of the Mark in Canada on a *prima facie* basis.

[28] The new evidence in the Huang Affidavit and the Appeal Ma Affidavit establishes that when doing business in English speaking countries, the Applicant's Chinese character name translates to "Shaoguan Risen Trading Corporation Ltd." or "Shaoguan Ruisheng Trading Corporation Ltd.", depending on the method of translation used. I accept that where either name appears on invoices or shipping and customs documents, it refers to the Applicant. While Mr. Ma and Mr. Huang may not be experts in Mandarin to English translation, I accept that they are well situated to know the discrete variations of the English translations of the Applicant's business name.

[29] In any event, I would note that an invoice of one of the three sales in the Applicant's evidence bears the name "Shaoguan Risen Trading Corporation Ltd." whereas the two others bear the name "Shaoguan Ruisheng Trading Corporation Ltd.". This alone is sufficient for the Court to draw a reasonable inference, on a balance of probabilities, that there is a *prima facie*

basis to show that there are two valid translations of the Applicant's business name and both names refer to the same entity.

[30] I also accept the Applicant's evidence with respect to its business arrangements. The Applicant has arrangements with WMI and Kari-Out to distribute its rice vermicelli products in Canada; meanwhile the Applicant controls the manufacturing and packaging process of the products in China. This packaging for the Applicant's products clearly bears the Applicant's trademark used in association with the rice vermicelli product. Prior to its agreement with WMI, the Applicant marketed its product to potential Canadian customers at trade shows in China.

[31] I disagree with the Respondent that evidence with the high level of specificity that the Respondent insists upon is required to establish control over the quality of use of the rice vermicelli by the Applicant in Canada. Section 45 proceedings are summary in nature and all that is required is for an applicant to establish use is to adduce sufficient facts from which use of a trademark within the meaning of section 4 of the Act can be inferred (*Guido Berlucchi & C. S.r.l.'s v Brouillette Kosie Prince*, 2007 FC 245 at para 18). I would also echo the comments of Chief Justice Lutfy:

To repeat, s. 45 proceedings are intended to be expeditious and straightforward. Requiring registrants to submit affidavits from several employees involved in the use of the trade-mark, in addition to that of the owner, would not be in keeping with the public interest purpose of s. 45, or consistent with the low threshold to establish use.

(*1459243 Ontario Inc v Eva Gabor International, Ltd*, 2011 FC 18 at para 17)

[32] There are sufficient facts to reasonably infer that the Applicant had sufficient control over the manufacturing and packaging of the rice vermicelli in Canada. Evidence of specific visits by employees of the Applicant to factories or other highly specific evidence with respect to the Applicant's exercise of control over the goods or the Mark is not necessary to meet the requirements of section 45 proceedings. I accept that the Applicant engaged third parties for the manufacturing and packaging of its product, but, nevertheless, maintained sufficient control over the character and quality of the goods and ensured the packaging bore the Mark.

[33] There is evidence of three sales made in Canada during the Relevant Period. Two of these sales occurred before the Applicant entered into agreements with WMI and Kari-Out. The first sale was made to a customer in Mississauga and is dated December 5, 2016. The second sale was made to a customer in Toronto and is dated March 24, 2017. These sales are supported only by limited evidence in the form of invoices provided by the Applicant, and while those sales are susceptible to being challenged as sufficient evidence of sales within the Relevant Period, the third sale made to a customer in Mississauga in 2019 includes more comprehensive evidence, including the following relevant documents:

- A. Invoice dated September 1, 2019 from WMI to Kari-Out, noting the order dated June 20, 2019 for shipment to the customer in Mississauga. The customer's name and Canadian address are displayed on this invoice.
- B. Invoice and a "Packing List/Weight Note (List)" from the Applicant to WMI dated July 31, 2019.

- C. Bill of lading showing the Applicant exported the product on August 11, 2019.
- D. Shipping invoice made out to WMI from a logistics company dated August 16, 2019 showing the product shipped on August 11, 2019.
- E. Canada Customs declaration signed August 29, 2019 showing the product departed from China on August 11, 2019 and listing the Applicant as the vendor.
- F. Photograph of the packaging of rice vermicelli product bearing the Mark.

[34] While the products associated with this sale arrived in Canada after the Relevant Period, for the purposes of section 45 of the Act a sale occurs at the point goods are delivered to a foreign exporter (*Ridout v Hj Heinz Company Australia Ltd*, 2014 FC 442 at para 48). For this particular sale, this occurred on August 11, 2019, within the Relevant Period.

[35] Moreover, if any part of the chain of the transaction of a product bearing a trademark occurs in Canada, this will be sufficient to establish use in Canada (*Manhattan Industries Inc v Princeton Manufacturing Ltd*, [1971] FCJ No 1012 at para 40, 4 CPR (2d) 6 (TD)). Applicable to this case, the products were manufactured and packaged in China by the Applicant and bound for export to a customer in Canada.

[36] I reject the Respondent's argument that these sales were not made in the normal course of trade. As is well established, a single sale will suffice to establish use provided it is a genuine commercial transaction and not a deliberate, contrived attempt to preserve trademark registration

*(Philip Morris Inc v Imperial Tobacco Ltd (1987), 1987 CarswellNat 607, 13 CPR (3d) 289 (FCTD))*. Here, there are three sales and there is no indication that any of the sales were contrived to have such effect.

[37] I accept the Mark was used during the Relevant Period in Canada in association with rice vermicelli.

## VI. Conclusion

[38] I allow the appeal and preserve the Mark's registration in connection with rice vermicelli. As was conceded by the Applicant, the Mark's registration with respect to the remaining Registered Goods is to be amended to delete those goods.

**JUDGMENT in T-1434-22**

**THIS COURT'S JUDGMENT is that:**

1. Trademark Registration No. TMA287136 for the trademark DOUBLE SWALLOW BRAND & DESIGN is maintained for use in association with rice vermicelli only.
2. Costs to the Applicant assessed at the middle of Column III of Tariff B.

"Michael D. Manson"

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1434-22

**STYLE OF CAUSE:** SHAOGUAN RISEN TRADING CORPORATION  
LTD. v DONG PHUONG GROUP PARTNERSHIP

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** MAY 8, 2023

**JUDGMENT AND REASONS:** MANSON J.

**DATED:** MAY 29, 2023

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