

Federal Court



Cour fédérale

Date: 20110630

Docket: T-1663-08

[UNREVISED ENGLISH CERTIFIED TRANSLATION]

Citation: 2011 FC 802

Ottawa, Ontario, June 30, 2011

**PRESENT: The Honourable Madam Justice Bédard**

**BETWEEN:**

**FASKEN MARTINEAU DUMOULIN  
S.E.N.C.R.L., S.R.L.**

**Applicant**

**and**

**LES LABORATOIRES BIO-SANTÉ INC.**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal under section 56 of the *Trade-marks Act*, R.S.C., 1985, c. T-13 (the Act), of a decision by the Registrar of Trade-marks (the Registrar), dated August 28, 2008, in which he upheld the registration of the trade-mark TABASTOP registered to the respondent in a proceeding under section 45 of the Act. The applicant is requesting that the decision of the Registrar be set aside and that the trade-mark TABASTOP be expunged.

[2] The respondent did not appear on the record or file an affidavit, exhibits or a respondent's record. Nor did the respondent attend the hearing.

### I. Background

[3] The respondent is the owner of the trade-mark TABASTOP, which was registered on May 3, 1991, in association with "smoking cessation tablets".

[4] On May 9, 2006, at the applicant's request, the Registrar sent the respondent a notice under section 45 of the Act.

[5] The section reads as follows:

**45.** (1) The Registrar may at any time and, at the written request made after three years from the date of the registration of a trade-mark by any person who pays the prescribed fee shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trade-mark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding

**45.** (1) Le registraire peut, et doit sur demande écrite présentée après trois années à compter de la date de l'enregistrement d'une marque de commerce, par une personne qui verse les droits prescrits, à moins qu'il ne voie une raison valable à l'effet contraire, donner au propriétaire inscrit un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l'égard de chacune des marchandises ou de chacun des services que spécifie l'enregistrement, si la marque de commerce a été employée au Canada à un moment quelconque au cours des trois

the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date.

ans précédant la date de l'avis et, dans la négative, la date où elle a été ainsi employée en dernier lieu et la raison de son défaut d'emploi depuis cette date.

[6] To maintain registration of a trade-mark, the owner must demonstrate that the trade-mark in question was in use during the three-year period immediately preceding the date of the notice. The term "use" is set out in sections 2 and 4 of the Act, which read as follows:

**2. ...**

"use", in relation to a trade-mark, means any use that by section 4 is deemed to be used in association with wares or services.

...

**4. (1)** A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

**2. [...]**

« emploi » ou « usage » À l'égard d'une marque de commerce, tout emploi qui, selon l'article 4, est réputé un emploi en liaison avec des marchandises ou services.

[...]

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

[7] In response to the Registrar's notice, the respondent submitted the affidavit of Alexandre Azoulay. The respondent did not, however, file a written submission. The affidavit contains the following statements, among others:

[TRANSLATION]

...

2. The LES LABORATOIRES BIO-SANTÉ INC. company used the trade-mark **TABASTOP** in association with the wares described in registration TMA383, 956, namely: smoking cessation tablets, in the following manner:

- a. **TABASTOP** is a trade-mark used in the sale of a homeopathic smoking cessation product, a product that was first sold by HOMÉO-SANTÉ under licence granted by the holder of the rights, LES LABORATOIRES BIO-SANTÉ INC., as appears from an advertising pamphlet attached to this statement as **Annex "A"**;
- b. The pamphlet filed in **Annex "A"** was distributed in shops specializing in natural products in the English-speaking provinces of Canada from 2002 to 2005. Twenty-five thousand (25,000) pamphlets were distributed;
- c. Sales made by HOMÉO-SANTÉ of the product under the mark **TABASTOP**, from 2003 to 2005, amounted to a total of \$10,213.50, as appears from a summary of sales for the said period and from the accompanying invoices attached to this statement *in a bundle* under **Annex "B"**;
- d. Since 2005, LES LABORATOIRES BIO-SANTÉ INC. has resumed direct sales of the product **TABASTOP**;
- e. Since the beginning of 2005, the product sold under the mark **TABASTOP** has been sold through the Clinique Chiropratique St-Constant, located at 171 St-Pierre Street, Suite 101, St-Constant, Quebec, J5A 2G8, and the Clinique Medi Chiropratique St-Denis, located at 6756 St-Denis Street in Montréal, Quebec, H2S 2S2;

- f. Sales made by the Clinique Chiropratique St-Constant and the Clinique Medi Chiropratique St-Denis of the product under the mark **TABASTOP**, in 2005 and 2006, amounted to a total of \$12,768, as appears from a summary of sales for the said period and from the accompanying invoices attached to this statement *in a bundle* under **Annex “C”**;
- g. Advertisements for the product sold under the mark **TABASTOP** were run three (3) times per week, on Mondays, Wednesdays and Fridays, throughout the year, on radio station CJMS-1040;
- h. Attached to this statement under **Annex “D”** is a sample of the product sold under the mark **TABASTOP**;

...

## II. Registrar’s decision

[8] The Registrar initially found that the use of the mark could not be deemed to have been that of the respondent, within the meaning of section 50 of the Act, for the period between 2002 and 2005, because in his view, there was nothing to indicate, in spite of the licence granted to Homéo-Santé, that the respondent had continued to exercise the requisite control over the character or quality of the wares, or that a public notice had been given of the fact that the use of the mark was a licensed use. That part of the Registrar’s decision is not under appeal.

[9] The Registrar also found that the respondent had established its use of the mark for the years 2005 and 2006. The Registrar began by noting that section 45 of the Act does not require that the owner of the mark establish that the mark was in use throughout the three-year period, only that it was in use at any time during the three-year period preceding the date of the notice. He found that the evidence established that the respondent had proceeded to sell the wares in question directly to

the two chiropractic clinics referred to in Mr. Azoulay's affidavit. He declared himself satisfied with the invoices filed in support of the affidavit (Annex "C") that "clearly list goods with the trade-mark TABASTOP and clearly identify the registrant as the seller".

[10] The Registrar did not accept the applicant's argument that the sample label of the mark provided by the respondent as Annex "D" identified HOMÉO-SANTÉ and not the registrant as the origin of the goods because he was of the view that the invoices were sufficient to establish that the mark was in use. He explained his finding as follows:

[11] However, since the invoices (Exhibit C) to the chiropractic clinics not only indicate the TABASTOP trade-mark, but also clearly indicate that the goods originate from the registrant, I have no difficulty in finding that there has been requisite association, within the meaning of s-s. 4(1) of the Act, between the subject trade-mark and the wares during the relevant period in Canada, and further, that such sales originated from the registrant.

### III. Issue and standard of review

[12] The following issue is raised in this appeal: did the Registrar err by finding, in light of the affidavit and the exhibits filed, that the respondent had proved that the mark had been in use within the meaning of section 45 and subsection 4(1) of the Act?

[13] Given that no new evidence was filed before the Court, the Registrar's decision must be reviewed on a standard of reasonableness (*Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 (*Mattel*) and *Dunsmuir v. New Brunswick*, 2008 SCC 9, [2008] 1 S.C.R. 190 (*Dunsmuir*); *Foot Locker Canada Inc. v. Steinberg*, 2005 FCA 99, 138 A.C.W.S. (3d) 353).

#### IV. Applicant's submissions

[14] The applicant argues that the evidence could not reasonably support the Registrar's decision. The applicant argues that the respondent, who had the burden of demonstrating that the mark had been used, failed to provide clear and unequivocal proof of the mark's use. The applicant maintains that Mr. Azoulay's affidavit is far from clear with respect to alleged sales made by the respondent, notably because no indication was given as to what might constitute "the normal course of trade" in association with the wares identified in the notice and because it did not specify whether the respondent was the maker of TABASTOP, or whether it applied the mark to the packaging of the product.

[15] The applicant further argues that, on their very face, the products appear to be Homéo-Santé products and not those of the respondent and that Homéo-Santé is identified by the purchasers as being the source of the mark. The applicant also notes that the sample of the TABASTOP product produced in Annex "D" bearing the name Homéo-Santé suggests that these products are sold not by the respondent, but by Homéo-Santé. The applicant submits that in the absence of evidence of control over the character or quality of the wares or in the absence of a public notice that the mark was used under licence, the respondent must be seen as the distributor of Homéo-Santé and not the other way around. In that context, the applicant argues that it was unreasonable for the Registrar to conclude that the invoices were evidence of the mark's use by the respondent. The applicant further submits that in the absence of evidence that the invoices accompanied the TABASTOP product, these could not constitute evidence of the mark's use.

## V. Analysis

[16] It is well established that section 45 of the Act provides for a summary procedure for expunging trade-marks that have fallen into disuse by their registered owners.

[17] While the burden of proof falls on the owner of the mark, who must adduce solid and reliable evidence,<sup>1</sup> this burden is not stringent and it is generally sufficient to show that the mark has been used once during the relevant period.<sup>2</sup>

[18] With due respect for the applicant's opinion, I am of the view that the Registrar's decision is reasonable. It is not the Court's role to re-weigh the evidence presented to the Registrar, but rather to determine whether the conclusion reached was reasonable. Reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law (*Dunsmuir*, para. 47).

[19] In *Mattel*, above, at para. 40, Justice Binnie stated the following with regard to the level of deference that flows from the reasonableness standard:

... The intermediate standard (reasonableness) means, as Iacobucci J. pointed out in *Ryan*, at para. 46, that "[a] court will often be forced to accept that a decision is reasonable even if it is unlikely that the court would have reasoned or decided as the tribunal did." The question is

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<sup>1</sup> 88766 *Canada Inc. v. Monte Carlo Restaurant Ltd.*, 2007 FC 1174 at para. 8, 63 C.P.R. (4th) 391.

<sup>2</sup> *Les Sols R. Isabelle Inc. v. Stikeman Elliott LLP*, 2011 FC 59 (available on CanLII); *Berlucchi & C.S.r.l. v. Prince*, 2007 FC 245 (available on CanLII).



whether the Board's decision is supported by reasons that can withstand "a somewhat probing" examination and is not "clearly wrong": *Southam*, at paras. 56 and 60.

[20] In this case, I find that the Registrar's conclusion falls within the range of possible outcomes having regard to Mr. Azoulay's affidavit and the exhibits filed in support of it.

[21] First, it is clear from the Registrar's decision that he considered Mr. Azoulay's affidavit in its entirety, as well as all of the exhibits filed in support of it, including the sample of the product submitted as Annex "D". Secondly, the affidavit states that sales were made by the respondent to two chiropractic clinics. The invoices produced as Annex "C" clearly indicate that the product was "TABASTOP" and that it was sold directly by the respondent to each of the chiropractic clinics. In certain circumstances, invoices may constitute satisfactory proof of a mark's use. In *The King of California Inc. v. Canada (Registrar of Trade-Marks)*, 2006 FC 1440 at para. 32, 304 F.T.R. 174, Justice Russel aptly addressed the circumstances in which invoices may be sufficient to demonstrate the use of a mark:

The use of a trade-mark on an invoice may or may not be considered use in association with wares described in the invoice. The major consideration is whether the trade-mark is being used as a trade-mark in describing the wares contained in the invoice and, as such, whether appropriate notice of such use is being given to the transferee of the wares. The jurisprudence appears somewhat mixed in this regard. It appears that whether the use of a trade-mark on an invoice is use as a trade-mark in association with wares is most often decided on its position on the invoice. If a trade-mark is placed at the top of the invoice, with no use in the body of the invoice, the use will not generally be in association with the invoiced wares. ...

[22] I am of the view that, in this case, it was reasonable for the Registrar to find that the invoices constituted satisfactory proof of use of the mark by its owner: the invoices clearly indicate that the

products were sold by the respondent and the product sold is clearly identified in the body of the invoices as being TABASTOP. Contrary to the applicant's claims, I do not think it is necessary, in all cases, to have explicit proof that the invoices accompanied the products at the time of the transfer of the property in or possession of the wares to conclude that the notice of the association required by section 4 of the Act had been given to the purchasers. In this case, I believe we can presume that these invoices had been received by the chiropractic clinics and I find that it was reasonable to conclude that information about the product and the source of the product that appeared on the invoices was sufficient to establish the association between the owner of the mark, the mark, and the product sold and delivered.

[23] I am also of the view that the Registrar's finding with regard to Annex "D" is not unreasonable because the sample produced by the respondent does not change the fact that the invoices clearly show that the transactions occurred directly between the registered owner of the mark and its clients, the chiropractic clinics. A finding that the mark was in use by its owner could, in my view, have reasonably been inferred from the invoices.

[24] I am also of the opinion that it could further be inferred from Mr. Azoulay's affidavit that the respondent's sales to the chiropractic clinics were in the normal course of trade, in accordance with the relevant jurisprudence.

[25] The following observations by Justice Létourneau in *Eclipse International Fashions Canada Inc. v. Cohen*, 2005 FCA 64 at para. 7, 146 A.C.W.S. (3d) 1060, apply in this case:

Of course, the affidavits before the Registrar and the Federal Court could have been more explicit. But, as Mr. Justice Cattanach said in *Keepsake, Inc. v. Prestons Ltd.* (1983), 69 C.P.R. (2d) 50 (F.C.T.D.), at page 61, the inference can properly be drawn from the evidence as a whole that some sales of women's clothing were made by the appellant in the normal course of trade and that the mark was used or in use during the period in question.

[26] Moreover, in *Molson Cos. v. Halter*, (1977) 28 C.P.R. (2d) 158 at para. 31 (available on

QL), Justice Gibson stated as follows with regard to the definition of the expression "use":

In essence, in order to prove "use" in Canada of a trade mark for the purpose of the statute, there must be a normal commercial transaction in which the owner of the trade mark completes a contract in which a customer orders from the owner of the trade mark wares bearing the trade mark which wares are delivered by the owner of the trade mark pursuant to such contract to such customer. In other words, as section 4 of the Act prescribes, the "use" must be "in the normal course of trade" at the time of the transfer of the property in or possession of such wares.

[27] I find that the requirements to which Justice Gibson refers have been met in the present case.

The Court's intervention is not warranted. For all these reasons, the appeal is dismissed.

**JUDGMENT**

**THE COURT ORDERS** that the appeal is dismissed. Without costs.

“Marie-Josée Bédard”

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Judge

Certified true translation

Sebastian Desbarats, Translator

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-1663-08

**STYLE OF CAUSE:** FASKEN MARTINEAU DUMOULIN  
S.E.N.C.R.L., S.R.L. v  
LES LABORATOIRES BIO-SANTÉ INC.

**PLACE OF HEARING:** Montréal, Quebec

**DATE OF HEARING:** June 15, 2011

**REASONS FOR JUDGMENT  
AND JUDGMENT:** Bédard J.

**DATED:** June 30, 2011

**APPEARANCES:**

Chloé Latulippe

FOR THE APPLICANT

FOR THE RESPONDENT

**SOLICITORS OF RECORD:**

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FOR THE RESPONDENT