

Federal Court



Cour fédérale

Date: 20181109

Docket: T-1844-17

Citation: 2018 FC 1136

Ottawa, Ontario, November 9, 2018

PRESENT: The Honourable Mr. Justice Mosley

BETWEEN:

ATTRACTION INC.

Applicant

and

ETHIKA INC.

Respondent

ORDER AND REASONS

[1] This is an appeal by application under section 56 of the *Trade-marks Act*, RSC, 1985 c T-13, (the Act) and Rule 300 (d) of the *Federal Courts Rules*, SOR/98-106 of the Trade-marks Registrar (the Registrar)'s decision dated September 19, 2017. This decision expunged Canadian Trade-mark Registration No. TMA 790,889 for the trade-mark "ethica & design" (hereafter the Mark), registered on February 15, 2011 for use in association with a variety of clothing items.

[2] The Registrar issued a notice to the Applicant under section 45 of the Act on August 18, 2015. The notice required the Applicant to show whether the trade-mark had been used in Canada in association with each of the goods specified in the registration during the three year period immediately preceding the date of the notice or, if not, the date when it was last in use and the reason for the absence of such use since that date. The relevant period for showing use was between August 18, 2012 and August 18, 2015.

[3] In response to the section 45 notice, the Applicant submitted an affidavit of its employee, Marina Roy. The affidavit was very brief, consisting of only three substantive paragraphs and one exhibit. The Registrar found the Applicant had provided no evidence of any actual sales or transfers of the associated goods in the normal course of trade during the relevant period, in Canada, or elsewhere. In the result, the Registrar found the Applicant's failure to provide evidence of sales or transfers, such as invoices or sales figures, was fatal to the registration. Accordingly, "use" as defined in subsection 4(1) was not established and the Registrar ordered the registration expunged.

[4] The Applicant filed its Notice of Appeal on December 1, 2017. I note that this was out of time. Subsection 56(1) of the Act requires an appeal be filed within two months or within such further time as the Court may allow, either before or after the expiration of the two months. There does not appear to have been a request for an extension of time. However, on consent, the time limits for proceeding with the matter were suspended for a period of 90 days by Order dated January 22, 2018. For the present purposes, and in keeping with the general principle in Rule 3, I will assume that the Court implicitly granted an extension when it decided to issue the Order. In

other circumstances, the failure to file an appeal within the prescribed time, or to obtain an extension, would be fatal to the appeal.

[5] On July 31, 2018, the Applicant filed its Application Record, including another affidavit of Marina Roy, affirmed on May 17, 2015, and a number of photographic exhibits. Further to Rules 306-309, this was within the time authorized by the suspension Order.

[6] By Order dated August 21, 2018, the original Respondent, a law firm, was replaced by the present Respondent, Ethika Inc., again on consent. In a letter to the Court dated August 20, 2018, solicitors for Ethika Inc. advised that apart from the motion to change the name of the Respondent, they did not intend to participate in the application.

[7] In a letter to the Court dated September 24, 2018, the Applicant's solicitors took note of the Respondent's August 20, 2018 letter and advised they did not intend to provide any additional representations beyond those contained in the Application Record. They submitted that the additional proof set out in the Application Record clearly established that the Mark had been used in the normal course of the Applicant's business during the period of August 18, 2012 to August 18, 2015.

[8] The Applicant submitted a requisition for a hearing under Rule 314 on October 10, 2018. The Registry refused the requisition as it was missing details on where, when and for how long the matter would be heard. By letter dated October 11, 2018, the Applicant's solicitors informed the Court that, while the file was ready to proceed to a determination, the parties did not require a

hearing. The Respondent did not intend to present any representations, written or verbal, and the Applicant was content to rely on the evidence and written representations in its Application Record. The Applicant sought the Court's direction.

[9] Unlike in the case of motions, there is no express rule permitting the determination of an application in writing. However, nor is there a rule expressly precluding it. Normally, an oral hearing is required. The hearing may be in person or, pursuant to Rule 32, held by means of a telephone conference call, video-conference call or through any other form of electronic communication.

[10] Some jurisprudence supports the proposition that the Court should not deprive litigants of convenient access by way of application in writing: *Crawshaw v Canada (Attorney General)*, 2002 FCT 732, 221 FTR 27 and the cases cited therein. But these cases dealt with the exceptional circumstances of applications by inmates who, among other things, may not be able to afford to pay a lawyer or the security-related costs required to get them to Court. Such cases would now normally be accommodated under Rule 32.

[11] In this instance, the Court is mindful of the fact that to schedule a hearing which the parties have not requested would cause them additional costs. The Court also notes the decision under appeal turned on a narrow point: the lack of evidence of sales during the relevant period. The Applicant has now submitted evidence of sales and the Respondent has chosen not to make any representations to contest that evidence or to request a hearing. In these special circumstances, the Court considers it appropriate to deal with the matter on the basis of the

Application Record without a hearing. Had the matter been contested, a hearing would have been necessary.

[12] On an appeal from a Registrar decision, subsection 56(5) of the Act provides that the Court may consider additional evidence that was not before the Registrar and may exercise any discretion vested in the Registrar. The Court may substitute its own opinion for that of the Registrar without any need to find an error in the Registrar's reasoning: *Molson Breweries v. John Labatt Ltd.*, [2000] 3 FC 145 (CA) at para 51, 180 FTR 99; *Vêtement Multi-Wear Inc v Riches, McKenzie & Herbert LLP*, 2008 FC 1237 at paras 12–16, 73 CPR (4th) 3 [*Vêtement Multi-Wear*].

[13] As discussed in *Vêtement Multi-Wear*, above, at paragraphs 20–22, the test the registered owner has to meet under section 45 is not onerous. The object of the procedure is to rid the register of “dead-wood.” It is not necessary to provide over-abundant evidence of the mark's use or utilization. Even evidence of a single sale in the normal course of trade would be sufficient so long as it is considered to be a genuine commercial transaction and not contrived to protect a trademark's registration.

[14] Here, the Registrar made no error in its finding that the Applicant had failed to provide evidence of use; but that defect has been cured by the fresh evidence presented in Ms. Roy's May 17, 2018 affidavit. It is not necessary to discuss the Registrar's other findings as they were not dispositive of the matter.

[15] Ms. Roy's May 17, 2018 affidavit contains 71 paragraphs describing Ms. Roy's knowledge of her employer's sales activities based on 24 years of employment and 16 years as sales coordinator. She describes how the products manufactured by her employer were sold in Canada and how the Mark was used in their catalogues during the relevant period. Attached as exhibits are catalogue photographs in which the Mark appears, a video of a television program regarding the business, photographs of clothing tags bearing the Mark and invoices and sales reports concerning the products also bearing the Mark.

[16] I accept that this evidence shows the Mark's use during the relevant period with respect to t-shirts, polo shirts, long sleeve shirts, hoodies, sweaters, hats, tuques, mitts, scarves, blankets and dresses. These products are sold as promotional and souvenir items to wholesalers and retailers who may add their own marks prior to sale to the consumer. But that does not detract from the fact the products were sold under the Applicant's trade-mark during the relevant period. It was clearly not "dead-wood" during that period.

[17] Accordingly, the appeal will be granted.

[18] The Applicant has requested costs. In the Court's view, this appeal would not have been necessary had the Applicant provided the Registrar with sufficient evidence in response to the section 45 notice. In light of that, the Court will exercise its discretion to decline to award costs to the successful party.

ORDER IN T-1844-17

THIS COURT ORDERS that:

1. The appeal is granted;
2. The Registrar's decision, dated September 19, 2017, to expunge Canadian Trade-mark No. TMA 790,889 is set aside;
3. The registration of the trade-mark "ethica & design" in association with clothing for infants, children, pre-adolescents, men and women, notably: t-shirts, polo shirts, long sleeve shirts, hoodies, sweaters, hats, tuques, mitts, scarves, blankets and dresses for the resort, souvenir, corporate and promotional markets is maintained; and
4. The parties shall bear their own costs.

"Richard G. Mosley"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1844-17
STYLE OF CAUSE: ATTRACTION INC. v ETHIKA INC.

MOTION IN WRITING CONSIDERED AT OTTAWA, ONTARIO

ORDER AND REASONS MOSLEY J.
DATED: NOVEMBER 9, 2018

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