

Federal Court



Cour fédérale

Date: 20230123

Docket: T-1008-22

Citation: 2023 FC 101

Ottawa, Ontario, January 23, 2023

PRESENT: Mr. Justice Pentney

Docket: T-1008-22

BETWEEN:

ECOLAB USA INC.

Applicant

and

SMART & BIGGAR

Respondent

JUDGMENT AND REASONS

[1] The Applicant, Ecolab USA Inc., appeals the Registrar of Trademarks' decision expunging its trademark pursuant to section 45 of the *Trademarks Act*, RSC 1985, c T-13 [the *Act*]. The Applicant filed new evidence on this appeal, and claims that the Registrar's decision is invalid, and that its new evidence is conclusive proof that it used its trademark in association with the sale of goods in Canada during the relevant period.

I. Background

[2] The Applicant, Ecolab USA Inc., is the current owner of Canadian Registration No. TMA919,091 for the trademark “NAVIGATOR” (the “Mark”), which is “in connection with goods described as ‘chemicals for use in the manufacture of paper products.’” The Mark was issued on November 2, 2015, and the original registrant was Georgia-Pacific Chemicals LLC. There was a transfer of ownership of the Mark, recorded by the Registrar in July 2019, with an effective date of November 1, 2017.

[3] The Applicant describes its product in the following way:

The NAVIGATOR chemical product is marketed and sold to manufacturers of paper products. The product is intended for use in a Yankee dryer, which is a pressure vessel used in the production of tissue paper. When applied, the NAVIGATOR product creates a film coating across the dryer face to protect the dryer and decrease wear due to its “creping” blade. This type of dryer is a main component of many paper tissue manufacturing operations.

[4] At the request of the Respondent, Smart & Biggar (which took no part in the appeal), the Registrar forwarded a Notice to the Applicant’s predecessor, Georgia-Pacific, under section 45 of the Act. The relevant three-year period for the purposes of demonstrating use of the Mark is May 22, 2016 to May 22, 2019. As noted, the effective date for the transfer of ownership of the Mark from Georgia-Pacific to Ecolab was November 1, 2017, mid-way through the three-year period.

[5] In the section 45 proceeding, the Applicant filed an affidavit of Mark Dunbar, Ecolab's Area Vice President of Corporate Accounts. His evidence is discussed below. In March 2022, the Trademarks Opposition Board rendered its decision, concluding that the Applicant's registration should be expunged. The TMOB accepted that the product marketed under the NAVIGATOR name fell within the scope of goods as defined by the Mark, and that the product was manufactured either by Georgia-Pacific, or by a licensee subject to its direction and control since November 2017, and that such use accrued to the benefit of the owner of the Mark.

[6] The essence of the TMOB decision is that it found use of the Mark prior to November 2017, but no evidence of sales. For the period of November 2017 to May 2019, it found evidence of sales but not proof of use of the mark. Based on these findings, the TMOB concluded that Ecolab had not satisfied the requirements of section 45, and therefore ordered that the Mark be expunged from the Register.

[7] The Applicant appealed this decision under section 56 of the *Act*, and filed new evidence: a second affidavit from Mr. Dunbar as well as an affidavit from Fouad Moukannas, the Senior Corporate Account Manager in the Paper Division of Nalco Water, which is the water division and licensee of Ecolab that now markets and sells the NAVIGATOR product.

II. Issues and Standard of Review

[8] The only issue in the appeal is whether Ecolab has met its onus to demonstrate use of the Mark during the relevant three-year period.

[9] The proper approach to an appeal where new evidence is filed was recently described by the Federal Court of Appeal in *Clorox Company of Canada, Ltd. v Chloretec S.E.C.*, 2020 FCA 76:

[21] When the new evidence is found to be material—which has been interpreted to mean “sufficiently substantial and significant” (*Vivat Holdings Ltd. v. Levi Strauss & Co.*, 2005 FC 707 at para. 27, 276 F.T.R. 40) and of “probative value” (*Tradition Fine Foods Ltd. v. Groupe Tradition'l Inc.*, 2006 FC 858 at para. 58, 51 C.P.R. (4th) 342)—subsection 56(5) of the Act states that the Federal Court “may exercise any discretion vested in the Registrar”. This is in the nature of an appeal *de novo* and calls for the correctness standard...

[10] I find that the new evidence is “material” in that it addresses the core issue in the appeal, and would undoubtedly have affected the TMOB’s decision if it had been placed before it.

Therefore, this is in the nature of an appeal *de novo*.

[11] It is not necessary to trace in detail the evolution of the evidentiary record that was before the TMOB and is now before this Court. Instead, I will consider the record as a whole, discussing the evidence that the Applicant argues meets its onus to demonstrate use of the Mark during the relevant three-year period.

III. Analysis

[12] Subsection 4(1) of the *Act* defines “use” in association with “goods” as follows:

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.

[13] The Applicant asserts that its evidence demonstrates use because, at the time of transfer of property or possession of its product, the NAVIGATOR brand is “so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred”, in accordance with the definition in the *Act*.

[14] The Applicant’s NAVIGATOR trademark is used in association with an industrial chemical product that is in turn used in the manufacturing of tissue paper. Demonstrating “use” of this Mark in the normal course of trade requires an understanding of how the product is marketed, sold, and delivered.

[15] The first Dunbar affidavit, filed before the TMOB, describes the sales process, including how customers are invoiced and pay for their orders:

Because of the highly specialized and sophisticated nature of the paper manufacturing industry in that chemical products are purchased in bulk quantities for use in large scale operations, a typical purchase of the NAVIGATOR chemical product involves several steps, as discussed below, in the normal course of trade for this industry. Since November 2017 and through to today, a typical sale of the NAVIGATOR product commences with in-person product presentations provided by Nalco sales personnel to product managers, purchasing managers, and technical teams of paper manufacturers. These product presentations are generally accompanied by the provision of product bulletins either at the time of the presentation or in follow-up discussions between sales personnel and the customer. Test samples of the NAVIGATOR product are also provided to allow the customer to conduct trials before purchasing a large order for use in manufacture. The customer is also entered into Nalco's customer management system and is able to place product orders directly through the system. Once a purchase is entered, a purchase order is sent from Nalco's Canadian office to Nalco's US headquarters in Naperville, Illinois which directs goods to be packaged in one of the third party manufacturing facilities and then shipped directly to the Canadian customer. In some cases, the goods are first received in one of Nalco's warehouses located in Canada and then sent to the end customer. Because the NAVIGATOR chemical product is a liquid, it is typically shipped in large tote bins, which comprise a plastic bladder with a metal cage, via truck. The invoice pertaining to each sale is issued by Nalco Canada to the Canadian customer and is typically transmitted electronically.

[16] Given how this process works in practice, the Applicant acknowledged that the evidence to demonstrate the use of its Mark involves connecting various elements of its evidence that showed how the sales, delivery and invoicing process actually works in practice. To do that, the Applicant pointed to its affidavits that show how Georgia-Pacific, and then Georgia-Pacific and Ecolab working together, marketed, sold, and delivered the NAVIGATOR product to Cascades, a major Canadian paper producer.

[17] I find that the affidavit evidence demonstrates the following:

- In August 2017 (and thus within the relevant three-year period), Georgia-Pacific gave a presentation to Cascades in which there is a specific reference to the NAVIGATOR product; following that presentation, Georgia-Pacific sent product bulletins to Cascades, on which the NAVIGATOR brand, and its associated product number, were prominently displayed;
- Following this, Ecolab acquired the NAVIGATOR trademark from Georgia-Pacific, and the two companies agreed to work together on the product marketing pitches that were then in the marketplace, including the effort to sell it to Cascades;
- In January 2018, there is evidence that Cascades was testing the NAVIGATOR product in its facilities in Quebec; the evidence of the test results makes specific mention of the NAVIGATOR brand name, and includes test results associated with the product number;
- In August 2018, Cascades contacts Nalco to obtain samples of the NAVIGATOR product for testing in a facility in Ontario, and there is evidence that arrangements were made to ship the product to Cascades; the evidence shows that as between the two companies, and in discussions within Cascades, the product was associated with the NAVIGATOR brand and the Nalco product number; and
- The first Dunbar affidavit sets out the following evidence of sales of the product in Canada, within the relevant time-period:
 - In November 2018, Ecolab sold 5498.33 lbs of NAVIGATOR chemicals for use in the manufacture of paper products to Cascades Tissue Group, located in Scarborough, Ontario for \$11,333.71 USD.
 - In February 2019, Ecolab sold 5498.33 lbs of NAVIGATOR chemicals for use in the manufacture of paper products to Cascades Tissue Group, located in Scarborough, Ontario totaling \$11,875.55 USD.
 - In November 2019, Ecolab sold 10,996.66 lbs of NAVIGATOR chemicals for use in the manufacture of paper products to Kruger Products, located in Gatineau, Quebec, totaling \$24,792.36 USD.

[18] The law is clear that in assessing whether use has been demonstrated, it is necessary to take into account the nature of the goods and the process by which sales occur in the normal course of trade in the context of the industry in which the Mark owner operates (*Institut National des Appellations d'Origine des Vins et Eaux-de-Vie v Registrar of Trademarks et al.*, [1983] FCJ No 1155 at paras 18-19). The fact that the customer comes to associate the Mark with the product by means of sales presentations, brochures, catalogues, or otherwise can demonstrate use, especially for products where affixing the Mark to the product at the time of sale is not feasible (*BMB Compuscience Canada Ltd v Bramalea Ltd*, [1988] FCJ No 962 at para 37-43; *Gowling, Strathy & Henderson v Degrémont Infilco Ltd*, 2000 CanLII 28561 (CA TMOB)).

[19] I am satisfied that the evidence summarized above demonstrates use of the Mark in association with the goods, because the affidavits show that the Applicant's customers would have been aware that they were acquiring goods associated with the Mark, either at the time they purchased the product or at the time it was delivered to them. The evidence shows that Cascades employees referred to the Ecolab product by its trade name (NAVIGATOR) or its associated product number, and sometimes both. The evidence of the test results shows that Cascades took possession of this product, and that its testing was followed by sales of the product.

[20] The onus to demonstrate use is not a heavy burden. As Justice Janet Fuhrer held in *Sim & McBurney v en Vogue Sculptured Nail Systems Inc*, 2021 FC 172 (at paras 14-15):

Evidentiary overkill is not required (meaning not all examples of use must be evidenced). The use threshold is not stringent. Evidence of a single sale may be sufficient, depending on the circumstances, to establish use of the trademark in the normal course of trade; the owner need only establish a prima facie case of

use. Nonetheless, sufficient facts must be provided from which the Registrar can conclude that the trademark has been used during the relevant three-year period for each good (or service) specified in the registration. The sufficiency of the evidence in establishing use of the trademark is a question of mixed fact and law, rather than a question of law.

Drawing an inference is a matter of reasonably probable, logical deductions from the evidence. Further, the decision maker properly may draw inferences from proven facts considering the evidence as a whole which, in turn, must make it possible for the decision maker to infer every element of Section 4 of the Trademarks Act.

[citations omitted]

(cited with approval in *Vass v Leef Inc.*, 2022 FC 1192 at para 44).

[21] In light of this, and considering the evidence as a whole, I am satisfied that the Applicant has met its onus to demonstrate use of its Mark in association with the goods within the three-year period.

[22] Therefore, the Applicant's appeal pursuant to section 56 of the *Trademarks Act* is granted, and the decision of the Registrar of Trademarks dated March 16, 2022 expunging the Applicant's trademark registration no. TMA919,091 for the trademark NAVIGATOR, is quashed and set aside.

[23] Regarding costs, the Applicant points out that although the record it filed before the TMOB was, in some respects, somewhat deficient, it served its appeal record, including the new affidavits on the Respondent, but the Respondent did not consent to the appeal. The Applicant was thus put to the time and cost of preparing for and presenting the appeal. The Applicant submits that it should receive an award of costs for \$1500. In exercise of my discretion under Rule 400, and considering the nature of the case on appeal, I am satisfied that this is an

appropriate amount. The Respondent will pay all-inclusive lump sum costs to the Applicant in the amount of \$1,500.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The Applicant's appeal pursuant to section 56 of the *Trademarks Act* is granted, and the decision of the Registrar of Trademarks dated March 16, 2022 expunging the Applicant's trademark registration no. TMA919,091 for the trademark NAVIGATOR, is quashed and set aside.
2. The Respondent shall pay to the Applicant costs in the lump sum, all-inclusive amount of \$1,500.

"William F. Pentney"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1008-22

STYLE OF CAUSE: ECOLAB USA INC. v SMART & BIGGAR

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: JANUARY 19, 2023

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

DATED: JANUARY 23, 2023

APPEARANCES:

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