

Federal Court



Cour fédérale

Date: 20090812

**Docket: T-1060-08
T-1061-08**

Citation: 2009 FC 827

Ottawa, Ontario, August 12, 2009

PRESENT: The Honourable Madam Justice Hansen

BETWEEN:

SISSEL-ONLINE LTD.

Applicant

and

SISSEL HANDELS GmbH

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] The Applicant appeals from two May 12, 2008 decisions of the Trade-marks Opposition Board made pursuant to section 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (Act) maintaining the Respondent's Canadian Trademark Registration No. TMA466,055 for the trademark SISSEL and Canadian Trademark Registration No. TMA442,454 for the trademark SISSEL & Design

(collectively, the SISSEL registrations or trade-marks) for use in association with “pillows” (the wares). As the same issues are raised in both appeals, these are the reasons for judgment in court files T-1060-08 and T-1061-08.

[2] At the request of Paul Smith Intellectual Property Law (the requesting party), the Registrar of Trade-marks sent a notice pursuant to section 45 of the *Trade-marks Act* to the Respondent requesting that it provide evidence showing use of the SISSEL registrations in Canada within the three year period preceding the date of the notice, namely, November 8, 2002 to November 8, 2005. In response to the section 45 notice, the Respondent filed the affidavit of its President, Peter Ambühl. Subsequent to an oral hearing, the Hearing Officer rendered a decision in which she concluded that the Respondent had demonstrated use of the trade-marks in Canada in the three years preceding the date of the notice and declined to expunge the registration.

[3] The following summary of the evidence is taken from the Ambühl affidavit. The Respondent, Sissel Handles GmbH (Sissel Handels) acquired the SISSEL registrations and the business relating to products bearing the SISSEL trade-marks from the previous owner of the registrations, Sana Handels AG, on July 8, 2003. Sissel Handels manages and coordinates the worldwide manufacturing and distribution of products bearing the trade-marks at issue including pillows. Sissel Handels is also responsible for setting product specifications, quality standards and oversees the marketing, advertising and promotion of products including pillows throughout the world.

[4] Sissel Handels has conducted business in various countries, including Canada, through a network of distributors for a number of years. One of the European distributors, Novacare GmbH (Germany), also acquired distribution rights for a number of products bearing the trade-marks in Canada and the U.S. At the direction of Sissel Handels, Novacare became responsible for the distribution of various products, excluding the wares, bearing the trade-marks in Canada through Sissel-Online Ltd. located in British Columbia, Canada and in the U.S. through Sissel, Inc. located in Sumas, Washington.

[5] In addition to asserting that during the material time the Respondent continuously used and continues to use the SISSEL trade-marks in Canada in the normal course of business in relation to pillows, Mr. Ambühl states that the Respondent's Canadian distributor filled orders placed during the material time with stock in inventory located in its Mission, B.C. warehouse or directly from the Respondent's pillow manufacturer, Foam AB located in Sweden. He also states that "[as]Sissel-Online Ltd. (Canada) and Sissel, Inc. (U.S.A.) are operated by the same people, and as I understand Sissel-Online Ltd. shares a warehouse with Sissel, Inc. some correspondence and invoices for products purchased by Sissel-Online Ltd during the relevant period were forwarded to Sissel, Inc. in Washington."

[6] He also states that "[i]n accordance with the distribution arrangement in place between Sissel Handels and Sissel-Online Ltd., Sissel-Online Ltd. filled orders for pillows placed by Canadian end-users by placing orders directly with Foam AB. Foam AB would then ship and

deliver the pillows bearing the [trade-marks] directly to Sissel-Online Ltd. or at the warehouse shared by the Sissel-Online Ltd and Sissel, Inc.. ...”

[7] Exhibit “B” to Mr. Ambühl’s affidavit contains a number of invoices. In his affidavit he states that these invoices “are representative invoices evidencing sales in Canada of pillows bearing the marks SISSEL and SISSEL & Design from Foam AB to Sissel Online Ltd” during the material time. He also states that a number of invoices were forwarded to Sissel, Inc. because of the close relationship between Sissel, inc. and Sissel-Online Limited. The invoices are addressed to Sissel-Online, LLC at PO Box 729 in Sumas, Washington and the invoice indicates a delivery address to Sissel, Inc. at an address in Sumas, Washington.

[8] Mr. Ambühl deposes that “[t]he pillows bearing the [trade-marks] and sold in Canada come in a variety of shapes and sizes. The price for pillows paid for by the end user customer has varied between approximately CND\$60.00 and CND\$80.00 over the years spanning 2001-2005.” In chart form, the approximate volume and value of sales in Canada of pillows under the trade-marks for each of the years from 2001-2005 is set out.

[9] Mr. Ambühl also states that the Respondent provided its distributors including Sissel-Online Ltd. with marketing materials and guidelines, photographs, brochures and catalogues featuring its products including pillows. It also provided financial support for marketing activities undertaken by Sissel-Online Ltd. during the relevant period.

[10] Additional exhibits attached to the affidavit include a 2004-2005 brochure featuring various products, including pillows, bearing the trade-marks provided to distributors around the world including to Sissel-Online Ltd.; photographs of a plastic bag and box bearing the trade-marks used to package the pillows; invoices from Sissel-Online Ltd. to Sissel Handels for various marketing activities and attendance at trade shows during the material time; excerpts from a brochure containing information on pillows bearing Sissel trade-marks distributed by Sissel-Online Ltd. through Canada Post's mass mailing services; and screen shots from the Canadian section of the Respondent's website operated by Sissel-Online Ltd.

[11] There is no dispute between the parties that since no new evidence has been filed on the appeals, the standard of review is reasonableness: *Mattel Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772 at paras. 40-41. As the Supreme Court of Canada explained in *Dunsmuir v. New Brunswick*, [2008] 1 S.C.R. 190 at para. 47, reasonableness concerns “the existence of justification, transparency and intelligibility within the decision-making process” and “whether the decision falls within a range of possible acceptable outcomes which are defensible in respect of the facts and law”.

[12] The only issue on this appeal is whether the finding that the Respondent had demonstrated use within the meaning of subsection 4(1) of the Act is reasonable.

[13] Subsection 4(1) of the Act reads:

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.

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.

[14] The Applicant characterizes the evidence tendered by the Respondent as follows. Although the affidavit shows sales figures for Canada, there is no invoice evidencing an actual sale or delivery of pillows in Canada. The Applicant points out that the invoices appended to the affidavit as evidence of sales in Canada are to an entity known as Sissel-Online, LLC and the destination address for the invoice and the delivery address are to locations in the United States. As well, there is no reference to Canada in the invoices. Further, the affiant does not identify any Canadian company by the name of Sissel-Online, LLC or that Sissel-Online, LLC is a Canadian company.

[15] The Applicant submits that the Hearing Officer misapprehended the evidence of sales. First, she stated that the invoices were addressed to “Sissel-Online LLC, the Canadian company” when this entity was not referred to in the affidavit nor was it referred to as being a Canadian company associated with the Respondent. Secondly, she referred to the destination address as “appearing” to

be that of a U.S. distributor, which in the Applicant's view supports an inference of sales in the U.S. but not in Canada. The Applicant argues that by "treating invoices of sales to an entity in the US as being corroborative of the assertion of Canadian sales, the Hearing Officer failed to ensure that clear, precise, solid and reliable evidence of use was relied on to maintain the registrations".

[16] The Applicant submits that the quality of the evidence adduced in the present case is similar to the evidence adduced in the section 45 proceeding in *Smart v. Biggar v. Jarawan*, 2006 FC 1254; 52 C.P.R. (4th) 33. The Applicant argues that in that case, as in the present case, the Hearing Officer took the invoices as corroborative of sales of the wares as opposed to evidence of sales. On appeal, the Court held that this did not establish use of the trade-mark.

[17] The Applicant also relies on this court's decision in *Grapha-Holdings AG v. Illinois Tool Works Inc.*, 2008 FC 959; [2008] F.C.J. No. 1194 where the Court held, at paragraph 20:

The evidence provided by the affidavit must describe the use of the mark within the meaning of section 4 of the Act and should not simply state the use of the mark. The Registrar inferred that the sales of the wares occurred and stated that invoices for the sales of the machines were not necessary because the evidence, as a whole, showed the use of the mark. In my view, the Registrar did not have sufficient evidence before her to demonstrate the use of the mark.

[18] At this point, it is useful to reiterate some general principles in relation to section 45 proceedings that are relevant to the issue in this case. A section 45 proceeding "is primarily designed to clear the register of dead wood, not to resolve issues in contention between competing

commercial interests, which would be involved in expungement proceedings” (*Phillip Morris Inc. v. Imperial Tobacco Ltd et al. (No. 2)*1987, 17 C.P.R. (3d) 237 at p. 241 (CA).

[19] It is well established that in this type of proceeding it is not enough to simply assert use. A registrant must show use of the trade-mark in association with the wares for which it has been registered: (*Plough (Canada) Ltd. v. Aerosol Fillers Inc.*, [1980] F.C.J. No 198 at para. 10). That is, an affidavit or declaration in response to a section 45 notice must “show use by describing facts from which the Registrar or the Court can form an opinion or can logically infer use within the meaning of section 4.” (*Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince*, [2007] F.C.J. No. 319, 56 C.P.R. (4th) 401 at para. 18. . As Justice framed it in the Federal Court of Appeal’s decision in *Central Transport, Inc. v. Mantha & Associés/Associates* (1995), 64 C.P.R. (3d) 354 at 355, “[in] a sense all statements in affidavits are “bald assertions”; what this court has found to be inadequate in s. 45 proceedings are assertions of *use* (a matter of law) as opposed to assertions of *facts* showing use.”

[20] As to the type of evidence required to show use, in *Lewis Thomson & Sons Ltd. v. Rogers, Bereskin & Parr* (1988), 21 C.P.R. (3d) 483 at p. 486, Justice Strayer rejected the notion that in a section 45 proceeding “there is some particular kind of evidence which must be provided, and that any affidavit which does not attach an invoice is presumptively useless.”

[21] The critical paragraph in the Hearing Officer's reasons to which the Applicant refers reads:

It appears that there were two companies distributing in North America, Sissel Online Ltd, in Canada, and Sissel Inc, in the United States; these companies were sharing the website and the same warehouse facility in Canada. The affiant explains that some correspondence for Sissel Online Ltd. was sent to the address of Sissel Inc, in Washington. Excerpts from the Canadian section of the website are attached as Exhibit G. Representative invoices are attached (Exhibit B) evidencing sales from the registrant's manufacturer to the Canadian distributor – Sissel-Online. It would appear that the invoices are addressed to Sissel-Online LLC, the Canadian company, but with an address in the United states that appears to be that of the US distributor Sissel, Inc. The affiant states however, that these goods were to provide the pillows for Sissel-Online LLC to fulfill it orders to Canadians. I find this explanation reasonable and satisfactory.

[22] In my view, the Hearing Officer did not misapprehend the evidence. It is evident from a reading of the Hearing Officer's reasons that she accepted that Sissel-Online Ltd. and Sissel-Online, LLC were the same entity. Although the Applicant is correct that the affiant does not specifically refer to an entity by the name of "Sissel-Online, LLC", the affiant explains that "invoices for products purchased by Sissel-Online Ltd." were sent to Washington. The affiant also describes the invoices appended to the affidavit as being invoices for sales of pillows from Foam AB to Sissel-Online Ltd. This taken together with the fact that among the distributors in the U.S., Australia, the United Kingdom and Canada only the Canadian distributor uses "Online" as part of its corporate name, leads me to conclude that the Hearing Officer did not misapprehend the evidence when she inferred that the addressee on the invoices, Sissel-Online, LLC, was the Canadian company, Sissel-Online Ltd.. Accordingly, it also follows, that contrary to the Applicant's assertion, the Hearing Officer did not rely on sales to an entity in the U.S. as corroborative of Canadian sales. Instead, she relied, in part, on the sales to the Canadian distributor as corroborative of Canadian sales.

[23] Having regard to the statement in the affidavit regarding the approximate volume and value of the sales of the pillows bearing the trade-mark(s) coupled with the extensive evidence of related commercial activity in Canada it was reasonably open to the hearing Officer to conclude that the Respondent had met the burden of proving use during the material time.

[24] At the start of the hearing, counsel for the Respondent drew to the Court's attention the fact that the requesting party in the section 45 proceeding is not the Applicant before the Court in this proceeding. The Respondent took the position that if Sissel-Online Ltd., the Applicant, wished to challenge the decision, it should have done so by bringing an application for judicial review. Although the Respondent had not raised this question in its memorandum of fact and law, the Applicant made responding submissions and I heard the matter on its merits. As I have concluded that the appeals should be dismissed, a consideration of this question in these reasons is unnecessary.

[25] For the above reasons, the appeals will be dismissed with costs to the Respondent.

JUDGMENT

THIS COURT ORDERS AND ADJUDGES that the appeals in Court files T-1060-08 and T-1061-08 are dismissed with costs to the Respondent.

“Dolores M. Hansen”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1060-08
T-1061-08

STYLE OF CAUSE: SISSEL-ONLINE LTD. v.
SISSEL HANDELS GmbH

PLACE OF HEARING: Vancouver, British Columbia

DATE OF HEARING: March 10, 2009

REASONS FOR ORDER: HANSEN J.

DATED: August 12, 2009

APPEARANCES:

Mr. Paul R. Smith FOR THE APPLICANT

Mr. Hafeez Rupani FOR THE RESPONDENT

SOLICITORS OF RECORD:

Smiths IP FOR THE APPLICANT
330 – 1508 West Broadway
Vancouver, BC V6J 1W8

Borden Ladner Gervais LLP FOR THE RESPONDENT
World Exchange Plaza
100 Queen Street, Suite 1100
Ottawa, Ontario K1P 1J9