



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADE-MARKS

Citation: 2015 TMOB 40
Date of Decision: 2015-03-16

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by Fetherstonhaugh & Co. against registration
No. TMA661,021 for the trade-mark FIORELLI in the
name of Bentley Leathers Inc.**

[1] At the request of Fetherstonhaugh & Co. (the Requesting Party), the Registrar of Trade-marks issued a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) on November 23, 2012 to Bentley Leathers Inc. (the Owner), the registered owner of registration No. TMA661,021 for the trade-mark FIORELLI (the Mark).

[2] The notice required the Owner to furnish evidence showing that the Mark was in use in Canada, in association with each of the goods specified in the registration, at any time between November 23, 2009 and November 23, 2012. If the Mark had not been so used, the Owner was required to furnish evidence providing the date when the Mark was last used and the reasons for the absence of use since that date.

[3] The Mark is registered for use in association with the following goods:

Key cases, Suit bags, Dress bags, Shoe bags for travel, Garment bags, Cosmetic bags sold empty, Handbags, Luggage, Diaper bags, Umbrellas, Purses, Wallets, Billfolds, Change Purses, Tote Bags, School Bags, beach bags, Shopping Bags, Briefcases, Briefcase type portfolios, Attache cases, Pencil Cases, Insulated Bags, Back packs, All purpose sport bags, Artist briefcase type portfolios, Travel bags, Non-motorized collapsible luggage carts, Clutch bags, Shoulder Bags, Non-motorized collapsible luggage carts, Clutch bags, Shoulder Bags, Beauty Cases, Carry on bags, Fanny Packs, Lunch bags.

[4] The relevant definition of use with respect to goods is set out in section 4(1) of the Act as follows:

4(1) A trade-mark 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.

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of section 45 proceedings [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)]. Although the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD)], and evidentiary overkill is not required [*Union Electric Supply Co Ltd v Registrar of Trade Marks* (1982), 63 CPR (2d) 56 (FCTD)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with each of the goods specified in the registration during the relevant period.

[6] In response to the Registrar's notice, the Owner furnished the affidavit of David Margolis, CEO of the Owner, sworn on June 10, 2013. Only the Owner filed written representations; an oral hearing was not requested.

The Owner's Evidence

[7] Mr. Margolis attests that the Owner is a leather goods retailer with over 400 locations in Canada. The Owner acquired the Mark by way of transfer from Elpro International Inc. (Elpro) on April 18, 2012 and the change in ownership was recorded by the Registrar on July 24, 2012. As such, I note that the present proceeding was commenced seven months after the Owner acquired the Mark.

[8] With respect to the Owner's predecessor in title, Mr. Margolis makes a general attestation that Elpro "used the Mark in association with the Wares in the normal course of trade in Canada since June 2003." Mr. Margolis explains that Elpro was selling goods in association with the Mark during the relevant period, until the point that the Mark was transferred to the Owner. He further explains that Elpro sold its goods to retail stores and boutiques, and that the goods were "tagged, printed and/or embossed with the Mark."

[9] In support, he attaches Exhibits 4 and 5 to his affidavit, as follows:

- Exhibit 4 consists of a blank invoice and a sample hangtag. Mr. Margolis attests that the hang tag is representative of those attached to the goods sold by Elpro. The Mark appears on the hang tag. As for the invoice, although the invoice is blank, Mr. Margolis attests that it is representative of invoices issued by Elpro to its customers. The Mark appears as a watermark on the invoice, along with several other trade-marks, such as “Wild Terrain” and “Giorgini”.
- Exhibit 5 consists of six sales reports and six photos of corresponding goods. The photos are of purses, two styles of tote bags, and two styles of wallets. Of the six goods shown in the photos, two wallets and one purse display the Mark as registered on affixed metal tags. Mr. Margolis attests that the sales reports show “the sale in Canada by Elpro of a non exhaustive variety of products bearing the Mark between 2009 and 2012.” I note that the reports show that several thousand “purses”, “tote bags”, and “wallets” were sold by Elpro during the relevant period. The reports indicate that at least some of the sales were to Canadian retailers.

[10] With respect to use of the Mark after it was transferred to the Owner, Mr. Margolis states that the Owner actually started placing orders with its suppliers for goods displaying the Mark beginning at the end of March 2012. He attests that since June 2012, the Owner “has been and still is selling clutch bags, shoulder bags, handbags, purses, change purses, wallets, briefcases and briefcase type portfolios in association with the Mark, online and through its retail locations”. He explains that the Owner initially chose to sell only those goods that it felt it could sell in large quantities. The Owner’s plan was to begin selling more of the goods listed in the registration once the Mark was more established. Mr. Margolis further explains that the goods sold in association with the Mark were “tagged, printed and/or embossed with the Mark” and were displayed on the Owner’s website in the “shop by brand” section.

[11] Mr. Margolis also provides a breakdown of the Owner’s annual advertising expenses from 2009 to 2012, specifying that since 2009, the Owner’s total advertising expenses have averaged approximately \$2 million per year. With respect to the Mark, Mr. Margolis attests that it was displayed in seasonal flyers since June 2012.

[12] With respect to sales, Mr. Margolis attests that the Owner's overall sales for goods displaying the Mark were \$2,400,000 for the period of June 2012 to December 2012. However, Mr. Margolis does not clarify which of the registered goods should be considered as part of this general statement of sales. I also note that December 2012 was after the relevant period and Mr. Margolis does not clarify what portion of the sales occurred during the relevant period.

[13] In support of his statements regarding use of the Mark since it was acquired by the Owner, Mr. Margolis provides the following exhibits:

- Exhibits 6 and 7 consist of dozens of order forms and invoices from the Owner's suppliers. The goods identified on the order forms and supplier invoices include the following: "cross body bag", "tote", "satchel", "laptop business tote", "wallet on a string", "clutch", "handbag", "mini back pack", "backpack", "wallet", and "coin case". The order forms are dated between March 2012 and April 2013, and the invoices from suppliers are dated from June 2012 to May 2013. The memo lines on the order forms appear to indicate that the goods ordered were supposed to display the Mark; for example, one memo line describes the ordered goods as "CLUTCH W/BACK ZIP-FIORELLI PLATE".
- Exhibit 8 consists of dozens of photographs of various purses, handbags, clutch bags, and wallets, which Mr. Margolis attests are representative of the goods sold by the Owner during the relevant period. I note that the Mark is displayed on affixed labels, hangtags, or cardboard inserts.
- Exhibit 9 consists of samples of the aforementioned wallet tag cards and hangtags. The Mark appears prominently on both.
- Exhibit 10 consists of four photos, which Mr. Margolis attests show "a non exhaustive variety of the Wares bearing the Mark". He further explains that the photos show how the goods have been displayed in the Owner's retail stores since June 2012. I note that the photos show purses and clutch bags displayed on a shelving unit.

- Exhibit 11 consists of undated screenshots from the Owner’s website. I note that the Mark appears beneath a picture of each of the goods offered for sale. The screenshots show the following goods displayed on the website: “Mini Backpack”, “Satchel”, “Cross-body bag”, “Purse”, “Tote Bag”, “Evening Clutch”, and “Wallet on a String”.
- Exhibit 12 consists of copies of sample sales reports that Mr. Margolis attests are with respect to online sales of goods bearing the Mark by the Owner through its website. I note that the sales reports show sales directly to individual consumers in Canada in October and November 2012 of the following items: “Cross-body trend Bag”, “Cross-body Bag”, “Leather Handbag”, “Satchel”, “Trend Tote Bag”, “Leather Wallet”, “Sac à bandoulière”, and “Sac à lunch”.

Analysis

[14] In its written representations, the Owner suggests that a registered owner need not show use in association with every good in the registration, so long as the affidavit clearly states that the trade-mark was used in association with all of the goods during the relevant period and the goods were clearly organized into categories for which examples were provided [see *Saks & Co v Canada (Registrar of Trade Marks)* (1989), 24 CPR (3d) 49 (FCTD)].

[15] While I accept that the exhibited hang tags and photos are representative of the manner in which the Mark was displayed on the goods, the issue is that Mr. Margolis does not clearly demonstrate transfers of each of the registered goods during the relevant period. Instead, he only provides evidence of transfers for some of the goods.

[16] With respect to transfers of goods displaying the Mark by Elpro, its sales reports and related photos, both at Exhibit 5, demonstrate transfers with respect to the goods “wallets”, “purses”, and “tote bags” only. The sales reports show that these goods were transferred to retailers who would then sell the goods to consumers.

[17] With respect to the Owner, the sales reports provided at Exhibit 12 also show sales to Canadian customers and further support the conclusion that wallets, purses, and tote bags were

sold in association with the Mark. In addition, the Owner's sales reports demonstrate transfers of handbags, clutch bags, and lunch bags bearing the Mark during the relevant period.

[18] With respect to the remaining wares, however, there is insufficient evidence of transfers during the relevant period. Although Mr. Margolis asserts that the Owner "has been and still is selling" change purses, briefcases, and briefcase type portfolios in association with the Mark, he provides no sales reports confirming sales of such goods in Canada during the relevant period or otherwise.

[19] I further note that the Exhibit 8 photos, which Mr. Margolis attests show how the Mark was displayed, do not include photos of these three registered goods. Although I accept that the photos are merely representative of how the Mark was displayed, it is curious that the Owner did not furnish sales reports nor did it provide some other corroborative evidence in support of Mr. Margolis' mere assertion of sales with respect to change purses, briefcases and portfolios.

[20] Furthermore, Mr. Margolis gives a global dollar amount for the Owner's sales, rather than breaking down those sales by registered good and I again note that the total includes December 2012, which was after the relevant period. As such, even if I were to infer that the Owner sold at least some of these three goods in the normal course of trade, I consider the evidence ambiguous as to whether such sales occurred during the relevant period.

[21] With respect to "backpacks", a "mini backpack" does appear in the screenshots of the Owner's website at Exhibit 11 and on an invoice from a supplier at Exhibit 7. However, Mr. Margolis did not specifically attest to use of the Mark in association with backpacks and the Owner did not furnish any evidence of sales of backpacks in Canada during the relevant period. As such, I am not satisfied that the evidence demonstrates use of the Mark in association with backpacks.

[22] With respect to the remaining goods, there is no evidence of transfers in the normal course of trade whatsoever. Again, I note that Mr. Margolis concedes in his affidavit that the Owner chose to sell only some of the registered goods after it acquired the Mark and that it would begin selling the remaining goods at some point in the future. As such, I cannot conclude that the Owner has demonstrated use of the Mark with respect to the remaining goods.

[23] In view of the foregoing, I am satisfied the Owner has demonstrated use of the Mark in association with tote bags, purses, handbags, clutch bags, wallets, and lunch bags only within the meaning of sections 4 and 45 of the Act. I note, however, that “Clutch bags” unnecessarily appears twice in the statement of goods. The redundant instance will be deleted from the registration.

Special Circumstances

[24] I will turn now to the question of whether, pursuant to section 45(3) of the Act, there were special circumstances which excuse non-use of the Mark with respect to the remaining goods for which use has not been shown. As discussed above, this includes change purses, briefcases, and briefcase type portfolios, for which Mr. Margolis asserted use in association with the Mark, but for which no evidence of transfers was provided.

[25] The general rule is that absence of use will be penalized by expungement, but there may be an exception where the absence of use is due to special circumstances [*Smart & Biggar v Scott Paper Ltd* (2008), 65 CPR (4th) 303 (FCA) at para 22]. To determine whether special circumstances have been demonstrated, the Registrar must first determine, in light of the evidence, why in fact the trade-mark was not used during the relevant period. Second, the Registrar must determine whether these reasons for non-use constitutes special circumstances [per *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]; the Federal Court has held that special circumstances means circumstances or reasons that are unusual, uncommon, or exceptional [*John Labatt Ltd v The Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD) at 123].

[26] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such special circumstances *excuse* the period of non-use. This involves the consideration of three criteria: (1) the length of time during which the trade-mark has not been in use; (2) whether the reasons for non-use were beyond the control of the registered owner; and (3) whether there exists a serious intention to shortly resume use [per *Harris Knitting, supra*].

[27] The Federal Court of Appeal offered further clarification with respect to the interpretation of the second criterion, with the determination that this aspect must be satisfied in order for there to be a finding of special circumstances excusing non-use of a trade-mark [*Scott Paper Ltd, supra*]. In other words, the other two criteria are relevant but, considered by themselves in isolation, they cannot constitute special circumstances excusing non-use. Further, the intent to resume use must be substantiated by the evidence [see *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD); *NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 (FCTD)].

[28] In its written representations, the Owner submits that it only acquired the Mark seven months before the section 45 notice was issued and that it began placing orders for goods even before the Mark was transferred. The Owner further submits that it then began selling goods which displayed the Mark within three months of the transfer. Finally, the Owner submits that Mr. Margolis made clear statements with respect to the Owner's intention to start using the Mark in association with the remaining goods.

[29] The Owner points to a previous decision of the Registrar for the proposition that special circumstances may arise where a trade-mark was recently acquired and the registered owner has shown a serious intention to resume use. In that case, the Registrar noted that in some cases "it is reasonable for a new owner to require some start-up time in order to resume use" [*Bereskin & Parr v Adamakos* (1997), 80 CPR (3d) 307 (TMOB) at page 311].

[30] In view of its submissions, it would appear that the Owner's position is that the reason for non-use of the Mark with respect to the remaining goods was that the Mark had only recently been acquired by the Owner. However, while this may partially explain the period of non-use, I note Mr. Margolis' own statements indicate that the main reason that the Mark was not used in association with all of the registered goods was due to a business decision made by the Owner. Mr. Margolis specifically attests that the Owner chose to begin selling only those goods that it knew it could sell in large quantities and that as "the Mark becomes established in Bentley Leathers locations over time the other products will be added to the line".

[31] With respect to whether the reasons for non-use constitute special circumstances, I would first note that, in *Adamakos*, the Registrar maintained the registration based on the evidence

furnished by the registered owner and the discussion of special circumstances was limited to an “in the alternative” discussion. Furthermore, in that case the registered owner had provided clear evidence demonstrating a serious intention to resume use, such as order forms from its suppliers for the particular goods at issue.

[32] I also note that the assignment of a trade-mark by itself does not constitute special circumstances [see *WIPG AG v Wico Distribution Corp* (1999), 2 CPR (4th) 388 (TMOB) at 397]. Despite being able to provide some evidence of use of the Mark by the Owner’s predecessor in title, Elpro, Mr. Margolis provides no details regarding the circumstances surrounding the Owner’s acquisition of the Mark. In any event, non-use of the Mark in this case is at least partially attributable to the business decision made by the Owner as noted above. It has been held that unfavourable market conditions and voluntary business decisions are not the sort of unusual, uncommon, or exceptional circumstances that constitute special circumstances [see *Harris Knitting, supra*; *Lander Co Canada Ltd v Alex E Macrae & Co* (1993), 46 CPR (3d) 417 (FCTD)].

[33] In view of the foregoing, I conclude that the Owner has not demonstrated special circumstances in this case. In the alternative, I will nonetheless discuss whether the reasons for non-use in this case could constitute special circumstances excusing the non-use in view of the three criteria set out by the Federal Court of Appeal [per *Harris Knitting, supra*].

[34] With respect to the first criterion, Mr. Margolis does not state any date of last use. As noted above, he does confirm that the Owner acquired the Mark in April 2012, seven months before the issuance of the section 45 notice. In some cases, the date at which a registered trade-mark was transferred to a new owner can be considered the relevant date where there was no use by the previous owner and it would be overly technical for the new owner to explain the reasons for the old owner’s non-use [see *GPS (UK) Ltd v Rainbow Jean Co* (1994), 58 CPR (3d) 535 (TMOB)].

[35] In this case, as noted above, Mr. Margolis did provide evidence of use of the Mark by Elpro in association with some of the registered goods. However, aside from stating that the Owner acquired the Mark by assignment, he gives no details regarding the circumstances of its acquisition. Given that some evidence of use by Elpro was provided, it is not clear why Mr.

Margolis could not provide a statement regarding the date of last use for the remaining goods. The inference is that the Mark was likely not used in association with such goods by Elpro. Therefore, I consider it appropriate to consider that the relevant date for purposes of the first criterion should be the registration date, March 21, 2006 [see *Oyen Wiggs Green & Mutala LLP v Rath* (2010), 82 CPR (4th) 77 (TMOB)]. Therefore, the period of non-use was over six and half years.

[36] Even if I were to consider the relevant date as the date of transfer of the Mark to the Owner, the evidence demonstrates that the reasons for non-use by the Owner in that shorter timeframe was in part a business decision made by the Owner to focus on more profitable goods. With respect to the second criterion, and in line with the reasoning above that such business decisions do not constitute circumstances that are “unusual, uncommon, or exceptional”, a voluntary business decision is not beyond the Owner’s control [see *Lander Co Canada Ltd, supra*].

[37] Finally, with respect to the third criterion, I am not satisfied that the Owner has demonstrated a serious intention to resume use. The Federal Court has noted that “the mere intention to resume use is not satisfactory and must be substantiated by factual elements such as purchase orders or, at least, a specific date of resumption” [*Lander, supra* at 421]. It is not clear from the evidence when the Owner will decide that the market is sufficiently established to begin using the Mark in association with the remaining goods. Furthermore, the order forms and invoices from suppliers at Exhibits 6 and 7 indicate that the Owner did not attempt to order any of the remaining goods, with the possible exception of “mini backpacks”. Mr. Margolis’ statements regarding the resumption of use are generally vague, he provides no clear timeline, nor does he indicate what specific steps are being taken to resume use of the Mark in association with the remaining goods.

[38] As such, I am not satisfied that the Owner has established that the reasons for non-use were beyond its control. Furthermore, I am not satisfied that the Owner has established a serious intention to begin or resume use of the Mark in association with the remaining goods. Therefore, even if I were to conclude that the reasons for non-use shown by the evidence constituted special

circumstances, I would not be satisfied that the special circumstances excused the non-use in this case.

Disposition

[39] In view of all of the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with section 45 of the Act, the registration will be amended to delete the following from the statement of goods:

Key cases, Suit bags, Dress bags, Shoe bags for travel, Garment bags, Cosmetic bags sold empty, ... Luggage, Diaper bags, Umbrellas, ... Billfolds, Change Purses, ... School Bags, beach bags, Shopping Bags, Briefcases, Briefcase type portfolios, Attache cases, Pencil Cases, Insulated Bags, Back packs, All purpose sport bags, Artist briefcase type portfolios, Travel bags, Non-motorized collapsible luggage carts, ... Shoulder Bags, Non-motorized collapsible luggage carts, Clutch bags, Shoulder Bags, Beauty Cases, Carry on bags, Fanny Packs.

[40] The amended statement of goods will read as follows:

Handbags, Purses, Wallets, Tote bags, Clutch bags, and Lunch bags.

Andrew Bene
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office