



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

Citation: 2017 TMOB 5
Date of Decision: 2017-01-18

IN THE MATTER OF A SECTION 45 PROCEEDING

Sharlene Loveless

Requesting Party

and

Estee Lauder Cosmetics Ltd.

Registered Owner

TMA540,904 for ENLIGHTEN

Registration

[1] At the request of Sharlene Loveless (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 July 28, 2014 to Estee Lauder Cosmetics Ltd. (the Owner), the registered owner of registration No. TMA540,904 for the trade-mark ENLIGHTEN (the Mark).

[2] The Mark is registered for use in association with the goods “face make-up”.

[3] The notice required the Owner to furnish evidence showing that the Mark was in use in Canada, in association with the goods specified in the registration, at any time between July 28, 2011 and July 28, 2014. 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.

[4] The relevant definition of “use” in association with 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 section 45 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 [*John Labatt Ltd v Rainer Brewing Co et al* (1984), 80 CPR (2d) 228 (FCA)].

[6] In response to the Registrar's notice, the Owner furnished the affidavit of Rita Odin, Vice-President and Trademark Counsel of the Owner, sworn on February 27, 2015 in New York, New York. Both parties filed written representations; an oral hearing was not held.

The Owner's Evidence

[7] In her affidavit, Ms. Odin explains that the Owner is part of "the Estee Lauder group of companies", which sells "cosmetic products, skin and body care products, and perfumery" in over 150 countries and territories, including Canada. She states that the Owner sells "ESTEE LAUDER brand products, including the ENLIGHTEN trademark" in Canada.

[8] With respect to the registered goods, Ms. Odin attests that the Owner originally sold ENLIGHTEN face make-up in Canada "at least as early as 2001", but discontinued that product in 2009. However, Ms. Odin states that in "early 2013", the Owner "began plans to reintroduce an ENLIGHTEN product line worldwide, including Canada." She explains that this new product line includes an "EE crème", which is a face make-up. Ms. Odin confirms that the Mark appears on the product packaging.

[9] Ms. Odin concedes that the new ENLIGHTEN product line was first shipped to Canadian retailers in September 2014, which is after the relevant period. However, she identifies certain preparatory activities that took place before the end of the relevant period. Specifically, she states

that, in October 2013, the Owner distributed information consisting of “product and marketing objectives, marketing support material, product samplers, packaging and pricing” to the Owner’s “affiliates” in Canada. She attests that “forecast orders” for the products were due on October 18, 2013 and that the Owner’s sales team made presentations regarding the ENLIGHTEN product line to Canadian retailers in April 2014. She explains that, between the time of those presentations and the date products were shipped, the Owner’s team had “ongoing discussions” with each Canadian retailer to “confirm ship quantities” for the products. She states that individual retailers’ ship quantities “would have been confirmed anytime between April and September 2014.”

[10] Ms. Odin attests that Canadian retailers for the ENLIGHTEN product line include The Bay, Sephora, Holt Renfrew, Shoppers Drug Mart and Sears. She attests that the Owner sold over \$450,000 worth of products in the ENLIGHTEN product line to The Bay in September 2014, including 1350 units of “EE crème face make-up”. Ms. Odin specifies that this initial shipment of ENLIGHTEN products was intended for sale “on counter” at retail stores starting in October 2014. Finally, she confirms that the Owner continues to sell the ENLIGHTEN product line through Canadian retailers.

[11] In support of her statements, Ms. Odin attaches the following exhibits to her affidavit:

- Exhibit A is a partially redacted copy of a memorandum dated October 2, 2013, with the subject line “S1 Forecast Offering”. Ms. Odin attests that this document is an “internal memo” issued by the Owner to its “affiliates”, outlining the “forecast launch” of the ENLIGHTEN product line.

The document sets out a “FORECAST/ORDERING PROCEDURE” for “Affiliate markets” and “Distributor markets” and gives a “Forecast Due Date” of October 18, 2013. I note that the pricing information for “EE Crème” includes several references to a “Canada Variant”. The Mark does not appear on this document.

- Exhibit B is a partially redacted copy of a “Skincare Factsheet” dated April 2014. Ms. Odin attests that this document is an “internal factsheet” showing the dates when ENLIGHTEN products would be shipped to retailers and available on counters. Indeed, the first page of the document indicates, under the heading “Enlighten”, a “Ship Date” of

September 1, 2014 and an “On Counter” date of October 2014. The page includes an image of three Estee Lauder products, one of which appears to be the aforementioned “ENLIGHTEN EE crème”.

- Exhibit C is a portion of a document titled “FALL 14 NEW LAUNCH SKU DETAIL – USA”. Ms. Odin explains that this document lists six ENLIGHTEN products that were part of the Owner’s presentations to retailers in April 2014, noting that September 3, 2014 is the indicated “ship to date”. She confirms that three of the listed products are “ENLIGHTEN EE crème”. Although the document’s title references the United States, Ms. Odin confirms that the products listed were presented to Canadian retailers.
- Exhibit D consists of three product images, which Ms. Odin attests are representative of how the Mark has appeared on the ENLIGHTEN products sold in Canada since October 2014. One of the depicted products is a tube labelled “ESTEE LAUDER Enlighten E•E Even Effect Skintone Corrector”.

Analysis - Use of the Mark during the relevant period

[12] The Owner takes the position that it used the Mark during the relevant period. In this respect, the Owner relies on its sale of 1350 units of ENLIGHTEN EE crème face make-up to The Bay in 2014. Although those goods were shipped to The Bay in September 2014, which is after the relevant period, the Owner notes that “ship quantities” were confirmed sometime between April 2014 and September 2014. The Owner submits that such confirmation represents an “agreement to transfer property and possession at a fixed date for a fixed sum”, which in turn constitutes a sale in the ordinary course of trade. As such, the Owner submits that this is sufficient to establish use of the Mark within the meaning of section 4(1) of the Act.

[13] In support, the Owner cites *ConAgra Foods, Inc v Fetherstonhaugh & Co*, 2002 FCT 1257, 23 CPR (4th) 49. In that case, the Federal Court found that a trade-mark was used within the relevant period when a large order was accepted before the end of the relevant period and the goods were delivered shortly thereafter.

[14] The Owner also cites the following passage from *Ridout & Maybee LLP v HJ Heinz Co Australia Ltd*, 2014 FC 442, 122 CPR (4th) 208:

The Registrar nonetheless agreed..., relying on the decision of [*ConAgra*], that the use of a trade-mark pursuant to section 4 of the *Act* occurred when an order for a substantial amount of trade-marked goods was placed and accepted prior to the expiry of the Relevant Period, when delivery of the goods and fulfillment of the purchase occurred soon thereafter. [at para 21]

[15] However, in *HJ Heinz*, the Court found that property in the goods had transferred during the relevant period, when the goods in question *were delivered to their shipper*:

The delivery of the wares to the shipper was an element of the completion of the transfer of the property the transfer of the property can be interpreted to have occurred in Canada at the time the custody of the goods was delivered to the transporters ... so long as the delivery was completed. With the place of the transfer occurring in Canada within the Relevant Period, the requirements of section 45 of the Act are met... [at para 48]

[16] Accordingly, the Court did not consider whether mere acceptance of the order would have sufficed to meet the requirements of section 45, had the goods not been delivered to the shipper within the relevant period. In the present case, there is no evidence of when the goods ordered by The Bay were delivered to any shipper.

[17] In any event, as noted by the Requesting Party, Ms. Odin's statement that order quantities "would have been confirmed" with Canadian retailers "anytime between April and September 2014" does not indicate whether any of those confirmations were made before the end of the relevant period, namely July 28, 2014. Moreover, the Owner did not furnish any documents showing acceptance of an order or ship quantity within the relevant period. Although it is not mandatory to furnish invoices or the like in response to a section 45 notice, sufficient evidence must still be provided to allow the Registrar to conclude that a transfer actually occurred during the relevant period [per *Lewis Thomson & Son Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD)]. In the present case, the evidence is insufficient to support such a conclusion.

[18] Accordingly, I am not satisfied that that the Owner has demonstrated use of the Mark in association with "face make-up" within the meaning of sections 4 and 45 of the Act during the relevant period.

Analysis - Special circumstances

[19] In the absence of evidence of use of the Mark during the relevant period, the issue is

whether, pursuant to section 45(3) of the Act, special circumstances existed to excuse such non-use.

[20] The general rule is that absence of use should result in expungement, but there may be an exception where the absence of use is due to special circumstances [*Scott Paper Ltd v Smart & Biggar*, 2008 FCA 129, 65 CPR (4th) 303].

[21] To determine whether special circumstances have been demonstrated, the Registrar must first determine why the trade-mark was not used during the relevant period. Second, the Registrar must determine whether those reasons for non-use constitute special circumstances [*Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]. “Special circumstances” means circumstances or reasons that are unusual, uncommon, or exceptional [*John Labatt Ltd v Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)].

[22] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such circumstances *excuse* the period of non-use. This determination 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 [*Harris Knitting Mills, supra*]. All three criteria are relevant, but satisfying the second criterion is essential for a finding of special circumstances excusing non-use [*Scott Paper, supra*].

Do the reasons for non-use constitute special circumstances?

[23] In her affidavit, Ms. Odin does not state why the original line of ENLIGHTEN face make-up was discontinued in 2009. Moreover, she does not describe the Owner’s activities prior to its re-launch planning in 2013, nor does she explain why the new product line could not be delivered in Canada before September 2014.

[24] In this respect, the Owner simply submits that the delay in resuming use is “clearly” attributable to “the manufacturing and shipping processes required for a world-wide product launch.” The Owner stresses that its situation is not that of “a registrant acting like a ‘truant schoolboy’, as in *Scott Paper*” and is “not equivalent to the decision of a registrant not to use a mark for a reason that it could control”. However, I note that, in her affidavit, Ms. Odin does not

expressly reference manufacturing or shipping “processes” or provide any additional information in that regard.

[25] I note at the outset that the reasons for non-use must apply to the entire relevant period [per *Oyen Wiggs Green & Mutala LLP v Rath* , 2010 TMOB 34, 82 CPR (4th) 77; see also *PM-DSC Toronto Inc v PM-International AG*, 2013 TMOB 15, 110 CPR (4th) 378].

[26] In the present case, any delays experienced with respect to manufacturing and shipping the new ENLIGHTEN product line would account for only the latter portion of the relevant period. Indeed, the evidence is silent with respect to the Owner’s activities from 2009 to 2013; it is not even clear why the Owner waited until 2013 to *begin* its “plans to reintroduce an ENLIGHTEN product line worldwide, including Canada.”

[27] Absent such an explanation, I cannot conclude that non-use of the Mark until 2013 was due to anything other than a voluntary business decision.

[28] Moreover, the evidence provides no details as to how manufacturing and shipping processes affected the Owner’s business in a way that was exceptional, unusual or uncommon. Again, in the absence of additional explanation from Ms. Odin, it would seem that the Owner voluntarily chose its launch schedule, including the order deadlines, manufacturing timelines and shipping dates.

[29] It is well established that voluntary business decisions are not the sort of uncommon, unusual or exceptional circumstance that constitutes special circumstances [see, for example, *Harris Knitting Mills, supra*; and *John Labatt, supra*].

[30] I am therefore not satisfied that the Owner has provided reasons for non-use of the Mark amounting to special circumstances.

Would the circumstances excuse non-use?

[31] Since the reasons for non-use in this case do not amount to special circumstances, it is unnecessary to determine whether those circumstances *excuse* the period of non-use. In any event, as discussed below, I would not be satisfied that they meet the three criteria set out in *Harris Knitting Mills*.

[32] First, with respect to whether the Owner had a “serious intention” to resume use of the Mark, I note that there is some evidence of transfers of ENLIGHTEN EE crème in Canada *after* the relevant period.

[33] Nonetheless, the Requesting Party suggests that the exhibits and the wording of Ms. Odin’s various statements do not actually demonstrate that, *during the relevant period*, the Owner had the intention of branding the new product line with the Mark or of launching the line in Canada.

[34] However, I note that the evidence must be considered as a whole and the exhibits interpreted in conjunction with the statements made in the affidavit [see, for example, *Kvas Miller Everitt v Computer (Bridgend) Ltd* (2005), 47 CPR (4th) 209 (TMOB); and *Fraser Milner Casgrain LLP v Canadian Distribution Channel Inc* (2009), 78 CPR (4th) 278 (TMOB)]. In the present case, Ms. Odin attests that the Owner’s plans during the relevant period were to reintroduce an ENLIGHTEN product line, which would include EE crème face make-up. She specifies that those plans included Canada and outlines concrete steps taken in Canada to promote the line and to solicit orders for the products. Her evidence is supported by exhibits that reference the Mark and also refer to a “Canada Variant” of the EE crème product. Indeed, the evidence shows that face make-up bearing the Mark was, in fact, delivered to Canadian retailers, albeit after the end of the relevant period. Given a fair reading and considered in its totality, Ms. Odin’s affidavit provides sufficient facts substantiating the Owner’s intention, during the relevant period, to “shortly resume use” of the Mark in Canada.

[35] However, even a realized intention to resume use of a trade-mark shortly after the end of the relevant period is, in and of itself, insufficient to excuse a period of non-use. As stated by the Federal Court of Appeal, “plans for future use do not explain the period of non-use” [*Scott Paper, supra*, at para 28]. As noted above, the period of non-use must also result from circumstances beyond the Owner’s control.

[36] In the present case, Ms. Odin attests that the Mark was last used in association with the registered goods in 2009; the period of non-use is thus approximately five years. With respect to the reasons for non-use during that period, as discussed above, the absence of use in Canada appears to be due to voluntary business decisions, rather than factors beyond the Owner’s

control.

[37] In particular, although the Owner submits that the delay in resuming use was due to “manufacturing and shipping processes”, the evidence does not indicate which aspects of those processes, if any, were beyond the Owner’s control. Although manufacturing and shipping processes take time, the Owner did not furnish evidence of any particular difficulties experienced in that regard to indicate that the processes were beyond its control.

[38] As for the product launch being “worldwide” in scope, the Registrar has previously characterized prioritization of activities outside Canada as a deliberate decision *not* beyond the trade-mark owner’s control [see, for example, *Math v Mainse*, 2015 TMOB 32, CarswellNat 1385; see also *Survival Systems Training Ltd v Survival Systems Holdings Ltd*, 2016 TMOB 14, CarswellNat 429].

[39] Accordingly, I am not satisfied that the reasons for non-use in this case were beyond the Owner’s control.

[40] Therefore, even if I were to conclude that the reasons for non-use submitted by the Owner constitute special circumstances, I would not be satisfied that those circumstances excuse the period of non-use in the present case.

Disposition

[41] In view of all the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with the provisions of section 45 of the Act, the registration will be expunged.

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

**TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE: No Hearing Held

AGENTS OF RECORD

Bereskin & Parr LLP/S.E.N.C.R.L., s.r.l.

For the Registered Owner

OLLIP P.C.

For the Requesting Party