

LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2020 TMOB 89

Date of Decision: 2020-07-31

IN THE MATTER OF A SECTION 45 PROCEEDING

Smart & Biggar

Requesting Party

and

Canadian Tire Corporation, Limited

Registered Owner

TMA321,266 for ARCTIC & DESIGN

Registration

INTRODUCTION

[1] At the request of Smart & Biggar (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) on August 10, 2017, to Canadian Tire Corporation, Limited (the Owner), the registered owner of registration No. TMA321,266 for the trademark ARCTIC & DESIGN (the Mark), shown below:

Arctic

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

Jackets, down jackets, down pants, down vests, sleeping robes, sleeping bags.

[3] For the reasons that follow, I conclude that the registration ought to be maintained only with respect to jackets, down jackets, and down vests.

[4] The notice required the Owner to show whether the Mark has been used in Canada in association with the registered goods at any time within the three-year period immediately preceding the date of the notice and, if not, the date when it was last in use and the reason for the absence of such use since that date. In this case, the relevant period for showing use is August 10, 2014, to August 10, 2017.

[5] The relevant definition of use for goods is set out in section 4 of the Act as follows:

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.

[6] It is well established that bare statements that a trademark is in 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) (*Plough*)]. Although the threshold for establishing use in these proceedings is 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 trademark in association with *each* of the goods specified in the registration during the relevant period [*John Labatt Ltd v Rainier Brewing Co* (1984), 80 CPR (2d) 228 (FCA)].

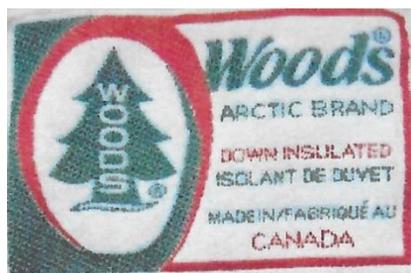
[7] In response to the Registrar's notice, the Owner furnished the affidavit of James Prescott, sworn March 7, 2018. Both parties submitted written representations and were represented at an oral hearing.

THE OWNER'S EVIDENCE

[8] Mr. Prescott states that he has been a Vice President of the Owner since November 2016, and he asserts that, in the normal course of trade, the Owner sells products to its many "Canadian

Tire Associate Stores”, which then sell such goods to the Canadian public. He explains that the Owner acquired the Mark from its predecessor-in-title, The Infinity Sports Group, Ltd., in 2014, and states that the Owner has since made substantial sales of ARCTIC-branded products.

[9] As an example, he states that in 2015, the Owner sold 19 trailers filled with ARCTIC-branded goods to the Owner’s associate stores, including jackets, down jackets, down vests, and headwear, each branded with the trademark ARCTIC along with other model names. As Exhibit A, he attaches a manifest showing the contents of these trailers. As Exhibit B, he attaches photographs of one of the garments listed on the Exhibit A manifests, which he identifies as a down-insulated coat. The photographs include a close-up of the interior label of the coat, shown below:



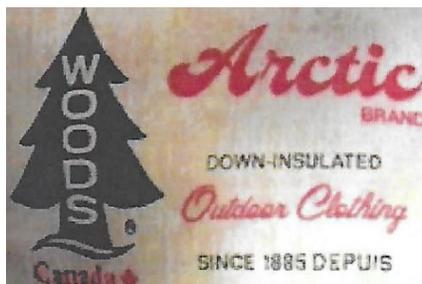
[10] As Exhibits C through G, he attaches pages from the predecessor-in-title’s Fall/Winter 2013 catalogue, showing photographs of other garments indicated on the Exhibit A manifest. On the poly/wool blend jacket depicted in Exhibit F, and on the vest depicted in Exhibit G, there is an external label displaying the word “Arctic” in the same cursive format as shown in Exhibit J, shown below (I note that the labels are too small in the photographs to be clearly reproduced in this decision). Mr. Prescott further states that each of the exhibited garments had an interior label displaying the word “Arctic” in a “substantially similar” manner to Exhibit B.

[11] Mr. Prescott correlates the down-insulated coat and down-filled quilted jacket shown in Exhibits B and E, respectively, with the registered goods “down jackets”; the parka, bomber jacket, and poly/wool blend jacket shown in Exhibits C, D, and F, respectively, with the registered goods “jackets”; and the vest shown in Exhibit G with the registered goods “down vests”.

[12] Mr. Prescott states that each of the aforementioned trailers was sold to one of the Owner's associate stores on or about March 18, 2015. As Exhibits H and I, respectively, he attaches a spreadsheet identifying the stores that purchased the contents of each trailer, and excerpts from four invoices reflecting such sales. I note that both exhibits indicate that the goods were sold in the course of an auction.

[13] Mr. Prescott states that the total retail value of these goods was no less than \$800,000, and provides a table showing the total retail value of the jackets, down jackets, and down vests as exceeding \$500,000, \$300,000, and \$100,000, respectively.

[14] Mr. Prescott further states that "These products were subsequently sold to the Canadian public during the relevant period." In support, as Exhibit J, he attaches photographs of a jacket and accompanying materials which he states were purchased from one of the Owner's associate stores by an Associate Vice President of the Owner in April 2015. The word ARCTIC appears on the jacket and in the materials as shown below:



[15] Finally, as Exhibits K and L, Mr. Prescott attaches copies of the predecessor-in-title's 2013 catalogue from which the images in Exhibits C through G were taken, and a second catalogue published in 2013 by the predecessor-in-title, showing ARCTIC-branded sleeping bags and ice shelters.

ANALYSIS

[16] At the hearing, the Owner conceded that it had not used the Mark in association with the registered goods "down pants", "sleeping robes", and "sleeping bags". As there is no evidence of special circumstances that would excuse non-use, these goods will be expunged from the registration.

[17] Otherwise, the Requesting Party submits that some elements of the Owner's evidence are inadmissible; that the evidenced transfers were not in the normal course of trade; that the Owner's evidence does not show use of the Mark as registered; and that the evidence does not show use in association with each of the registered goods. Each submission will be addressed in turn.

Admissibility

[18] The Requesting Party submits that the Exhibit J photographs, relating to the purchase of a jacket by an employee of the Owner, are hearsay and must be entirely disregarded as they are neither necessary nor reliable.

[19] However, it is well established that, given the summary nature of section 45 proceedings, "concerns with respect to the hearsay nature of evidence can go to weight, rather than admissibility" [*Eva Gabor International Ltd v 1459243 Ontario Inc*, 2011 FC 18 at para 18]. Therefore, any concerns about the reliability of the Owner's evidence in the analysis that follows will be assessed in terms of weight rather than admissibility.

Normal course of trade

[20] The Requesting Party notes that Exhibits H and I refer to an auction, suggesting that the items listed in the Exhibit A trailer manifests were "leftover" items obtained by the Owner in the course of its transaction with its predecessor-in-title, and then sold at auction to the associate stores. The Requesting Party submits that if selling goods by auction was actually in the normal course of trade, it would have been incumbent on the Owner to say as much, as it is not the function of the Registrar to find and set standards for the normal course of trade [citing *Phillip Morris Inc v Imperial Tobacco Ltd* (1987), 17 CPR (3d) 237 (FCA)]. In response, the Owner submits that Mr. Prescott explained that the Owner's normal course of trade involves selling products to its associate stores, and then those stores selling the products to the public, and cites *Smart & Biggar v Canadian Tire Corporation, Limited*, 2017 TMOB 153 (*Canadian Tire Corporation*), as a case where similar evidence was considered and found to constitute use within the normal course of trade.

[21] I concur with the Owner on this point. Mr. Prescott explained in his affidavit that in the normal course of trade, the Owner sells products to its associate stores, which then sell such goods to the Canadian public. The sale to the associate stores by way of an auction is consistent with Mr. Prescott's description of the normal course of trade.

[22] Further, sales by the Owner to its associate stores are sufficient to show a transfer in the normal course of trade, given that the use of a trademark at any point along the chain of distribution is sufficient to demonstrate use as defined in section 4 of the Act [*Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 (FCTD); *Osler, Hoskin & Harcourt v Canada (Registrar of Trade Marks)* (1997), 77 CPR (3d) 475 (FCTD); for a similar conclusion involving the same parties, see *Canadian Tire Corporation* at paras 16-19]. Accordingly, it is not necessary for me to consider the Owner's evidence of sales by the associate stores to the public.

[23] In response to the Requesting Party's submission that an auction of the assets of the predecessor-in-title does not constitute transfers in the Owner's normal course of trade, I would observe that the Registrar has previously found that asset sales in the context of bankruptcy can constitute sales in the normal course of trade. For instance, in *Nike International Ltd v Infinité Cycle Works Ltd*, 2012 TMOB 137, the Registrar found that the fact that sales were made by an owner to liquidators in the context of a bankruptcy proceeding was irrelevant to whether such sales were in the normal course of trade; further, the Registrar noted that it "may be appropriate to view the Receivership Order and Certificate of Appointment as akin to an assignment of the Mark, with subsequent sales by the Receiver as being 'in the normal course of trade' for purposes of sections 4 and 45 of the Act" [para 17]. While the goods in this case were sold by a new Owner who acquired the assets of the predecessor-in-title, rather than by a receiver, there is no authority for the proposition that sales of assets acquired in the course of a bankruptcy proceeding cannot constitute sales in the normal course of trade.

[24] In any event, it is well established that evidence of a single sale can suffice to show a transfer in the normal course of trade, so long as the sale follows the pattern of a genuine commercial transaction and is not seen as being deliberately manufactured or contrived to protect the registration of the trademark [*Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d)

289 (FCTD) (*Philip Morris*)]. As noted by the Federal Court in *Coscelebre Inc v Canada (Registrar of Trade Marks)* (1991), 35 CPR (3d) 74 (FCTD) at para 22:

I do not read the jurisprudence as requiring the Court or the Registrar to find a certain level of commercial activity, in order to prove use. The single sale, in this case, was not put forward as an example of one of many sales, as appears to have been the case in the *Philip Morris* case. On the other hand, it is not a sale divorced from all context as was true in *Sim & McBurney v Majdell Mfg Co Ltd* (1986), 11 CPR (3d) 306. The business of the appellant is clearly described. Mr. Mishkin asserts that the sale was one made “in the normal course of business” and this assertion accords with the evidence in the file of the context in which the sale was made.

[25] Similarly, I am satisfied that the auction in this case follows the pattern of genuine commercial transfers in accordance with the Owner’s stated normal course of trade, particularly given that the Owner has evidenced sales of a large volume of inventory, with total retail value in excess of \$800,000. Further, the transfers do not appear to have been “deliberately manufactured or contrived in an attempt to protect the registration of a trade-mark rather than to establish its genuine use in the normal course of trade” [*Philip Morris* at para 12], especially given that the auction occurred years before the issuance of the section 45 notice in this case [for a similar conclusion, see *Quarry Corp v Bacardi & Co* (1996), 72 CPR (3d) 25 (FCTD) at para 20]. Accordingly, I am satisfied that the auction detailed in the Owner’s evidence constitutes transfers in the normal course of trade within the meaning of section 4(1) of the Act.

Use of the Mark as registered

[26] The Requesting Party submits that the Mark as registered does not appear anywhere in the Owner’s evidence, noting that the Mark includes the word “Arctic” in a specific design format and font, with only the letter A capitalized and a semicircular design resembling an igloo appearing within the letter A. In contrast, in Exhibit B, the logo shows the two words “ARCTIC BRAND” in all capital letters, in a different font and design format and without the semicircular design; as well, in Exhibits F, G, and J, the logo appears in a cursive font without the design. The Requesting Party submits that the dominant features of the Mark are the capital A and the semicircular design, and that it is insufficient for the Owner to merely maintain the word element of a design mark, citing in support the following cases: *Szibbo v 1772887 Ontario Limited*, 2015 TMOB 186; *Trademark Tools Inc v Miller Thomson LLP*, 2017 FCA 98 (*Trademark Tools*); and

Cassels Brock & Blackwell LLP v Ultimate Garage Inc, 2010 TMOB 101 (*Ultimate Garage*). The Requesting Party notes that in *Cameron MacKendrick v Phoenix Brands Canada Laundry LLC*, 2013 TMOB 147, the registered trademark was the single word “ARCTIC”, but the only use was within a two-part compound mark “ARCTIC POWER”; in that case, the trademark was expunged as the additional word was found to substantially alter the dominant features of the trademark as registered.

[27] In response, the Owner submits that cautious variations to a registered trademark may be made without adverse consequences, so long as the dominant features are maintained and the differences are so unimportant as to not mislead an unaware purchaser, citing a number of cases including *Lapointe Rosenstein Marchand Melançon LLP v American Dairy Queen Corp*, 2014 TMOB 185 (*American Dairy Queen Corp*); and *Fraser Milner Casgrain LLP v JPI Ltd*, 2014 TMOB 4 (*JPI Ltd*). In particular, the Owner notes that in *Weir Foulds LLP v WW Henry LP*, 2011 TMOB 23 (*Weir Foulds*), the Registrar found that changing the font and omitting small leaf designs from a design mark were minor changes that did not cause the trademark to lose its identity. Finally, the Owner submits that the cases relied upon by the Requesting Party can be distinguished from this case, as those cases involved descriptive words or other contextual differences.

[28] It is true that design marks, by definition, are characterized by a “specificity” beyond that of word marks [*Trademark Tools* at para 6]; nevertheless, where a trademark in use differs from the mark as registered, the question to be asked is whether the trademark was used in such a way that it did not lose its identity and remained recognizable, in spite of the differences between the form in which it was registered and the form in which it was used [*Canada (Registrar of Trade Marks) v Cie internationale pour l’informatique CII Honeywell Bull, SA* (1985), 4 CPR (3d) 523 (FCA)]. In deciding this issue, one must look to see whether the “dominant features” of the mark have been preserved [*Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA)]. Further, the use of a trademark in combination with additional words or features constitutes use of the registered trademark if the public, as a matter of first impression, would perceive the trademark *per se* as being used. This is a question of fact which is dependent on whether the trademark stands out from the additional material, such as by the use of different lettering or sizing, or whether the additional material would be perceived as clearly descriptive matter or as a

separate trademark or trade name [*Nightingale Interloc Ltd v Prodesign Ltd* (1984), 2 CPR (3d) 535 (TMOB); *88766 Canada Inc v National Cheese Co* (2002), 24 CPR (4th) 410 (TMOB)].

[29] The Registrar and courts have found on numerous occasions that the dominant element of a design mark is a word [see, for example, *Rogers Media Inc v La Cornue*, 2019 TMOB 63 at para 44; *JPI Ltd* at para 25]; that the dominant word element of a design mark is preserved despite changes in font or capitalization [see, for example, *Gowling Lafleur Henderson LLP v Henry Company, LLC*, 2017 TMOB 51 at paras 23-24; *Brouillette & Associés/Partners v Constellation Brands US Operations, Inc*, 2016 TMOB 159 at paras 19-20 (*Constellation Brands*); *JPI Ltd* at para 23; *Antler Limited v Atom SpA*, 2020 TMOB 4 at para 11]; or despite the omission of small design elements [see *Weir Foulds* at para 14; *American Dairy Queen Corp* at para 14].

[30] In addition to *Ultimate Garage*; *Universal Protein Supplements*; and *Trademark Tools* the Requesting Party cites *Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184, as a case where it was found that the dominant element of a particular trademark was not maintained despite the preservation of the word element of that design mark. However, I note that the variations in those cases were each considerably more extensive than those in the present case, and that, in any event, each case turns upon its own facts.

[31] In this case, I do not agree with the Requesting Party that the dominant feature of the word is the prominent letter “A” with the semi-circular design. Although the letter “A” is capitalized while the other letters are in lower case, the “A” appears otherwise to be approximately the font and size as the rest of the word, and the stylistic variations to the letter “A” are minor and subtle. Further, the semicircular design is much smaller compared to the word “Arctic”. Accordingly, I find that the dominant feature of the Mark is the word “Arctic”, rather than the particular letter “A” or the design element. I find that both the capitalized formulation shown in Exhibit B and the cursive formulation shown in Exhibits F, G, and J preserve the dominant elements of the Mark; while I note that the word “brand” appears along with the word “Arctic” in both formulations, I consider “BRAND” to be a descriptive word, the addition of which is not likely to cause the public, as a matter of first impression, to perceive the Mark *per se* as not being used. Therefore, I accept that display of the Mark as shown in the two variations

noted above constitutes display of the Mark as registered, as each variation preserves the dominant element of the Mark as registered. Furthermore, as described above, while the exhibited photographs could have been clearer, I accept that such variations of the Mark appeared on each of the three products sold by the Owner.

Use in association with each of the registered goods

[32] The Requesting Party notes that some of the products described as “jackets” by Mr. Prescott are identified as “coats” in the exhibited evidence, including the down-insulated coat shown at Exhibit B, and submits that use in association with coats cannot support use in association with jackets, referring to “common sense” distinctions between the two types of garments. However, it is well established that “one is not to be astutely meticulous” when dealing with language used in a statement of goods in section 45 proceedings [*Aird & Berlis LLP v Levi Strauss & Co*, 2006 FC 654 at para 17]; accordingly, I am not prepared to draw such a distinction. In any event, as noted above, Mr. Prescott correlates each of the products shown in evidence as displaying the Mark with one of the registered goods: the poly/wool blend jacket with the registered good “jackets”; the down-insulated coat with the registered good “down jackets”; and the vest with the registered good “down vests”.

[33] In sum, the Owner has shown use of the Mark in association with transfers of the registered goods “jackets”, “down jackets”, and “down vests” in the normal course of trade in Canada during the relevant period. Accordingly, I am satisfied that the Owner has shown use of the Mark with respect to these registered goods within the meaning of sections 4 and 45 of the Act.

DISPOSITION

[34] 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 the provisions of section 45 of the Act, the registration will be amended to delete “down pants”, “sleeping robes” and “sleeping bags” from the statement of goods.

[35] The amended statement of goods will be as follows:

Jackets, down jackets, down vests.

G.M. Melchin
Hearing Officer
Trademarks Opposition Board
Canadian Intellectual Property Office

**TRADEMARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE 2020-07-10

APPEARANCES

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Mark Evans For the Requesting Party

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