



LE REGISTRAIRE DES MARQUES DE COMMERCE  
THE REGISTRAR OF TRADEMARKS

**Citation: 2020 TMOB 95**

**Date of Decision: 2020-07-31**

**IN THE MATTER OF A SECTION 45 PROCEEDING**

**Dentons Canada LLP**

**Requesting Party**

**and**

**CanWhite Sands Corp.**

**Registered Owner**

**TMA555,036 for CANADIAN WHITE**

**Registration**

[1] At the request of Dentons Canada LLP (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 February 26, 2018 to CanWhite Sands Corp. (the Owner), the registered owner of registration No. TMA555,036 for the trademark CANADIAN WHITE (the Mark).

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

Silica sand, sand used for the fracturing of oil and gas wells, the industry term is sand proppant, sand used to prop open the fracture allowing the oil or natural gas to escape the formation (reservoir) where it is stored.

[3] Section 45 of the Act requires the registered owner of the trademark to show whether the trademark has been used in Canada in association with the goods specified in the registration 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 between February 26, 2015 and February 26, 2018.

[4] The relevant definition of use for goods is set out in section 4(1) 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.

[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 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)].

[6] In response to the Registrar's notice, the Owner filed the affidavit of Feisal Somji, the President and CEO of the Owner, sworn September 19, 2018.

[7] Only the Owner submitted written representations; an oral hearing was not requested.

#### THE OWNER'S EVIDENCE

[8] Mr. Somji's affidavit can be summarized as follows:

- The Owner was founded in November 2016 to be a "Canadian Tier 1 frac sand developer" [para 3];
- "Tier 1 frac sand" is the highest grade type of silica sand used in the oil and gas industry for purposes of "fracking" [para 4];

- Having researched silica sand across Canada since 2013, the Owner discovered a large resource of Tier 1 sand near Winnipeg, Manitoba in 2015 and began referring to such sand by the Mark [paras 6 and 7];
- The Owner acquired the Mark in May 2017 from its previous owner “since the trademark was integral to [the Owner’s] business” [para 17];
- Exhibit B to the affidavit is a December 2017 “CanWhite Corporate Update” given to shareholders, which includes confirmation that the Owner had recently acquired the Mark [para 13];
- The primary industry for the Owner’s CANADIAN WHITE silica sand goods is the oil and gas industry, but they can be sold into many industries that use high-grade silica. As such, the Owner’s sand products “will also have a secondary market as a feedstock in the manufacturing process for many silicon based products such as silicon metal, fiber optic cable, optical glass, solar panels, microchips, silicon gels, and many other silicon based products” [paras 8 and 9];
- The Owner started the process of bringing a mine into production in April 2017 [para 10];
- The process of bringing a mine into production can take one to four years, “depending on the speed of development and permitting”, and it is expected that the Owner’s CANADIAN WHITE silica sand goods will be ready to be sold in 2019 [para 10];
- The Owner has been raising capital and has been marketing its CANADIAN WHITE silica sand goods since 2017 [para 12];
- Exhibit A to the affidavit is a November 15, 2017 internal memo by Mr. Somji titled “Product Branding and Canadian White Trade Mark”, which includes an overview of the Owner’s development and marketing efforts [para 11];

- The Owner’s marketing efforts have included presentations and, since at least as early as Fall 2017, handing out samples of CANADIAN WHITE-branded sand (in small bottles or vials) to third parties, including potential customers [paras 12 and 14];
- Exhibit C to the affidavit is a 2018 photograph of a vial of sand bearing the Mark, as an example of the aforementioned samples handed out to investors and potential customers [para 14];
- The Owner’s silica sand goods “are currently undergoing pilot testing, engineering and regulatory approvals” and the Owner requires such regulatory approval before it can sell the goods [paras 17 and 18];
- Since January 2018, the Owner has advanced its business plans by various means, including “advancing government permitting and regulatory affairs”; it is anticipated that commercial production will occur in late 2019 or early 2020 [para 15];
- Exhibit D to the affidavit is a copy of a February 2018 presentation given to investors and potential customers of the Owner’s CANADIAN WHITE silica sand goods [para 16];
- The Owner obtained major financing in May 2018 and anticipates further funding to be completed by the end of 2018 [para 19];
- Mr. Somji summarizes the Owner’s “good-faith and serious” intention to use the Mark as follows: the acquisition of the Mark in 2017; the distribution of samples of CANADIAN WHITE-branded sand to potential customers; the ordering and use of labels bearing the Mark; the inclusion of the CANADIAN WHITE brand in investor, government, and marketing materials; and the assertion that the Owner will start selling CANADIAN WHITE-branded silica sand goods as soon as it obtains government and regulatory approval [para 21].

## ANALYSIS AND REASONS

[9] At the outset, I note that there is arguably some ambiguity in the articulation of the statement of goods in the registration. In this respect, the registered goods could be interpreted as three goods:

- i) “Silica sand” (without any limitation as to purpose or use);
- ii) “sand used for the fracturing of oil and gas wells, the industry term is sand proppant”; and
- iii) “sand used to prop open the fracture allowing the oil or natural gas to escape the formation (reservoir) where it is stored”.

[10] However, given the technical explanations in Mr. Somji’s affidavit, it would appear that ii) and iii), at least, should be read together as one good. Furthermore, the evidence and the Owner’s representations treat the registered goods as one good, being silica sand used for the purposes described in ii) and iii), *i.e.*, the “silica sand goods” referenced above. For purposes of this decision, I consider it appropriate to apply this interpretation. In any event, I note that a broader interpretation of the statement of goods as including, for example, “silica sand” generally does not favour the Owner, in view of the reasons and disposition below.

[11] I further note at the outset that the Mark was registered on December 5, 2001 by 0311868 B.C. Ltd. [the Registrant]. Mr. Somji does not attest to any activities of the Registrant in relation to the Mark, including whether the Registrant had any involvement with the Owner’s research and identification of the Manitoba silica sand resource between 2013 and 2015. More importantly, Mr. Somji does not attest to any use of the Mark by the Registrant at any time prior to the change in ownership in May 2017. This change was recorded by the Registrar on June 27, 2017, over two years into the relevant period. These omissions are discussed further below with respect to the question of special circumstances.

## Use of the Mark

[12] As noted above, the Owner began marketing its silica sand goods in association with the Mark in 2017. Although display of the Mark in advertising and marketing materials is insufficient to demonstrate use with respect to goods, the Owner submits that the evidenced distribution of samples bearing the Mark during the relevant period satisfies the requirements of section 4(1) of the Act [Owner's representations, section D(i)].

[13] In this respect, the Owner submits that where the distribution of free samples is considered a regular step in the normal course of trade in the industry where the owner of the trademark is seeking to develop a market, the distribution of samples displaying a trademark constitutes use of that trademark [citing in support *ConAgra Foods, Inc v Fetherstonhaugh*, 2002 FCT 1257, 23 CPR (4th) 49 at para 16 (*ConAgra Foods*), and *Karoun Dairies Inc v Karoun Dairies SAL*, 2013 TMOB 228 at para 29].

[14] In this case, the Owner asserts that the distribution of samples is considered a regular step in the normal course of trade in the oil and gas industry for two reasons: first, "to develop their market and begin selling immediately after regulatory approval is received" and second, to allow future customers to test the quality of the goods and compare it to other products in the market [Owner's representations, para 44].

[15] The Federal Court has held that, generally, the free delivery of samples does *not* constitute transfers in the normal course of trade [*JC Penney Co v Gaberdine Clothing Co* (2001), 16 CPR (4th) 151 FCTD at para 92; see also *Distrimedic Inc v Dispill Inc*, 2013 FC 1043 at paras 302-303]. However, the Federal Court has found exceptions to this general rule in particular circumstances, such as where the distribution of samples was a step within the normal course of trade in the industry and there is evidence of subsequent sales [see *ConAgra Foods, supra*, at paras 12-18; and *Estee Lauder Cosmetics Ltd v Loveless*, 2017 FC 927 at paras 38-43].

[16] In this case, while the Owner asserts its intention to gain future sales by providing samples to potential customers to test the goods' quality, it has not provided any evidence of subsequent sales. Indeed, the affiant clearly states that "[the Owner] will start selling CANADIAN WHITE branded Silica sand Goods as soon as we have government and regulatory

approval” [para 21], demonstrating that such subsequent sales may not even occur absent such approval. This is in contrast to *ConAgra Foods*, where an order for the subject goods in that case was placed shortly before the end of the relevant period and fulfilled shortly after [*ConAgra Foods* at para 15]. In this case, there is no evidence of such orders or subsequent sales. Nor is there evidence of a pattern of sales based on, for example, previous sales of the registered goods by the Registrant.

[17] Given the absence of subsequent sales and the fact that the Owner is apparently awaiting regulatory approval, I do not find that the particular circumstances in this case warrant a finding that the evidenced distribution of sand samples constitute use of the Mark within the meaning of section 4(1).

[18] Therefore, I am not satisfied that the Owner has demonstrated use of the Mark in association with the registered goods within the meaning of sections 4 and 45 of the Act.

[19] Accordingly, as noted by the Owner in its representations in the alternative, the issue is whether, pursuant to section 45(3) of the Act, special circumstances existed to excuse non-use of the Mark during the relevant period.

### **Special Circumstances**

[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 (*Scott Paper*)]. To determine whether special circumstances have been demonstrated, the Registrar must first determine why the trademark was not used during the relevant period. Second, the Registrar must determine whether those reasons for non-use constitute special circumstances [*Canada (Registrar of Trade Marks) v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA) (*Harris Knitting Mills*)]. 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)].

[21] 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: (i) the length of time during which the

trademark has not been in use; (ii) whether the reasons for non-use were beyond the control of the registered owner; and (iii) whether there exists a serious intention to shortly resume use [per *Harris Knitting Mills, supra*].

[22] The intention to shortly resume use must be substantiated by “a sufficient factual basis” [*NTD Apparel Inc v Ryan*, 2003 FCT 780, 27 CPR (4th) 73 at para 26; see also *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD)].

[23] All three criteria are relevant, but satisfying the second criterion is essential for a finding of special circumstances excusing non-use [per *Scott Paper, supra*].

#### The Owner’s representations

[24] In its representations, the Owner submits that the reasons why the Mark was not used during the relevant period are that: i) the Owner was not the registered owner of the Mark until May 2017 and ii) the Owner was and is awaiting government and regulatory approvals in order to begin the sale of CANADIAN WHITE-branded silica sand goods [para 53].

[25] With respect to the length of time during which the Mark has not been in use, the Owner submits that, although the Mark was registered in December 2001, the Owner itself only acquired the Mark in May 2017. Accordingly, it asserts that the applicable period of non-use has only been two years (*i.e.* from May 2017 to May 2019) [para 54]. In support, the Owner submits that “where there has been a recent assignment of the trade-mark, the period of non-use may be taken from the date of the acquisition of the mark ... the [owner] need only justify the absence of use since the date of acquisition and show a serious intention to resume use in the near future [para 40, citing *Scott & Ayleen v Ritter IBW Dentalsysteme GmbH* (2001), 19 CPR (4th) 277 (TMOB) at para 7 (*Ritter*)].

[26] With respect to whether the reasons for non-use were beyond its control, the Owner submits that obtaining government and regulatory approval permitting sales of its silica sand goods is a barrier and circumstance out of the Owner’s direct or indirect control. The Owner submits that this type of delay is characteristic of the “highly sophisticated and specialized oil and gas industry” [para 55].



[27] Finally, with respect to the intention to resume use, the Owner directs attention to its continued provision of samples to potential customers; the ordering and use of sample labels bearing the Mark; the evidenced internal documents and marketing materials showing the Owner's logistical and marketing progress; and the asserted target date of late 2019 for the commencement of sales [paras 56 to 58].

#### Conclusion with respect to special circumstances

[28] As noted above, the Owner did not submit evidence regarding any activities of the Registrant or the circumstances surrounding the Owner's acquisition of the Mark. This is problematic in the assessment of the special circumstances question in this case, as the Owner has not addressed the reasons for non-use prior to its acquisition of the Mark, which leaves unaccounted for – at a minimum – the first two years of the relevant period.

[29] However, the reasons for non-use should apply to the entire relevant period [see *Oyen Wiggs Green & Mutala LLP v Rath*, 2010 TMOB 34, 82 CPR (4th) 77 at para 12 (*Rath*); *PM DSC Toronto Inc v PM-International AG*, 2013 TMOB 15; *Supreme Brands LLC v Joy Group OY*, 2018 TMOB 45 at para 31; *Citadelle, Maple Syrup Producers' Cooperative v Ravintoraisio OY*, 2018 TMOB 55 at para 41].

[30] As noted above, the Owner relies on *Ritter* for the principle that an owner need only justify non-use of a trademark from the date of its acquisition. However, this purported principle improperly minimizes the length of non-use to focus on the third criteria of the *Harris Knitting Mills* test (the serious intention to resume use). Per the Court of Appeal's later clarification in *Scott Paper*, focusing on the intention to resume use is not the proper approach. To the extent that this principle from *Ritter* has carried through to more recent decisions of the Registrar, it would appear that such decisions did not necessarily take into account the Court of Appeal's clarification or the plain wording of section 45(1).

[31] In this respect, in the absence of evidence of use of the subject trademark during the relevant period, section 45(1) of the Act requires an owner to show "... the date when [the trademark] was last so in use and the reason for the absence of such use since that date". No qualification of these two requirements with respect to an assignment date appears in the Act.

[32] With respect to the first requirement (the date when the trademark was last used), where an owner cannot or does not state the date of last use, the Registrar may consider the date of registration as the relevant date for purposes of assessing the length of non-use [see, for example, *Clark, Woods v Canaglobe International Inc* (1992), 47 CPR (3d) 122 (TMOB); and *Rath, supra*].

[33] With respect to the second requirement (the reason for the absence of use since that date), I accept that the Owner was pursuing and awaiting regulatory approval as the reason for non-use of the Mark after May 2017. However, I do not accept it as the reason for non-use prior to May 2017; the fact that the Owner was not the owner of the Mark was not the reason for non-use of the Mark. Presumably, non-use was due to the inactivity or some other circumstance of the previous owner, the Registrant. However, in the absence of particulars regarding the activities of the Registrant, one is left in the dark as to the precise reason for non-use prior to the change in ownership.

[34] While the circumstances of a previous owner or the circumstances surrounding the acquisition of a trademark may be relevant, I do not consider it appropriate that an assignment in itself constitutes a “re-set” button for purposes of the requirements of section 45(1) or, further, in determining the length of non-use per the first criterion found in the *Harris Knitting Mills* test. The assignment of a trademark itself does not constitute special circumstances [see, for example, *WIPG AG v Wico Distribution Corp* (1999), 2 CPR (4th) 388 (TMOB) at 397; *Morrison Brown Sosnovitch LLP v Jax and Bones Inc*, 2014 TMOB 280 at para 22; and *Fetherstonhaugh & Co v Bentley Leathers Inc*, 2015 TMOB 40 at para 32].

[35] In this case, the Owner evidences no details regarding any “unusual, uncommon or exceptional” circumstances surrounding the assignment of the Mark to the Owner that would constitute special circumstances. I would also note that there is nothing “unusual, uncommon or exceptional” in the Owner not having owned the Mark between 2001 and 2017.

[36] In my view, calculating the period of non-use from any assignment date as a general rule would invite a trademark owner to periodically register a transfer of its unused trademark to a related company or person to avoid the effect of a section 45 notice. At a minimum, a trademark

owner should provide details regarding the circumstances of its acquisition of the subject trademark if it wishes for prior non-use of that trademark to be excused.

[37] Even if the purported principle from *Ritter* is appropriate to apply in some cases, I do not consider it appropriate to do so in this case. Again, as noted above, the Owner evidences no details regarding the activities of the Registrant or of its relationship with the Owner. The circumstances of the Owner's acquisition of the Mark are left to speculation. For example, was there a corporate or other relationship between the companies prior to the transfer of ownership of the Mark? Was the Owner aware of any use or non-use of the Mark by the Registrant?

[38] As I am unable to determine the reasons for non-use since the date of last use (in this case, deemed to be the registration date) – including the first two years of the relevant period – I cannot conclude that the Owner has demonstrated special circumstances excusing non-use of the Mark within the meaning of section 45 of the Act.

[39] Furthermore, even if I were able to consider the circumstances surrounding the Owner's attempts to secure regulatory approval as "unusual, uncommon, or exceptional" circumstances, I am not satisfied that they would excuse the period of non-use in present case. In this respect, I am not satisfied that the Owner has satisfied the criteria set out in *Harris Knitting Mills*. Based on Mr. Somji's affidavit, it would appear that efforts to obtain regulatory approval only began after the Owner's acquisition of the Mark. Therefore, at best, it is not clear whether the Registrant's reasons for non-use of the Mark were perhaps the same or similar.

[40] In any event, while awaiting regulatory approval may constitute reasons beyond a trademark owner's control excusing non-use for a relatively short period of time, even reasons beyond an owner's control do not excuse non-use indefinitely. In this case, the Mark was registered in December 2001, resulting in an apparent period of non-use of approximately 18 years. While I accept that there is strong indication of the Owner's serious intention to use (or resume use) of the Mark, even if I accept that awaiting regulatory approval was beyond the Owner's control, the lengthy period of non-use would weigh heavily against finding that the period of non-use is excused in this case.

DISPOSITION

[41] 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 expunged.

---

Andrew Bene  
Member  
Trademarks Opposition Board  
Canadian Intellectual Property Office

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

---

**HEARING DATE:** No Hearing Held

**AGENTS OF RECORD**

DLA Piper (Canada) LLP

For the Registered Owner

Dentons Canada LLP

For the Requesting Party