

Federal Court



Cour fédérale

Date: 20161118

Docket: T-1533-15

Citation: 2016 FC 1276

Ottawa, Ontario, November 18, 2016

PRESENT: The Honourable Mr. Justice Fothergill

BETWEEN:

HEATHER RUTH MCDOWELL

Applicant

and

LAVERANA GmbH & Co. KG

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] This is an appeal of a decision of the Trade-marks Opposition Board on behalf of the Registrar of Trade-marks pursuant to s 56(1) of the *Trade-marks Act*, RSC 1985, c T-13 [*Trade-marks Act*]. The decision under appeal is reported as 2015 TMOB 125.

[2] Heather McDowell is the President of five “HONEY” branded stores. She is the registered owner of the word trade-mark “HONEY” and the design mark “HONEY & DESIGN”, Registration Nos. TMA767,075 and TMA767,134. The design mark appears below:



[1] On June 10, 2013, the Registrar of Trade-marks issued notice to Ms. McDowell requiring her to “furnish an affidavit or statutory declaration showing, with respect to each of the goods or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date” (*Trade-marks Act*, s 45).

[2] The request for notice to be issued under s 45 of the *Trade-marks Act* was made by Laverana GmbH & Co KG [Laverana], a German cosmetics manufacturer that has registered the trade-mark “HONEY MOMENTS” for use in Canada. Ms. McDowell is disputing the registration of “HONEY MOMENTS” in separate proceedings (*McDowell v Laverana GmbH & Co. KG*, 2015 TMOB 56, currently under appeal to this Court: Court File No. T-911-15).

[3] Laverana has chosen not to respond to Ms. McDowell's appeal in this case.

[4] Ms. McDowell's trade-marks were both registered for use in association with the following goods:

Clothing, namely, trousers, jeans, sweat pants, yoga pants, active wear, pants, sweaters, sweatshirts, polo shirts, shirts, skirts, blouses, dresses, hosiery, jackets, blazers, coats, ski jackets, down filled jackets, fur jackets, wool coats, shorts, bathing suits, loungewear; lingerie; footwear, namely, shoes, sandals, boots, slippers; men's, women's and children's shoes made of leather, suede or silk, namely pumps, high heels, dress shoes of any kind, sneakers, running shoes, basketball shoes, golf shoes, training shoes, court shoes, track shoes, beach shoes, namely sandals, flip flops and thongs; headwear, namely, hats, caps, bandannas, headbands, visors; jewellery; fashion accessories, namely, scarves, shawls, purses, gloves, watches; hair accessories, namely, combs, brushes, hair bands made of cloth or plastic, barrettes, scrunchies, ponytail holders, hair clips, hair pins, and hair ornaments; belts, sunglasses; cosmetics, namely foundation made of liquid or powder, face creams, blush, eye shadow, eye liner, mascara, lipstick, lip gloss, lip liner, make-up bags sold empty; giftware, namely, lamps, trays, vases; ornaments and figurines made from ceramic, chinaware, glass, porcelain; candy dishes.

[5] The trade-marks were also both registered for use in association with the following services:

Retail store services, namely, the operation of a clothing, footwear, headwear, fashion accessory and giftware outlet.

II. Decision under Review

[6] The Hearings Officer was satisfied that Ms. McDowell had demonstrated use of the trade-marks in relation to the registered “services” within the meaning of ss 4(2) and 45 of the *Trade-marks Act*. He also found that the licensing arrangement and statement of control were sufficient to satisfy the requirements of s 50(1) of the *Trade-marks Act*.

[7] However, the Hearings Officer was not satisfied that the evidence showed “sales or transfers of each of the registered goods during the relevant period.” More fundamentally, he found that Ms. McDowell could not demonstrate that the “HONEY” mark 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”, as required by s 4(1) of the *Trade-marks Act*.

[8] The Hearings Officer therefore ordered the following amendments to Ms. McDowell’s registrations:

51 Registration No. TMA767,075 for the trade-mark HONEY will be amended to delete the statement of goods. The registration will be maintained with respect to the registered services.

52 Registration No. TMA767,134 for the trade-mark HONEY & DESIGN will be amended to delete the statement of goods. The registration will be maintained with respect to the registered services.

III. Issues

[9] This application for judicial review raises the following issues:

- A. What is the standard of review?
- B. Is the new evidence offered by Ms. McDowell in support of her appeal material; if so, does it demonstrate use of the trade-marks in association with the goods described in the registrations?
- C. Did the Hearings Officer reasonably conclude that Ms. McDowell could not demonstrate use of her trade-marks in association with the goods described in the registrations?

IV. Analysis

A. *What is the standard of review?*

[10] In the absence of new evidence, the standard of review on an appeal from a decision of a Registrar is reasonableness (*Mövenpick Holding AG v. Exxon Mobil Corp*, 2011 FC 1397 at para 8 [*Mövenpick*]); *Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190). Where new evidence is material, the deference owed to a Hearings Officer's expertise is reduced but not eliminated. As Justice Binnie explained in *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 at paragraph 37:

Reception of new evidence, of course, might (depending on its content) undermine the factual substratum of the Board's decision and thus rob the decision of the value of the Board's

expertise. However, the power of the applications judge to receive and consider fresh evidence does not, in and of itself, eliminate the Board's expertise as a relevant consideration: *Lamb v. Canadian Reserve Oil & Gas Ltd.*, [1977] 1 S.C.R. 517, at pp. 527-28.

[11] If new evidence is found to be material, the Registrar's decision must be reviewed in light of all the evidence, both new and old, and the Court must come to its own conclusion (*Mövenpick* at para 10; *Shell Canada Ltd v P.T. Sari Incofood Corp*, 2008 FCA 279 at para 22).

B. *Is the new evidence offered by Ms. McDowell in support of her appeal material; if so, does it demonstrate use of the trade-marks in association with the goods described in the registrations?*

[12] The Hearings Officer concluded that Ms. McDowell had adduced insufficient evidence to demonstrate the use of her trade-marks with respect to each of the registered goods. He found that, at best, the receipts annexed to her affidavit showed actual sales and transfers of two shirts and one pair of jeans during the relevant period. It was unclear to the Hearings Officer whether there were sales for the other registered goods such as running shoes, sunglasses, lip gloss, or candy dishes.

[13] The Hearings Officer acknowledged that a registered owner is not obligated to provide invoices for each registered good, citing *Lewis Thomson & Sons Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD). However, in the absence of invoices, he found that Ms. McDowell "should have been prepared to furnish evidence regarding volumes of sales, dollar value of sales or equivalent factual particulars to allow the Registrar to conclude that

transfers in the normal course of trade actually occurred in Canada with respect to *each* of the registered goods” [emphasis original].

[14] In this appeal, Ms. McDowell has sought to remedy these gaps in the evidence by submitting a new affidavit pursuant to s 56(5) of the *Trade-marks Act*. She has divided the sales of the different categories of goods bearing the trade-marks into percentages of the total. She says that sales in each year during the relevant period have exceeded \$100,000.00. The 51 exhibits annexed to the new affidavit comprise: (1) photographs of storefronts with the design mark prominently displayed; (2) photographs of articles of clothing and accessories affixed with a tag bearing the design mark; (3) receipts bearing the design mark; and (4) photographs of logos and promotional materials bearing the design mark, including advertisements, loyalty cards and sales bags, boxes and garment bags.

[15] Assuming, without deciding, that the Hearings Officer reasonably found that Ms. McDowell’s evidence was insufficient to demonstrate her use of the trade-marks with respect to each of the registered goods, I am satisfied that the new evidence offered by Ms. McDowell is material to the appeal and fully addresses the gaps identified by the Hearings Officer (*Mövenpick* at paras 10 and 32; *Empresa Cubana Del Tabaco Trading v Shapiro Cohen*, 2011 FC 102 at para 48).

[16] However, this does not end the matter. The Hearings Officer also concluded that Ms. McDowell’s failure to adduce sufficient evidence to demonstrate the use of her trade-marks with respect to each of the registered goods was ultimately moot, as he was “not satisfied that the

evidenced manner of display constitutes use of the Marks in association with any goods sold in the HONEY retail stores pursuant to section 4(1) of the Act.” This is a question of mixed fact and law that is subject to review by this Court against the standard of reasonableness.

C. *Did the Hearings Officer reasonably conclude that Ms. McDowell could not demonstrate use of her trade-marks in association with the goods described in the registrations?*

[17] Section 45 of the *Trade-marks Act* has repeatedly been characterized by this Court as a housekeeping measure: its fundamental purpose is to rid “deadwood” from the registrar, not to resolve contentious issues between competing commercial interests (*Saks & Co v Canada (Registrar of Trade Marks)*, [1989] FCJ No 28 (TD) at 6). In the words of the Federal Court of Appeal in *Meredith & Finlayson v Canada (Registrar of Trade Marks)*, [1991] FCJ No 1318 at 412 (FCA):

Section 45 provides a simple and expeditious method of removing from the register marks which have fallen into disuse. It is not intended to provide an alternative to the usual *inter partes* attack on a trade mark envisaged by s 57. The fact that an applicant under s 45 is not even required to have an interest in the matter [...] speaks eloquently to the public nature of the concerns the section is designed to protect [...] Clearly it is not intended that there should be any trial of a contested issue of fact, but simply an opportunity for the registered owner to show, [i]f he can, that his mark is in use or if not, why not.

[18] In this case, the Hearings Officer made several contested findings regarding the evidence presented by Ms. McDowell. These included whether Ms. McDowell’s mark was in fact “marked on the goods themselves”, whether the “HONEY” branded hang tags were essentially price tags, and therefore did not distinguish the goods but only the retailer’s services; and

whether the display of Ms. McDowell's mark on shopping bags and boxes, on the exterior and in-store signage, on the advertising cards, business cards, and loyalty cards and at the top of receipts gave the requisite notice of association pursuant to s 4(1) of the *Trade-marks Act*, or constituted use in association with the retail store services only.

[19] In my view, the Hearings Officer's determinations of fact and law were contentious matters that were unsuited to resolution under the summary process envisaged by s 45 of the *Trade-marks Act*, particularly given the existence of a separate and ongoing *inter partes* dispute involving a competing trade-mark registered by the requesting party. Furthermore, hang tags and labels attached to goods would ordinarily be sufficient to demonstrate that a trade-mark was displayed in association with the goods during the relevant period (see, for example, *Sim & McBurney v Garbo Group Inc*, 2013 TMOB 141 at para 10).

[20] The Hearings Officer found that the evidence presented by Ms. McDowell was ambiguous, and the ambiguity should be resolved against the interests of the trade-mark owner:

At best, the evidence is ambiguous with respect to whether any of the goods sold at the HONEY retail stores were HONEY goods rather than third-party goods. Pursuant to *Plough [Plough (Canada) Ltd v Aerosol Fillers Inc*, [1981] 1 FC 679 (CA)], this ambiguity must be resolved against the interests of the Owner.

[21] This conclusion was clearly wrong. Any ambiguity in the evidence should have been resolved in favour of the registered owner, Ms. McDowell (*Black & Decker Corporation v Method Law Professional Corporation*, 2016 FC 1109 at para 15, citing *Fraser Sea Food Corp v*

Fasken Martineau Dumoulin LLP, 2011 FC 893 at para 19; see also *Fairweather Ltd v Registrar of Trade-marks*, 2006 FC 1248 at para 41, aff'd 2007 FCA 376).

V. Conclusion

[22] The new evidence offered by Ms. McDowell in support of her appeal fully addresses the gaps identified by the Hearings Officer.

[23] The Hearings Officer purported to resolve contentious issues between competing commercial interests in a proceeding under s 45 of the *Trade-marks Act*, applying an unreasonably onerous burden of proof. In addition, the Hearings Officer resolved ambiguous evidence against Ms. McDowell, when it should have been resolved in her favour. The Hearings Officer's decision was therefore unreasonable.

[24] The appeal is allowed, and the original registrations for both trade-marks are restored.

JUDGMENT

THIS COURT'S JUDGMENT is that

1. The appeal is allowed with costs;
2. Registration No. TMA767,075 for the trade-mark HONEY shall be amended by the Registrar to restore the statement of goods; and
3. Registration No. TMA767,134 for the trade-mark HONEY & DESIGN shall be amended by the Registrar to restore the statement of goods.

"Simon Fothergill"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1533-15

STYLE OF CAUSE: HEATHER RUTH MCDOWELL v LAVERANA GmbH
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PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: NOVEMBER 3, 2016

**REASONS FOR JUDGMENT
AND JUDGMENT:** FOTHERGILL J.

DATED: NOVEMBER 18, 2016

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