

Federal Court



Cour fédérale

Date: 20200929

Docket: T-293-19

Citation: 2020 FC 937

Ottawa, Ontario, September 29, 2020

PRESENT: The Honourable Madam Justice Fuhrer

BETWEEN:

DAVID MICHAELS

Applicant

and

**UNITOP SPOLKA Z ORGANICZONA
ODPOWIEDZIALNOSCIA**

Respondent

JUDGMENT AND REASONS

I. Overview

[1] The trademarks SESAME SNAPS and sesame snaps & Design (both colour and black and white versions) are registered in Canada under Registration Nos. TMA728,997, TMA728,998, and TMA332,105 respectively for “confectionery products, namely, sesame bars”. The design versions of the trademark sesame snaps & Design are essentially the same, as shown

below, except that Registration No. TMA728,998 involves a colour claim, namely, red lettering surrounded by a blue border:



[2] Shortly after the Applicant, David Michaels, sought to have these registrations cancelled under Section 45 of the *Trademarks Act*, RSC 1985, c T-13, Agros Trading Confectionery Spolka Akcyjna (“Agros SA”) was recorded at the Canadian Intellectual Property Office, or CIPO, as the registered owner of the SESAME SNAPS Marks (and remained such until after this appeal was launched when the Respondent was recorded as the registered owner).

[3] In response to the Section 45 Notices issued by the Registrar of Trademarks, Agros SA filed the affidavit of its Vice President, Tomasz Grabowski to demonstrate the company’s use of the SESAME SNAPS Marks in Canada in association with confectionery products, namely, sesame bars, during the prescribed three-year period - September 16, 2013 to September 16, 2016 regarding Registration No. TMA728,997, and February 8, 2014 to February 8, 2017 regarding Registration Nos. TMA728,998 and TMA332,105. Briefly, Mr. Grabowski’s affidavit evidenced the following:

- SESAME SNAPS Marks have appeared on packaging of sesame bars sold in Canada for decades; exhibits included representative photographs of such packaging of sesame bars sold in Canada during the relevant three-year periods;
- Agros SA’s wholly owned manufacturer Unitop-Optima S.A. manufactured all SESAME SNAPS sesame bars sold in Canada according to specifications provided by Agros SA;

- Agros SA maintained at all times control over the character and quality of the SESAME SNAPS sesame bars manufactured for it;
- Total Canadian sales of SESAME SNAPS sesame bars during the relevant three-year periods exceeded \$6.5 million CAD; exhibits included representative invoices issued to Canadian buyers;
- When a Canadian buyer places an order for SESAME SNAPS sesame bars with Agros SA, the exporter/seller, the products are shipped to Canada by boat and are accompanied by a bill of lading; exhibits included a representative bill of lading corresponding with several of the representative invoices;
- Food product importers in Canada, to which Agros SA sells its products, in turn sell to a variety of retail stores in Canada including Sobeys, Safeway and Costco Wholesale; exhibits included representative photographs and an advertisement showing how the SESAME SNAPS sesame bars would have been (i) displayed in retail stores in Canada during the relevant three-year periods (because the photographs were taken after such periods) and (ii) advertised.

[4] Mr. Michaels raised two issues before the Hearing Officer of the Trademarks Opposition Board, the Registrar's delegate, regarding Mr. Grabowski's evidence: (i) the use of the SESAME SNAPS Marks was not that of Agros SA nor did the use ensure to the latter's benefit; and (ii) the goods sold were sesame snaps as opposed to sesame bars. There was no oral hearing. The Hearing Officer was satisfied, on the basis of the written record, that Agros SA had shown use of its SESAME SNAPS Marks in association with "confectionery products, namely, sesame bars" within the meaning of Sections 4 and 45 of the *Trademarks Act*. The Hearing Officer therefore maintained the registrations.

[5] Mr. Michaels now appeals the Registrar’s decision under Section 56 of the *Trademarks Act*, raising before this Court essentially the same issues as those before the Hearing Officer. Because the Respondent did not file any new evidence, and absent any extricable legal principle, the applicable appellate standard of review is palpable and overriding error: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [Vavilov] at para 37 (citing *Housen v Nikolaisen*, 2002 SCC 33, [2002] 2 SCR 235, at paras 8, 10, 19, 26-37); *The Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 at para 23. “Palpable” means an obvious error, while an “overriding” error is one that affects the decision-maker’s conclusion; it is a highly deferential standard of review: *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at paras 61-64.

[6] For the reasons that follow, I dismiss this appeal. I am not persuaded that the Hearing Officer decided any extricable legal issues in this matter attracting the correctness standard. I also am not persuaded that the Hearing Officer made any palpable and overriding errors.

II. Relevant Provisions

[7] See Annex A.

III. Analysis

[8] Section 45 proceedings are summary in nature and intended to clear from the register trademarks that have fallen into disuse. To maintain its registration, the trademark owner must make assertions of fact showing use, as opposed to mere or bald assertions of use. Evidentiary

overkill is not required (meaning not all examples of use must be evidenced); the use threshold is not “stringent”. These principles are summarized in *Swabey Ogilvy Renault v Golden Brand Clothing (Canada) Ltd*, 2002 FCT 458 [*Swabey Ogilvy*] at para 7, and in numerous other Section 45 decisions.

[9] Contrary to Mr. Michaels’ positions, I find the Hearing Officer did not raise any extricable legal principle, and further, evidence of profitable sales is not required to establish use in the normal course of trade. The Federal Court of Appeal recently confirmed the Registrar’s findings regarding the meaning of “use” in the context of Section 45 proceedings are subject to review for correctness: *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 [*Miller Thomson*] at para 81, citing *Cosmetic Warriors Limited v Riches, McKenzie & Herbert LLP*, 2019 FCA 48 [*Cosmetic Warriors*] at paras 16-17. In the latter case, the Federal Court of Appeal found that while the hearing officer’s decision raised an extricable question of law – that the term “normal course of trade” in *Trademarks Act* s 4(1) does not require a registered owner to sell its goods for monetary profit – the hearing officer was correct: *Cosmetic Warriors*, above at paras 21-22. In the case before me, the Hearing Officer made no such determination regarding the meaning of “use”. Further, Mr. Michaels asserts the lack of evidence that Agros SA’s goods were sold to a related company at a profit was a relevant factor in determining no use of the SESAME SNAPS Marks in the “normal course of trade”. In light of the findings in *Cosmetic Warriors*, however, this position is untenable in my opinion.

[10] Mr. Michaels submits “that a bare unsubstantiated statement of use [or bald statement that an owner maintains control over the character and quality of the goods manufactured by a

licensee] is not acceptable and an allegation which is ambiguitas patens in an affidavit renders that affidavit equally unacceptable”, citing *Aerosol Fillers Inc v Plough (Canada) Ltd* (1979), 45 CPR (2d) 194 at pages 198-199 (FCTD). The Hearing Officer found, and I agree, that Mr. Grabowski’s sworn statements regarding Agros SA’s control over the character and quality of the SESAME SNAPS sesame bars were unambiguous and sufficient to establish the requisite control pursuant to section 50 of the Act (citing *Empresa Cubana Del Tobacco Trading v Shapiro Cohen*, 2011 FC 102, 91 CPR (4th) 248 [*Empresa Cubana*] at para 84); *David Michaels v Agros Trading Confectionery Spolka Akcyjna*, 2018 TMOB 157 [*Michaels v Agros*] at para 20.

[11] *Trademarks Act* s 50(1) is a deeming provision to the effect that where a trademark owner maintains, under licence, direct or indirect control of the character or quality of the goods or services in association with which its trademark is used, advertised or displayed by an authorized licensee, the licensee’s use, advertisement or display of the trademark is deemed to be that of the trademark owner. In citing paragraph 84 of the *Empresa Cubana* decision, the Court noted that a clearly sworn statement “to the fact that they exert the requisite control” is one of three acceptable methods for a trademark owner to demonstrate controlled licensing and benefit from the deeming provision (citing *Mantha & Associés/Associates v Central Transport Inc* (1995), 64 C.P.R. (3d) 354 (FCA) at para 3). In addition, I note that a written licence agreement is not necessary to prove licensed use of a trademark: *Wells' Dairy, Inc v U L Canada Inc*, 2000 CanLII 15538 (FC) at para 38. Having regard to Agros SA’s evidence summarized in paragraph 3 above, I find that the Hearing Officer made no palpable and overriding error regarding the applicability of the deeming provision in the circumstances of the matter before me.

[12] Mr. Michaels advances a novel argument that because no public notice was given that the goods in issue were produced and sold under licence, then in the public's mind there was no use of the SESAME SNAPS Marks by Agros SA. He premises this argument on the rebuttable presumption in *Trademarks Act* s 50(2). The latter provision essentially provides that where public notice is given (i) that the use of a trademark is licensed and (ii) of the owner's identity, then controlled licensing in the manner described in *Trademarks Act* s 50(1) shall be presumed unless the contrary is proven. The Hearing Officer also noted, however, and I agree, that there is no requirement in the *Trademarks Act* for a registered owner to be identified on packaging for its goods. In my view, this is not an extricable legal principle, but rather it is a statement of fact; there simply is no provision in the *Trademarks Act* that mandates a trademark owner's identity. If the owner chooses to do so in the manner contemplated in *Trademarks Act* s 50(2), then the owner may obtain the benefit of the (rebuttable) presumption of controlled licensing. In other words, whether the owner discloses its identity on product packaging, or in some other manner in association with its goods (or services), is voluntary in so far as the *Trademarks Act* is concerned.

[13] Mr. Michaels submits that Agros SA's "mixed message" packaging contradicts Agros SA's asserted control over the character and quality of the SESAME SNAPS sesame bars manufactured for it by its wholly owned manufacturer Unitop-Optima S.A. (which Mr. Michaels misidentified in his written submissions as the parent company of Agros SA). I disagree. One of the photographs of sample packaging comprising Exhibit A to Mr. Grabowski's affidavit indicates the following: "Exported by/Exporte par: Agros Trading Confectionery S.A." and "Produced in Poland by/Produit en Pologne par: Unitop-Optima S.A.". The Hearing Officer

found, and I agree, that in the context of summary Section 45 proceedings, it does not matter who the public would perceive as the owner of the SESAME SNAPS Marks (citing *Swabey Ogilvy Renault v Golden Brand Clothing (Canada) Ltd*, (2000) 10 CPR (4th) 274 [*Golden Brand*] (TMOB)): *Michaels v Agros*, above at para 21. I note that the *Golden Brand* Section 45 decision, maintaining the registered trademark in that case, was upheld on appeal notwithstanding “an unclear or uncertain message to the public” regarding the identity of the distributor (a related company), versus the owner, on garment labels: *Swabey Ogilvy*, above at paras 12-15. Again, I find that the Hearing Officer made no palpable and overriding error.

[14] Mr. Michaels disputes vigorously that the goods in issue are sesame “bars” (such chocolate bars and other snack bars) but rather are “sesame seed snaps wafers”. The Hearing Officer was not prepared to find, however, and I agree, that the products sold in Canada were not “sesame bars”. The Hearing Officer noted that Section 45 proceedings are intended to be a simple and expeditious means of removing “deadwood” from the register, and not “an exercise in meticulous verbal analysis” (citing *Loro Piana SPA v Canadian Council of Professional Engineers (CCPE)*, 2009 FC 1096; and *Levi Strauss & Co v Canada (Registrar of Trade-Marks)*, 2006 FC 654, 51 CPR (4th) 434 [*Levi Strauss*): *Michaels v Agros*, above at para 23. In concluding that the current use of the trademark RED TAB Design with jeans can sustain a 50-years plus registration of the trademark for “overalls”, the Court in *Levi Strauss* noted that “use on tomatoes can sustain a registration for fruit” and “even use of corn can sustain a registration including fruit”: *Levi Strauss*, above at para 17. The Court further articulated that “one is not to be astutely meticulous when dealing with language used in a statement of wares”: *Levi Strauss*, above at para 17. The Court in *Miller Thomson* cited the *Levi Strauss* decision for the proposition

that “the meaning of terms use in trademark registrations can evolve over time”: *Miller Thomson*, above at para 103. Whether strictly speaking this is a case of the meaning of “sesame bars” evolving over time, I find the Hearing Officer did not make a palpable and overriding error in concluding that Agros SA has shown use of the SESAME SNAPS Marks in association with “confectionery products, namely, sesame bars” within the meaning of *Trademarks Act* ss 4 and 45.

IV. Conclusion

[15] Having found the Hearing Officer did not decide any extricable legal issues nor make any palpable and overriding errors, I dismiss this appeal.

[16] At the end of the videoconference hearing before me, the parties requested an opportunity to make costs submissions in writing. The parties have fourteen days from the date of the Judgment and Reasons to come to an agreement regarding costs and advise the Court of their agreement or, absent agreement, to serve and file costs submissions in writing not exceeding five pages. A separate Order regarding costs will follow.

JUDGMENT in T-293-19

THIS COURT'S JUDGMENT is that:

1. The appeal from the Registrar's decision in *David Michaels v Agros Trading Confectionery Spolka Akcyjna*, 2018 TMOB 157 is dismissed.
2. The parties have fourteen days from the date of the Judgment and Reasons to come to an agreement regarding costs and advise the Court of their agreement or, absent agreement, to serve and file costs submissions in writing not exceeding five pages.
3. A separate Order regarding costs will follow.

"Janet M. Fuhrer"

Judge

Annex A: Relevant Provisions

<i>Trademarks Act, RSC 1985, c T-13</i>	<i>Loi sur les marques de commerce, LRC 1985, ch T-13</i>
<p>When deemed to be used</p> <p>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.</p>	<p>Quand une marque de commerce est réputée employée</p> <p>4 (1) Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée</p>
<p>Registrar may request evidence of use</p> <p>45 (1) After three years beginning on the day on which a trademark is registered, unless the Registrar sees good reason to the contrary, the Registrar shall, at the written request of any person who pays the prescribed fee — or may, on his or her own initiative — give notice to the registered owner of the trademark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to all the goods or services specified in the registration or to those that may be specified in the notice, whether the trademark 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.</p>	<p>Le registraire peut exiger une preuve d’emploi</p> <p>45 (1) Après trois années à compter de la date d’enregistrement d’une marque de commerce, sur demande écrite présentée par une personne qui verse les droits prescrits, le registraire donne au propriétaire inscrit, à moins qu’il ne voie une raison valable à l’effet contraire, un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l’égard de chacun des produits ou de chacun des services que spécifie l’enregistrement ou que l’avis peut spécifier, si la marque de commerce a été employée au Canada à un moment quelconque au cours des trois ans précédant la date de l’avis et, dans la négative, la date où elle a été ainsi employée en dernier et la raison pour laquelle elle ne l’a pas été depuis cette</p>

	<p>date. Il peut cependant, après trois années à compter de la date de l'enregistrement, donner l'avis de sa propre initiative.</p>
<p>Licence to use trademark</p> <p>50 (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trademark to use the trademark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the goods or services, then the use, advertisement or display of the trademark in that country as or in a trademark, trade name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trademark in that country by the owner.</p>	<p>Licence d'emploi d'une marque de commerce</p> <p>50 (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des produits et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.</p>
<p>Idem</p> <p>(2) For the purposes of this Act, to the extent that public notice is given of the fact that the use of a trademark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trademark and the character or quality of the goods or services is under the control of the owner.</p>	<p>Licence d'emploi d'une marque de commerce</p> <p>(2) Pour l'application de la présente loi, dans la mesure où un avis public a été donné quant à l'identité du propriétaire et au fait que l'emploi d'une marque de commerce fait l'objet d'une licence, cet emploi est réputé, sauf preuve contraire, avoir fait l'objet d'une licence du propriétaire, et le contrôle des caractéristiques ou de la qualité des produits et services est réputé, sauf preuve contraire, être celui du propriétaire.</p>

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-293-19

STYLE OF CAUSE: DAVID MICHAELS v UNITOP SPOLKA Z
ORGANICZONA ODPOWIEDZIALNOSCIA

PLACE OF HEARING: TORONTO, ONTARIO (VIA VIDEOCONFERENCE)

DATE OF HEARING: SEPTEMBER 8, 2020

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

DATED: SEPTEMBER 29, 2020

APPEARANCES:

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FOR THE APPLICANT
ON HIS OWN BEHALF

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