

Federal Court



Cour fédérale

Date: 20220711

Docket: T-186-22

Citation: 2022 FC 1015

Ottawa, Ontario, July 11, 2022

PRESENT: The Honourable Madam Justice Aylen

BETWEEN:

RANDY RIVER INC.

Applicant

and

OSLER, HOSKIN & HARCOURT LLP

Respondent

JUDGMENT AND REASONS

[1] This application is an appeal pursuant to section 56 of the *Trademarks Act*, RSC, 1985 c T-13 [TMA] of the decision issued December 2, 2021, by the Registrar of Trademarks [Registrar] in respect of proceedings under section 45 of the *TMA*, which advised that the Applicant's Trademark Registration No. TMA577,004 [Registration] for the trademark "R2" [Mark] be expunged pursuant to subsection 45(4) of the *TMA* by reason of failure to file the required evidence of use.

I. Background

[2] The Applicant's Mark was registered on March 5, 2003, for use in association with the following goods: (1) socks; (2) blazers, pants, and shirts; (3) bags, namely, tote bags and sock bags; (4) jackets; wallets; and jewellery, namely, necklaces; (5) shorts; (6) watches; (7) clothing, namely, underwear, hats, gloves, scarves, belts, pyjamas, night shirts; key chains; sunglasses and sunglasses cases; and stationary, namely, note pads, stickers and pens [Registered Goods].

[3] On February 9, 2021, the Registrar issued a notice pursuant to section 45 of the *TMA*, at the request of the Respondent, requiring the Applicant to furnish, within three months of the date of the notice, an affidavit or a statutory declaration showing, with respect to each of the goods specified in the Registration, whether the 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.

[4] The Applicant failed to file any evidence as required by the notice. Consequently, on December 2, 2021, the Registrar determined that the Registration would be expunged from the register.

[5] On February 2, 2022, the Applicant commenced the within application appealing the decision of the Registrar solely in relation to the use of the Mark in association with shirts and shorts. In support of the application, the Applicant filed the affidavit of Paul Brener sworn March 1, 2022. Mr. Brener is the Vice President, Finance of the Applicant. He is also the

Secretary/Treasurer of Fairweather Ltd. and Vice President, Finance of INC Group Inc., both of which corporations are related to the Applicant. Mr. Brener states that: (a) Fairweather Ltd. is a licensee of the Applicant and was licensed to use the Mark in Canada in connection with the Registered Goods; and (b) INC Group Inc. is the wholesaler and importer for the Applicant and Fairweather Ltd.

[6] The Respondent takes no position on the application.

II. Analysis

[7] Section 56(5) of the *TMA* provides that, on an appeal from a decision of the Registrar, the Court may consider additional evidence that was not adduced before the Registrar and may exercise any discretion vested in the Registrar. In the context of a section 45 proceeding, where additional evidence is filed on appeal that would have materially affected the Registrar's findings of fact or the exercise of discretion, the standard of review is correctness and the Court must reach its own conclusion and decide the issue *de novo* considering all of the evidence before it [see *Caterpillar Inc. v Puma SE*, 2021 FC 974 at para 32].

[8] To be considered "material", the new evidence must be sufficiently substantial and significant, and of probative value [see *The Clorox Company of Canada, Ltd. v Chloretec SEC*, 2020 FCA 76 at para 21].

[9] In this case, the Registrar had no evidence before it when it rendered its decision. The Court now has before it the affidavit of Mr. Brener, which speaks directly to the issue of use of the Mark

in the normal course of trade during the relevant period. I am satisfied that this evidence has probative significance and would have materially affected the Registrar's findings. Accordingly, the Court will decide this matter *de novo*.

[10] Section 45 of the *TMA* provides a summary and expeditious procedure for clearing the register of registrations that have fallen into disuse [see *Miller Thompson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 9]. The threshold for establishing "use" in a section 45 proceeding is quite low and it is not necessary for a registered owner to provide over-abundant evidence of the Mark's use or utilization [see *Vêtement Multi-Wear v Riches, McKenzie & Herbert LLP*, 2008 FC 1237 at para 20]. A trademark is deemed to be used in association with goods where there is evidence that the registered owner or its licensee sold the relevant goods in Canada during the relevant period and that the trademark was marked on the goods themselves or on the packages in which they are distributed or was in any other manner associated with the goods at the time of sale [see section 4(1) of the *TMA*]. Even evidence of a single sale in the normal course of trade would be sufficient to maintain a registration, so long as it is considered to be a genuine commercial transaction and not contrived to protect a trademark's registration [see *Vêtement Multi-Wear, supra* at para 22; *Attraction Inc. v Ethika Inc*, 2018 FC 1136 at para 13].

[11] On this application, the Applicant has now provided evidence of use in the affidavit of Mr. Brener. Mr. Brener confirms that the Applicant's normal course of trade is to sell men's, women's and children's clothing and accessories to Canadian consumers through various Canadian retail-clothing stores. The clothing and accessories are manufactured overseas, and imported into Canada by INC Group Inc., who distributes the clothing to Canadian retail clothing stores owned by its

other affiliate, Fairweather Ltd.. The Applicant's clothing and accessories display the Mark, as well as the Applicant's house mark RANDY RIVER.

[12] With respect to the use of the Mark at issue, exhibited to Mr. Brener's affidavit are various photographs of four different shirts and six different shorts displaying the Mark on both the shirt label and hang tags, as well as sales summary documents generated from the Fairweather Ltd.'s merchandizing system that provide exact volumes and dollar amounts for the sales of these shirts and shorts. The evidence demonstrates that during the two-year period from January 1, 2019, to December 31, 2020 (which is within the relevant three-year period for the section 45 proceeding), more than 5,600 shirts and 8,900 shorts bearing the Mark were sold in Canada (in clothing stores owned by Fairweather Ltd.) accounting for over \$70,000 and \$75,000 in sales respectively.

[13] The affidavit of Mr. Brener only provides evidence in relation to shirts and shorts. The Applicant acknowledges that the other Registered Goods are to be deleted from the registration such that the amended description of goods should read: "shirts, shorts".

[14] I am satisfied that Fairweather Ltd. is a licensee of the Applicant and that the Applicant has demonstrated that the Applicant has, under its license with Fairweather Ltd., direct or indirect control of the character and quality of the goods with the meaning of section 50(1) of the *TMA*, given Mr. Brener's evidence that Mr. Isaac Benitah is the Chief Executive Officer of the Applicant, Fairweather Ltd. and INC Group Inc. and that Mr. Benitah personally and directly controls the character and quality of the shirts and shorts bearing the Mark [see *Empresa Cubana Del Tabaco Trading v Shapiro Cohen*, 2011 FC 102 at para 84; aff'd 2011 FCA 340].

[15] I am satisfied that the evidence adduced by the Applicant shows the Mark's use by the Applicant or its licensee in the normal course of trade with respect to shirts and shorts during the relevant period of time. The Mark is clearly not "deadwood", as a significant volume of shorts and shirts bearing the Mark were sold through the Applicant's retailer during the relevant period. Accordingly, I am satisfied that the appeal should be granted.

[16] The Applicant has requested costs. In the Court's view, this appeal would not have been necessary had the Applicant responded to the section 45 notice. In light of their failure to do so, I see no basis to exercise my discretion to award costs of this application to the Applicant.

JUDGMENT IN T-186-22

THIS COURT’S JUDGMENT is that:

1. The appeal is granted.
2. The Registrar’s decision dated December 2, 2021, ordering that the registration of Trademark Registration No. TMA577,004 be expunged is set aside.
3. Trademark Registration No. TMA577,004 for the trademark “R2” is maintained on the register but only in respect of use in association with shirts and shorts.
4. The parties shall bear their own costs.

“Mandy Aylen”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-186-22

STYLE OF CAUSE: RANDY RIVER INC. v OSLER, HOSKIN &
HARCOURT LLP

PLACE OF HEARING: VIDEOCONFERENCE

DATE OF HEARING: JULY 11, 2022

JUDGMENT AND REASONS: AYLEN J.

DATED: JULY 11, 2022

APPEARANCES:

Reagan Seidler FOR THE APPLICANT

None FOR THE RESPONDENT

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