

TRADE-MARKS

EXPUNGEMENT

Appeal pursuant to *Trade-marks Act*, R.S.C., 1985, c. T-13, s. 56 from Registrar of Trade-marks decision finding respondent demonstrating use of trade-mark LUSH, registration TMA 649810 (Mark) in association with t-shirts — Following request by applicant, Registrar issuing notice pursuant to Act, s. 45 requiring respondent show use of Mark in Canada — In response, respondent providing evidence demonstrating sales for t-shirts bearing Mark to Lush Canada employees — Registrar considering applicant's contention that t-shirts bearing Mark not sold in normal course of trade in light of affidavit evidence submitted by respondent describing t-shirts as "promotional" goods sold at cost, rather than for profit, in small quantities to employees — However, Registrar finding that t-shirts not merely uniforms; evidence suggesting employees purchasing t-shirts to give to third parties — Registrar thus satisfied that respondent establishing use within meaning of Act, s. 4(1); therefore not necessary to consider whether clothing sales to United States constituting use within the meaning of Act, s. 4(3) — Whether "normal course of trade" requirement under Act, s. 4(1) requiring transfer of marked goods for profit; whether Registrar erring in finding marked goods not merely promotional; whether test for use under Act, s. 4(3) different from test in Act, s. 4(1) — While promotional goods distributed free of charge *per se* not meeting requirements of Act, s. 4(1), if use part of overall course of action for a business, carried out for purpose of deriving profits, developing goodwill for goods, may constitute use in normal course of that business — In case at bar, given absence of profit, promotional, *de minimis* nature of sales to employees, fact respondent not normally in business of selling clothing, Registrar's determination that sales made "in the normal course of trade" unreasonable — Registrar's finding that marked goods not merely promotional also unreasonable — Finally, while test for Act, s. 4(3) distinct from test for Act, s. 4(1), important not to lose sight of purpose of s. 4(3), i.e. to protect Canadian entities who would be entitled to protection under Act but for fact entities' sales taking place exclusively outside Canada — Where party's activities in Canada not establishing use of trade-mark, those same activities not rising to level of use simply because export has taken place — Accordingly, since respondent's t-shirt sales not constituting use under Act, s. 4(1), use also not established for purposes of Act, s. 4(3) — Appeal allowed.

RICHES, MCKENZIE & HERBERT LLP v. COSMETIC WARRIORS LIMITED (T-825-17, 2018 FC 63, Manson J., judgment dated January 23, 2018, 14 pp.)