



Trade-marks, “Use” and the Internet

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Trade-mark Use in Canada

Recent decisions of the Canadian Trade-marks Opposition Board suggest that claims of “use” by foreign trade-mark owners will be scrutinized when the primary contact with Canadians occurs via the Internet

Trade-mark Use in Canada

Recent decisions of from Justices of the Canadian Federal Court suggest, in contrast, a more “liberal” approach

Trade-mark Use in Canada

Trade-mark rights in Canada require “use”

For services: a trade-mark must be used or displayed in the performance or advertising of those services

For wares (goods): a trade-mark must be displayed on the wares or packaging, or possibly on point-of-purchase materials, and the wares must be sold in the ordinary course of trade

Per section 4 of the Canadian *Trade-marks Act*

Trade-mark Use in Canada

Use is the cornerstone of Canadian trade-mark law:

“It is important to recall the relationship between use and registration of a trade-mark. **Registration itself does not confer priority of title to a trade-mark.** At common law, it was use of a trade-mark that conferred the exclusive right to the trade-mark. While the *Trade-marks Act* provides additional rights to a registered trade-mark holder than were available at common law, **registration is only available once the right to the mark has been established by use.** As explained by Ritchie C.J. in *Partlo v. Todd*: [i]t is not the registration that makes the party proprietor of a trade-mark; **he must be proprietor before he can register.”**

Per *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27

Retail Store Services and e-Commerce

- Historically, “use” of a mark in association with retail store services required a physical presence in Canada
- A foreign trade-mark owner must perform normal retail services such as selling goods to Canadians in Canada from a “bricks and mortar” location or and taking orders from, and shipping goods to, Canada

Retail Store Services and e-Commerce

- Other factors showing use in Canada:
 - Listing prices on a website or catalogue in Canadian dollars
 - Advertising regularly in Canadian magazines;
 - Having a Canadian phone number
 - Displaying the Registrant's name on invoices showing deliveries made to Canada
 - Customizing a website or catalogue for Canadian customers

Retail Store Services and e-Commerce

TSA Stores Inc. v. Registrar of Trade-marks, 2011 FC 273



Retail Store Services and e-Commerce

TSA Stores Inc. v. Registrar of Trade-marks

- An appeal from a non-use section 45 cancellation decision of the Registrar expunging six trade-marks for non-use
- TSA did not operate any stores in Canada, and did not offer sales through its website or ship goods to Canada
- TSA's website offered tools such as the "Help Me Find Gear," "Shoe Finder," and "Store Locator" functions
- During the relevant period, almost 1 million Canadians visited the TSA website

Retail Store Services and e-Commerce

TSA Stores Inc. v. Registrar of Trade-marks

- Justice Simpson of the Federal Court construed “services” broadly

“It has also been recognized that the Act makes no distinction between primary, incidental or ancillary services. **As long as some members of the public, consumers or purchasers, receive a benefit from the activity, it is a service.**”
- The “Help Me Choose Gear” and “Shoe Finder” tools provided a service “akin to visiting a brick and mortar store and benefitting from a discussion with a knowledgeable salesperson”

Retail Store Services and e-Commerce

TSA Stores Inc. v. Registrar of Trade-marks

- Justice Simpson held:
 - The services offered by the website benefitted the public, including the hundreds of thousands of Canadians who visited the website
 - The trade-marks were thereby seen to be used in Canada in association with retail store services during the relevant period

Retail Store Services and e-Commerce

- Following *TSA Stores*, the Board is interpreting this decision very narrowly
- *Lapointe Rosenstein LLP v. West Seal Inc.*
 - No trade-mark use in the absence of a brick-and-mortar store in Canada, where items were purchased online by Canadians but shipped to Canada using a third-party shipping company

Retail Store Services and e-Commerce

- Per *West Seal*: Without a brick and mortar store, a Registrant must show
 - Wares were sold and shipped to Canadians by the Registrant; or
 - A significant level of interactivity with potential Canadian customers that benefits those Canadian customers

Hotel and Travel-Related Services

Bellagio Limousines v. Mirage Resorts Inc.,
2012 TMQB 220



A non-use s. 45 cancellation proceeding was brought against two registrations owned by Mirage Resorts International for the trademark BELLAGIO, including one for reservation and booking services, and services relating to hotels, casinos, and live entertainment

Hotel and Travel-Related Services

Bellagio Limousines v. Mirage Resorts Inc.



Evidence:

- Numerous Canadians visited the hotel each year and book vacations through the BELLAGIO website
- Canadian travel agents booked vacations for Canadian customers at the BELLAGIO hotel and casino

Hotel and Travel-Related Services

Bellagio Limousines v. Mirage Resorts Inc.

- The “liberal” *TSA Stores approach* was distinguished “[W]hile technology has progressed to the point where one can enjoy the retail experience without ever having to leave one’s home, there is no evidence that hotel services have made such progress; a **brick-and-mortar presence in Canada is required for hotel services**. A hotel cannot operate via the internet or a 1-800 telephone number.”
- And the Board rejected application of the earlier *Borden Ladner Gervais LLP v. WestCoast Hotels, Inc.* decision where “hotel services” had been maintained
- The BELLAGIO services registration was maintained for hotel reservation and booking services only

Hotel and Travel-Related Services

Venice Simplon-Orient Express, Inc. v. Société Nationale des Chemins de fer Français SNCF (2000), 9 CPR (4th) 443



The registration ORIENT EXPRESS covering “travel services, namely railway passenger service” was maintained, despite the Registrant having no place of business in Canada and having only offered rail services in Europe

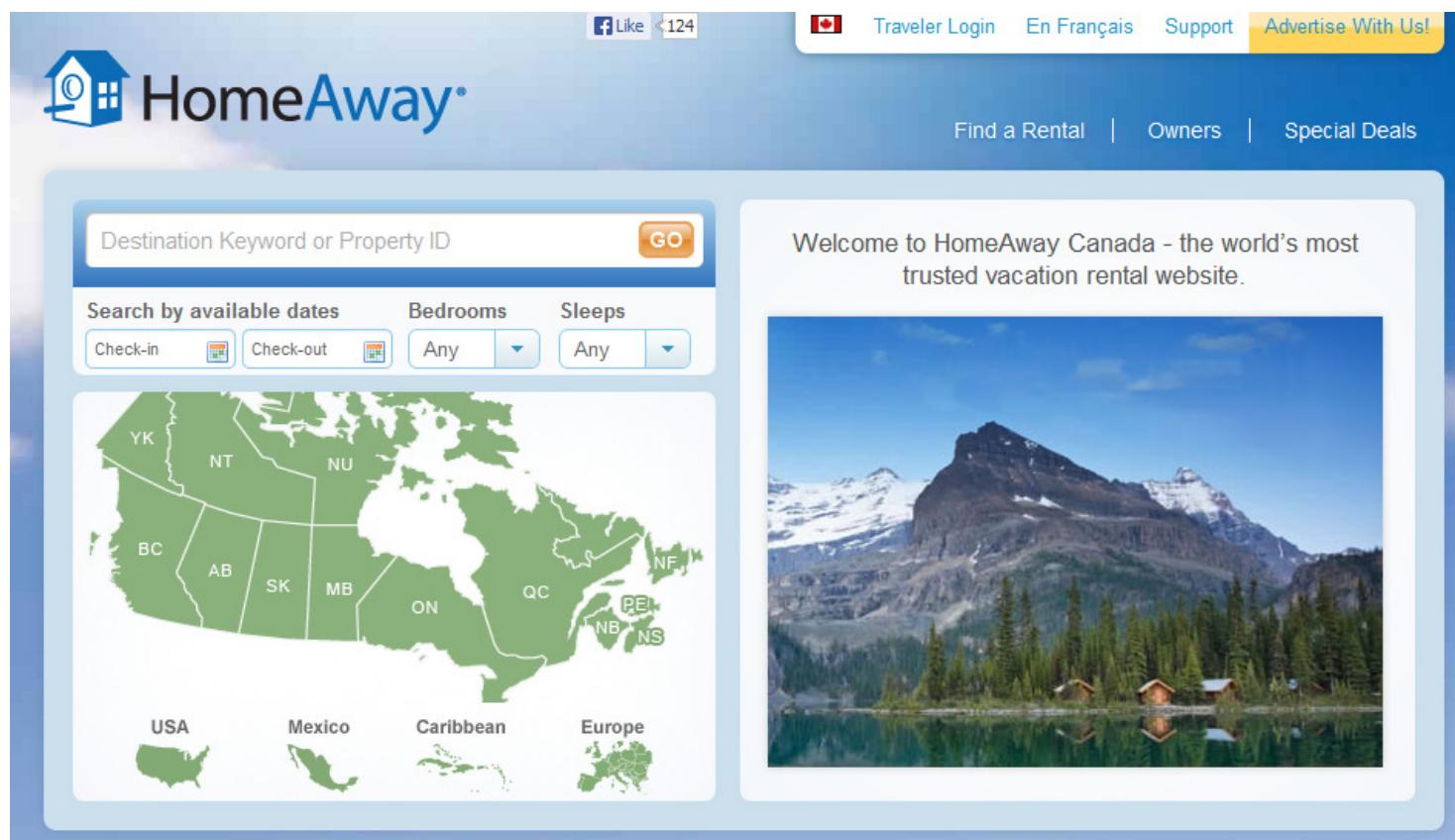
Hotel and Travel-Related Services



“travel services, namely railway passenger service” was seen as encompassing incidental or ancillary services such as train ticketing and train reservation services, even through those services were provided through an intermediate Canadian travel agency

Hotel and Travel-Related Services

Homeaway v. Hrdlicka, 2012 FC 1467



Hotel and Travel-Related Services

Homeaway v. Hrdlicka

- Homeaway operated a website offering vacation home rental services – the trade-mark VRBO would appear on the computer screen when users visited the homeaway.com website
- Homeaway sought to expunge Hrdlicka's VRBO registration for “vacation real estate listing services” on the basis of its prior use of the identical mark for identical services, and on the trade-mark owner’s fraudulent statements in the filed declaration of use

Hotel and Travel-Related Services

Homeaway v. Hrdlicka

- Did Homeaway “use” the VRBO mark in Canada?
- According to Justice Hughes:

“A trade-mark which appears on a computer screen website in Canada, regardless of where the information may have originated from or be stored, constitutes for purposes of the *Trade-marks Act* use and advertising in Canada.”

Hotel and Travel-Related Services

Homeaway v. Hrdlicka

- Many Canadian vacation properties were listed on the Homeaway website, and Canadians used the website to book vacation rentals
- As Homeaway possessed valid prior “use” rights in Canada through its U.S.-based website use, the Hrdlicka registration was expunged

Hotel and Travel-Related Services

Homeaway v. Hrdlicka

- Justice Hughes also took a dim view of the application as filed, awarding costs

“I find that Hrdlicka, in filing the application for registration, had no *bona fide* intent of using it in a legitimate commercial way in Canada. **His intent was to extort money or other consideration from HomeAway. Such activity should not be condoned or encouraged.**”

Recommendations for Trade-mark Owners

Retail services – For use, a Registrant must show:

- A brick-and-mortar store exists in Canada; or
- A customer purchased and took delivery of goods in Canada; or
- A significant degree of interactivity mimicking a traditional retail store experience exists through the Registrant's website, and the website is used by Canadians

Recommendations for Trade-mark Owners

Other relevant factors that may show use:

- Listing prices in Canadian dollars on a website or catalogue
- Advertising in media with a large Canadian circulation
- Displaying the Registrant's name on invoices confirming delivery and/or sales in Canada
- Having a Canadian phone number

Recommendations for Trade-mark Owners

Travel-Related Services: For use, in the absence of a hotel property in Canada, advertising and online reservation services may be insufficient even for very well known marks

- Ensure a trade-mark registration includes “hotel reservation services”
- Consider licensing the mark to local businesses
- Evidence of registered Canadian website users or loyalty program members may be of assistance

Recommendations for Trade-mark Owners

- Other than in certain specialized areas, the trade-mark/e-commerce approach should be the same as for all wares and services
 - Avoid generic uses
 - Emphasize the trade-mark
 - Use the trade-mark consistently
 - Use ®, ™, and MC symbols appropriately
 - Where trade-mark use is licensed, give notice that the use is licensed



Thank You

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