

# Trademark use and the internet in Canada: The pendulum swings back and forth

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The issue of whether a trademark is “used” in Canada is of paramount importance for purposes of securing, maintaining and enforcing trademark rights here. The impact of e-commerce and web based commercial activities have, however, forced Canadian courts to re-evaluate traditional concepts of trademark “use”, particularly in connection with the performance of services in Canada, resulting in very divergent results. The issue is of particular relevance to foreign trademark owners seeking to secure or enforce trademark rights in Canada without having a physical presence here.

The *Trademarks Act* states that a mark is used in association with goods if the mark is displayed on the goods or their packaging, or otherwise so associated with the goods at the time of sale in the ordinary course of trade.<sup>1</sup> In the case of services, the Act states that a mark is used with services if it is “used or displayed in the performance or advertising of those services”. This has traditionally been interpreted to mean that mere advertising of services would not be sufficient to support use of the mark *in Canada*. The performance of the services in Canada was necessary.

Hence, the sale of admission tickets to Canadians by Canadian travel agencies for entry to a marine park located in Florida was not sufficient to support trademark use in Canada in association with the performance of marine park services. The marine park had to operate *in Canada*.<sup>2</sup> Similarly, communication by telephone to customers, prospective customers or their agents in Canada for the sole purpose of receiving and confirming reservations for motel accommodation in the US would not constitute use of the mark in Canada with motel services. An actual motel or business facility in Canada was necessary.<sup>3</sup>

However, by the late 1980’s, changes in the ways in which services were being offered led to a jurisprudential shift away from the traditional concept of trademark use with services.

Mail and telephone orders for merchandise sold to Canadians by foreign retailers was found to support use of a mark in Canada with retail department store services even without a “bricks and mortar” retail store here.<sup>4</sup> Reservations for rail line services made in Canada through Canadian travel agencies was considered use of the mark with railway passenger services in Canada even without the operation of a train in Canada.<sup>5</sup> Automobile reservation services provided to Canadians through Canadian travel agencies supported use of a mark with automobile rentals in Canada even though the actual au-



tomobiles were not provided in Canada;<sup>6</sup> and offering a hotel loyalty program to Canadians supported use of the mark with hotel services in Canada, without a physical hotel presence here.<sup>7</sup>

The 2011 decision of the Federal Court in *TSA Stores Inc. v. Registrar of Trademarks*<sup>8</sup> considered, for the first time, the issue of trade mark use in Canada with retail store services that were strictly internet based. The court held that Canadians who accessed the website of a US retailer featuring the mark in question, and availed themselves of various web-based services such as a product and information guide, a shoe finder guide, and a store locator, benefitted from these services and hence, the provision of these purely web-based *ancillary* services supported use of the mark with the operation of a retail store in Canada, even without a physical presence here.

Following the decision in *TSA Stores*, however, and perhaps recognizing the far-reaching ramifications of the ruling, the pendulum began to swing back to a more restrictive approach when assessing the issue of web-based services and trademark use in Canada<sup>9</sup> - until the 2012 Federal Court decision in *Homeaway.com, Inc. v. Martin Hrdlicka*.<sup>10</sup> In the *Homeaway* case, the court considered whether a trademark displayed on a foreign based Internet website accessed by Canadians constituted trademark use in Canada with vacation real estate listing services.

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Homeaway was a US company engaged in advertising on its website properties owned by third parties who wished to rent them out to others. The trademark in issue appeared on the computer screen when the website was accessed. The Court's conclusion that the mark was used in Canada with the services was reasonable insofar as Homeaway's property listings included properties in Canada, and were available to Canadians. However, the Court went on to issue a general statement of law regarding trademark use by means of computer screen display, finding that:

"A trademark which appears on a computer screen website in Canada regardless where the information may have originated from or be stored, constitutes for Trademarks Act purposes, use and advertising in Canada."<sup>11</sup>

The *Homeaway* decision had the potential to extend trademark protection in Canada well beyond territorial limits by accepting that trademark rights can be acquired in Canada simply through advertising a trademark in association with services on a non-Canadian website accessible to Canadians, without ever performing or even being able to perform any service in Canada.

Not surprisingly, more recent decisions have restricted the ruling in *Homeaway* to its specific facts. In *Unicast SA v. South Asian Broadcasting Corporation Inc.*,<sup>12</sup> the Federal Court found that, while the *Homeaway* decision was correct on its facts, it was not correct as a general principal of law and needed to be put back into context.

Hence, the display of a trademark on a website of a radio station based outside Canada but accessed by Canadians in Canada over the Internet would not support use of the mark in Canada in association with radio communications services, absent a further nexus between the services and Canada. The court noted that such nexus could include having a physical presence in Canada, having the content offered by the website stored on servers located in Canada, advertising in Canada, and actively targeting Canadian audiences with its programming.

Similarly, in *Supershuttle International, Inc. and Fetherstonhaugh & Co.*,<sup>13</sup> the most recent judicial pronouncement on this issue, the Federal Court held that while the observation of a trademark by individuals on computer screens in Canada may demonstrate use of a mark, the registered services (in this case, airport passenger *ground* transportation) must still be offered *in Canada*.

Widespread commercial activity via the internet led courts to test traditional concepts of trademark use with various types of services. However, Canadian decisions are difficult to reconcile, leading to considerable uncertainty. Foreign trademark owners wishing to secure and/or enforce trademark rights in Canada, particularly if the nexus with Canadians is largely web based, would be wise to carefully evaluate the manner in which their marks are used to ensure that such use will support a finding of trademark use in Canada with the associated services.

1 Trademarks Act, RSC 1985, c. T-13, Section 4)

2 *Porter v Don the Beachcomber*, (1969), 48 C.P.R. 280 (Ex. Ct.); *Marineland v. Marine Wonderland and Animal Park Ltd.*, (1974), 16 C.P.R. (3d) 97 (F.C.T.D.).

3 *Motel 6, Inc. v. No. 6 Motel Ltd. et. al.* (1981) 56 C.P.R. (2d) 44 (FCTD)

4 *Saks & Co. v Registrar of Trademarks* (1989), 24, CPR (3d) 49 (FCTD)

5 *Venice Simphon-Orient Express Inc. v. Societe Nationale des Chemins de Fer Francais SNCF* (2000), 9 CPR (4th) 443 (FCTD), aff'd (1995), 64 CPR (3d) 87

6 *Advantage Car & Truck Rentals v. Advantage Rent-A-Car* (2003), 27 CPR (4th) 342 (TMOB)

7 *Borden Ladner Gervais v. WestCoast Hotels Inc.* (2006), 53 C.P.R. (4th) 361

8 (2011), 91 CPR (4th) 324, 2011 FC 273)

9 See for example *Lapointe Rosensetin LLP v. West Seal Inc.*, (2012) 103 CPR (4th) 136 (TMOB); *Poltev v. MMI-GOS LLC* 2012 TMOB 167; and *Bellagio Limousines v. Mirage Resorts Inc.* 2012 TMOB 220

10 2012 FC 1467

11 *Ibid*, p. 22

12 2014 FC 295

13 2015 FC 1259