



Federal Court of Appeal Confirms Use of a Trademark with “Hotel Services” can be Established Without Brick and Mortar Hotels in Canada

September 11, 2020

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A welcome decision for hotel service providers: the Federal Court of Appeal has upheld the decision of the Federal Court maintaining registration of WALDORF-ASTORIA for “hotel services”, despite the fact that there were no brick-and-mortar WALDORF-ASTORIA branded hotels in Canada.

Prior to the Federal Court’s decision in *Hilton Worldwide Holdings LLP v Miller Thomson*, 2018 FC 895 [[our report on the Federal Court’s decision is found here](#)], the prevailing trend had been that trademarks covering “hotel services” could not be maintained in response to non-use cancellation proceedings without use in association with brick-and-mortar hotels in Canada. The Federal Court’s decision broke from the trend. The most significant takeaway from the Federal Court of Appeal decision is that the quality of the evidence provided by the owner is so often determinative, as it was here, in showing use under the *Trademarks Act*.

Background

WALDORF-ASTORIA is a well-known luxury hotel, which was first opened in New York City in 1930. Today, there are dozens of WALDORF-ASTORIA hotels in major cities worldwide. Hilton is the owner of the WALDORF-ASTORIA trademark, which is registered in Canada for “hotel services”. Hilton does not, however, operate a brick-and-mortar hotel in Canada.

In response to a non-use cancellation notice, Hilton filed evidence of use of the WALDORF-ASTORIA trademark in Canada with the following services: an interactive website, worldwide reservation services, reward points to Canadian loyalty program members, Canadian customer communications displaying the mark, and customer discounts on non-refundable prepaid room reservations.

Opposition Board Decision

Before the Trademarks Office, it was held that “[u]nlike retail store services ... a hotel cannot be operated via the Internet or a telephone number; it is contrary to common sense to equate the ability to make hotel reservations or other bookings with the operation of a hotel”. Instead, the Opposition Board followed prior hotel services-related decisions in finding that the performance of *ancillary* hotel services in Canada did not constitute performance of “hotel services” in Canada. As a result, there remained a significant difference between the Opposition Board’s approach to hotel services and retail store services, where “use” could be found even in cases with no Canadian sales or brick-and-mortar stores in Canada.

Federal Court Decision

On appeal to the Federal Court, Hilton distinguished its services from the prior hotel services-related decisions. It presented an industry-specific definition of “hotel services”, and emphasized its evidence with respect to the number of pre-paid room reservations. In addition, Hilton filed additional evidence on the appeal noting that prior to 2006, “hotel services” and “management of hotels” were the only pre-approved hotel-related services; terms such as “hotel reservation services”, “reservation services” or “booking services” were only introduced after registration and, therefore, at the time the WALDORF-ASTORIA mark was registered, “hotel services” was considered broad enough to encompass hotel reservation



services. Hilton also argued that the prior hotel cases were inconsistent with the term “services” as it was defined in the retail services case, *TSA Stores, Inc. v Registrar of Trade-marks*, 2011 FC 273.

The Federal Court noted that the concept of “services” is to be interpreted liberally and that “services” may include those that are *incidental* or *ancillary* to the primary services. The court held that people must be able to derive a tangible and meaningful benefit in Canada from use of a mark in association with the registered services in order to establish use of the mark, and that this determination is made on a case-by-case basis. Hilton was successful in the appeal.

Federal Court of Appeal Decision

When considering the issue of “use”, the Federal Court of Appeal held that it must first be determined which activities are encompassed within the service in question, in light of the ordinary commercial meaning of the term. Then, one must consider whether these services have been performed.

Justice Mactavish of the Federal Court of Appeal observed that while the meaning of “use” must adapt to be in line with the 21st century, it has no exhaustive definition, and one would not be desirable in any case. Overall, she found that there must be a degree of interactivity between the trademark owner and Canadian consumer to amount to use of the mark in Canada in conjunction with services offered over the Internet. Justice Mactavish noted evidence that may be helpful in establishing this include website traffic information, as well as data about the number of Canadians who have “availed themselves of the online services offered in conjunction with the mark”, and sales figures with respect to services offered to Canadian consumers.

With respect to the definition of services, Justice Mactavish noted that the jurisprudence does not make a distinction between primary and incidental or ancillary services. Therefore, she concluded that where purchasers or members of public in Canada receive a material benefit from the activity in issue, it will amount to performance of the services in Canada.

Ultimately, Justice Mactavish found no error sufficient to warrant interfering with the Federal Court’s decision.

Conclusion with Respect to Hotel Services

“Hotel services” were held to naturally include a series of related services, which include some services that can only be delivered at a brick-and-mortar hotel, and others which can be performed or enjoyed in Canada.

“Hotel services” was held to include “hotel reservation services”, especially where the entire transaction can occur online from within Canada and there are additional benefits (i.e., discounts) which can be enjoyed from this contract, above and beyond the eventual stay in the hotel. Specifically, the evidence established that there were a large number of people in Canada who had taken advantage of such benefits, and 41,000 Canadians stayed at WALDORF-ASTORIA branded hotels within the relevant period, with approximately 1,300 of them receiving a discounted room rate in exchange for paying online ahead of their visit. Overall, the evidence established that reservation, booking, and payment services are “integral to the provision of hotel services”, as hotels could not operate unless customers were able to reserve, book and pay for hotel rooms in advance of their stay, and that Canadians had availed themselves of such services.

Lesson for All Trademark Owners

The quality of evidence put forward by a trademark owner is the key to success to a non-use cancellation proceeding. The potential evidence should be assessed from the perspective of both the trademark owner and consumer to identify the benefit received in Canada by the consumer, and then the evidence submitted in response to the non-use cancellation proceeding should prove the identified benefit received in Canada.

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