

**FREE DISTRIBUTION OF NEWSLETTER DOES NOT QUALIFY AS USE UNDER
CANADA'S TRADE-MARKS ACT, SENIOR TRADE-MARK HEARING OFFICER RULES**

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In a recent decision, Senior Trade-mark Hearing Officer Denise Savard of the Section 45 Division of Canada's Trade-marks Office found that the free distribution of a newsletter was not done in the normal course of trade as described in Subsection 4(1) of Canada's *Trade-marks Act*, R.S.C. (1985) c. T-13 (*In re: Barlow, Menard & Associates - A Division of Flansberry, Menard & Associates Inc.*, registration TMA 343,172, D. Savard, T.M.S.H.O., February 14, 2002).

On October 18, 2000, following a request made by 88766 Canada Inc., Canada's Registrar of Trade-marks forwarded a notice under Section 45 of Canada's *Trade-marks Act* to Barlow, Menard & Associates - A Division of Flansberry, Menard & Associates Inc., the registered owner of the design trade-mark THE TRADE MARKER registered for a periodical publication.

Section 45 of the *Trade-marks Act* provides that, following the written request made by any person who pays the prescribed fees, the Registrar shall give notice to the registered owner of a trade-mark requiring such owner to furnish an affidavit with respect to each of the wares or services specified in the registration showing whether the trade-mark was in use in Canada at any time during the three (3) year period immediately preceding the date of the notice. By reason of the evidence furnished to the Registrar, if it appears that a trade-mark, either with respect to all or some of the wares or services specified in the registration, was not used in Canada, the registration of the trade-mark is liable to be expunged or amended accordingly. Essentially, the procedure under Section 45 is designed to get rid of trade-marks which can be described as "dead wood" on the register.

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In this case, the registrant filed the affidavit of its managing director which described the circumstances in which the design trade-mark THE TRADE MARKER appeared in association with a periodical publication. The affiant explained that reporting services under the design trade-mark THE TRADE MARKER were performed free of charge to the registrant's clients, seminar attendees, selective non-profit organisations and potential clients. He also mentioned that the periodical publication using the trade-mark had been available on the internet since 1994: Those who received the periodical publication under the trade-mark THE TRADE MARKER would vary from 1,000 to 2,000 depending on the number of internet hits. The publication was always given free of charge and various clients received the 500 copies that were distributed on a yearly basis. The trade-mark THE TRADE MARKER was clearly visible on the front and all subsequent pages of the publication which was also sent out to clients via email, upon request.

Under these circumstances, did the evidence reveal use "in the normal course of trade" within the scope of Subsection 4(1) of the *Trade-marks Act*? The Act provides that a trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other way so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

Regarding services, the Act provides that a trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

The Act also provides that "wares" include printed publications. Accordingly, the periodical publication mentioned in the registrant's registration was considered as a ware. Thus, in order to maintain the registration, Senior Hearing Officer Savard had to make a finding that the registered trade-mark THE TRADE MARKER was used in association with periodical publications as provided for in Subsection 4(1) of the Act.

Could the circumstances described by the registrant in its evidence, i.e. the distribution free of charge of a periodical publication be considered as use in the normal course of trade? Senior Hearing Officer Savard conceded that in some cases, the free distribution of a publication on which a trade-mark is clearly found could qualify as use in the normal course of trade, for example, when a magazine is distributed free to the public with the purpose of gaining profit from the sale of advertising space in said magazine (*Now Communications Inc. v. Chum Ltd.* (2000), 5 C.P.R. (4th) 275 (T.M.O.B.)). In other cases, according to the Senior Hearing Officer, the free distribution of a

publication made in anticipation of securing orders and sales with respect to such publication could establish an intention of acquiring profits from such wares (*Lin Trading Co. v. CBM Kabushiki Kaisha* (1985), 5 C.P.R. (3d) 27 (Hearing Officer - T.M.), affirmed (1987), 14 C.P.R. (3d) 32 and (1988), 21 C.P.R. (3d) 417).

However, in the case under consideration, the evidence did not reveal such circumstances. To the contrary, Senior Hearing Officer Savard compared the circumstances of use of THE TRADE MARKER trade-mark to the facts in *Renaud Cointreau & Cie v. Cordon Bleu International Ltd.* (1993), 52 C.P.R. (3d) 284 (T.M.O.B.), affirmed (2000), 188 F.T.R. 29 (F.C.T.D., Rouleau, J.). In the latter case, also an expungement proceeding under Section 45, the evidence revealed that booklets and leaflets on which the registrant had put its trade-mark were distributed free of charge; consumers could obtain them when they purchased food products; they were also distributed in exhibitional halls and were sent directly to consumers who requested them. In finding that this pattern of free distribution of booklets and leaflets in association with a trade-mark as revealed by the facts in that case did not constitute use in the normal course of trade, Mr. Justice Rouleau had made reference to the UK decision in *Hospital World Trade Mark* (1967) R.P.C. 595 (Pat. Off.) where the Court wrote: "The free distribution of a journal containing matters of interest of prospective customers and others who come in contact with the applicants in their main business as manufacturers of surgical and medical dressings and hospital supplies, is undoubtedly an aid in their general public relations and helps to create goodwill in the firm; but I do not think that the free distribution can be regarded as trading in the goods of the application within the context of the definition of a trademark (sic). The goods are not being put on the market for people to buy as a matter of choice in preference to someone else's publications. The persons who receive the free copies are, I think, most likely to regard them as part of the applicant's publicity and advertisement campaign concerned with the sales of dressings and hospital supplies rather than the products of a business of publishers."

The Court in *Renaud Cointreau & Cie* therefore concluded that, absent other circumstances, the free distribution of wares such as booklets and leaflets of recipes could not be regarded as a transaction involving the transfer of the property in or possession of these wares in the normal course of trade in such a way as to support the application of the presumption of Subsection 4(1) of the Act.

Senior Hearing Officer Savard consequently concluded that no "use" of the trade-mark THE TRADE MARKER was shown in association with a periodical publication and she ordered that the registration be expunged. However, she did mention that had the activities of the registrant been described as a

service, i.e. the service of keeping the registrant's clients informed of various changes in trade-mark law, this might have led to a finding of use of the trade-mark in association with services (as use in association with services does not require use in the normal course of trade).

This decision is an invitation to carefully consider the protection requested in a registrant's trade-mark application: In Canada, the requirements for use of a trade-mark in association with services appear to be less restrictive than those in association with wares. Considering the changes brought about by technology in recent years, such as the e-mailing of newsletters, such activity should now be more properly characterized as a service. A trade-mark owner seeking to protect this type of activity (the sending of newsletters to clients) should therefore describe it as a service in its trade-mark application.

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