



THE WORD “SERVICES” IN CANADA’S *TRADE-MARKS ACT* SHOULD BE GIVEN A LIBERAL INTERPRETATION, RULES FEDERAL COURT IN EXPUNGEMENT CASE

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A recent decision by the Federal Court of Canada examined the notion of “services” further to an appeal against a decision by the Registrar of Trade-marks in a summary expungement case brought against various trade-marks registered for retail store services (*TSA Stores, Inc. v. The Registrar of Trade-marks and Heenan Blaikie LLP*, 2011 FC 273 (F.C.), Simpson J., March 9, 2011).

The applicant in this case, TSA Stores, Inc. (hereafter: “TSA Stores”), is a retailer that operates approximately 400 stores across the United States. Along with its predecessor, it has been involved in the sale of sporting and fitness equipment. Prior to 2000, a few of its stores were operated in Canada but were closed that year. However, despite these changes on the Canadian retail market, TSA Stores (and its predecessor) continued to operate from that time a website which is accessible in Canada by persons within its border.

On July 19, 2006, following a request by Heenan Blaikie LLP (hereafter: “Heenan Blaikie”), the Registrar of Trade-marks issued notices pursuant to section 45 of Canada’s *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter: the “Act”) requesting that TSA Stores’ predecessor in title evidence use of six registered trade-marks standing in the name of said predecessor. Each registration protected variations of the trade-mark SPORTS AUTHORITY. A notice under section 45 of the Act requires that a registrant establish use of its trade-mark failing which it will be expunged; in other words, section 45 is Canada’s “use it or lose it” provision as it relates to registered trade-marks.

In response to the notices, TSA Stores filed evidence in relation to four of the six registrations to support the use by its predecessor of its trade-marks in association with the retail store services mentioned in those four registrations.

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After reviewing the evidence, the Registrar expunged from the register those two trade-marks for which no evidence of relevant use had been submitted. Regarding the four other registrations, the Registrar considered whether the retail store services protected by each of the four remaining registrations could be maintained despite the fact that TSA Stores had no retail establishments in Canada. In its reasons, the Registrar noted the absence of definition for the term “services” in the Act. In the Registrar’s view, this absence of a legislative definition has led the courts to adopt a broad interpretation of the word “services” (as opposed to a narrow and restricted one).

The Registrar concluded that use in Canada of TSA Stores’ four registered trade-marks in association with retail store services did not require the operation of physical retail stores in Canada. Rather, retail store services could be carried out via a website as TSA Stores had established in its evidence. On the other hand, a portion of TSA Stores’ evidence was found unsatisfactory since the evidence did not reveal who was using the four registered trade-marks in Canada: what is the registrant itself (or its predecessor), a controlled licensee or a third party? Only use by the registrant (or its predecessor) or a licensee (provided the registrant controls the use carried out by the licensee as required under section 50 of the Act) would qualify as use by the owner under section 45 of the Act. Because of these omissions in the evidence, the Registrar ordered the expungement of the four registrations.

TSA Stores appealed the Registrar’s decision before the Federal Court and, as allowed by section 56 of the Act, it filed additional evidence in order to attempt to correct the perceived deficiencies mentioned by the Registrar in its reasons. In its additional evidence, TSA Stores confirmed that its website was being operated by GSI Commerce Solutions, Inc. who was also using its SPORTS AUTHORITY marks. Furthermore, according to the evidence, GSI Commerce Solutions, Inc.’s operation of The Sports Authority website, and the use of all SPORTS AUTHORITY marks, was strictly controlled by the registered owner of those marks pursuant to a license agreement. The additional evidence further revealed that The Sports Authority website and online retail store provided retail customer service to consumers assisted by means of the “Help Me Choose Gear” service. Additionally, The Sports Authority website and online retail store was visited by hundreds of thousands of Canadians during the relevant period prior to the issuance of each section 45 notice.

The Court allowed TSA Stores’ appeal and noted that the additional evidence provided relevant factual information confirming that use of the SPORTS AUTHORITY trade-marks was carried out by a licensee in accordance with section 50 of the Act.

In its reasons, the Court also revisited the issue of the services rendered by TSA Stores in Canada. Could these services be described as retail store services? Like the Registrar, the Court noted that the word “services” is not defined in the Act and that it has been held that “services” should be given a liberal interpretation (see for example *Kraft Ltd. v. Registrar of Trade-marks*, [1984] 2 F.C. 874). Moreover, the Act

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does not make any distinction between primary, incidental or ancillary services. As long as some members of the consuming public can claim to receive a benefit from any given activity, it can qualify as a service. This is why, for example, in *Renaud Cointreau & Cie v. Cordon Bleu International Ltd.* (2000), 193 F.T.R. 182 (F.C.T.D.), the Federal Court concluded that recipes and suggestions printed on food product labels were a “service” despite being ancillary to a food product whose label presented such recipes and suggestions. In the *Renaud Cointreau* case, a suggestion as simple as “serve with our delicious boneless chicken and other meat dishes” was found to qualify as a service ancillary to the sale of food products.

Returning to the use of the SPORTS AUTHORITY marks in Canada, the Court concluded that the services found on the website were of benefit to Canadian consumers. The SPORTS AUTHORITY marks were accordingly used since they appeared in association with the ancillary retail store services found on the website.

The Court therefore restored the four registrations inasmuch as they dealt with the operation of retail store services in Canada.

The Court’s decision offers a timely reminder of the flexibility found in the Act as it relates to the notion of “services”. As long as an activity offers a benefit to Canadian consumers, even if such activity is deemed ancillary to a product, for example, it will still qualify as a service.



