



## REGISTRAR DECIDES FATE OF TRADE-MARK REGISTRATIONS FOR SERVICES SUBMITTED AS GOODS IN QUICKSTART EXPUNGEMENT CASE

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In a decision that underlines the importance of properly identifying whether a trade-mark should be registered for goods *or* services, Canada’s Registrar of Trade-marks has ordered the expungement of a pair of registrations, one for the trade-mark QUICKSTART and the other for the trade-mark QUICKSTART HOMES, for failure by its owner to show use of each trade-mark with its corresponding registered goods (*Building Materials Investment Corporation v Stipsits Holdings Corp.*, 2016 TMOB 34 (CanLII, February 26, 2016)).

On November 28, 2013, at the request of Building Materials Investment Corporation (the “Requesting Party”), Canada’s Registrar of Trade-marks (the “Registrar”) sent out notices under section 45 of Canada’s *Trade-marks Act*, RSC 1985, c. T-13 (the “Act”) to Stipsits Holdings Corp. (the “Owner”), the Owner of record of registration No. TMA 713,514 for the trade-mark QUICKSTART and registration No. TMA 713,515 for the trade-mark QUICKSTART HOMES (the “Marks”). Both Marks were registered by the Owner in association with goods described as “Construction of structurally complete homes lacking interior finishing which can be customized by the buyer”.

Section 45 of the Act essentially provides that following a request made by any person, the Registrar shall give notice to the registered owner of a trade-mark requiring it to furnish within three months an affidavit showing, with respect to each of the goods or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice. Essentially, section 45 of the Act is Canada’s “use it or lose it” provision concerning registered trade-marks that have been on the register for more than three years. Whether a trade-mark is registered for goods or services will have an impact on the type of evidence of use that will be required.

Under the Act, requirements to establish use of a trade-mark for goods are much more stringent than for services. For goods, under section 4(1) of the Act, a trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, the mark in

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question is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred. This means that demonstration of use of a trade-mark registered for goods will require proof of sales or any other type of transaction since section 4(1) of the Act requires proof of use *in the normal course of trade*.

On the other hand, for services, section 4(2) of 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. This means that advertising of a trade-mark for services will qualify as proof of use of the trade-mark in question as long as the services are actually rendered in Canada.

Both the QUICKSTART and QUICKSTAR HOMES trade-marks were registered for the “Construction of structurally complete homes lacking interior finishing which can be customized by the buyer”. The description of the Owner’s business appeared to suggest that he was offering services. However, both trade-marks were registered in association with *goods*. In fact, the entire registration history for both trade-mark files referred to goods and both trade-marks were ultimately advertised and registered in association with goods (paragraph 11 of the Registrar’s reasons).

As the section 45 notices were issued on November 28, 2013, the Owner had to demonstrate use of each trade-mark in Canada at any time between November 28, 2010 and November 28, 2013. In response to the section 45 notices, the Owner filed in each case the affidavit of the General Manager of Branthaven Homes, a licensee of the Owner.

Before examining the evidence of use that was submitted by the Owner concerning the QUICKSTART and QUICKSTART HOMES trade-marks, the Registrar had to decide, as a preliminary matter, whether each trade-mark registration should be treated as a registration for goods or services.

First, the Registrar reminded the parties that the validity of any registration cannot be challenged in section 45 proceedings (*Ridout & Maybee LLP v Omega SA*, 2005 FCA 306 (CanLII)). Furthermore, section 45 proceedings do not offer the appropriate forum to determine different parties’ competing rights in a trade-mark (*United Grain Growers v Lang Michener*, 2001 FCA 66 (CanLII)).

While section 45 proceedings are designed to verify the actual use of a registered trade-mark, could the Registrar change the designation of goods to services during such proceedings, as submitted by the Owner in its written representations (a request that was however withdrawn at the oral hearing)?

On the specific issue of the change of designation of goods to services, the Registrar agreed that such a change appeared to be beyond the scope of a section 45 proceeding (paragraph 12 of the Registrar’s reasons). Indeed, any changes to a

statement of goods and services could only be done through an amendment thereto. In fact, any amendment of such nature had to be examined by the Trade-marks Office and eventually advertised for opposition purposes in order to protect third parties who might want to object to the change by filing an opposition.

The Registrar could only conclude that he was limited to acknowledge that the statement found in each registration was a statement of goods and examine the evidence accordingly.

The evidence filed on behalf of the Owner revealed that it maintained, either directly or through its licensee, a website at *www.branthaven.com*. According to the evidence, the website “referenced” the QUICKSTART mark since June 19, 2012. A website printout showing the marks QUICKSTART HOMES and QUICKSTART was also filed. Other exhibits included a portion of a flyer, a “multi-site handout” and an advertisement all referencing the QUICKSTART mark. Evidence showing the QUICKSTART HOMES mark was limited to the website printout.

The Registrar noted that there was no evidence of sales or transfers of any of the registered goods in Canada during the relevant period in association with each trade-mark. As both trade-marks were registered for *goods*, some evidence of transfers in the normal course of trade in Canada during the relevant period was required (paragraph 29 of the Registrar’s reasons).

As the Owner did not provide any evidence of transfers of “structurally complete homes” in association with each of the registered trade-marks, the Registrar concluded that the Owner did not provide any evidence of use of each trade-mark in association with the goods mentioned in each registration. Accordingly, the Registrar ordered the expungement of each registration.

This decision appears to offer a cautionary tale for trade-mark owners who register their mark. They should make sure that their activities are adequately described in the statement of goods or services they file with the Trade-marks Office. Services should not be described as goods if only for the sake of accuracy. Moreover, if services are improperly described as goods, they risk being subjected to the more stringent use requirements the Act imposes on goods.







