

CANADIAN TRADEMARK LAW AND “USE” IN THE COMPUTER AND INTERNET AGE*

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ABSTRACT

Technological advancements have radically changed the manner in which goods are sold and services are offered to the public. However, Parliament has made no substantive changes to the definition of “use” under the Canadian *Trade-marks Act* since 1953. Those who operate in the field of computer technology and who offer goods and services primarily through the Internet face particular challenges when protecting or asserting their trademarks. This article examines recent decisions that illustrate attempts by the courts and the Trade-marks Opposition Board to address these challenges—in particular, recent decisions that address the effect of changing delivery methods for software on trademark use, whether use occurs in website metatags and advertising keywords, and the geographical location in which use occurs for a trademark displayed on a website. Although the law remains unsettled in some areas (such as metatags and advertising keywords), courts have flexibly applied the law to allow for non-traditional delivery of goods and services while preserving the fundamental importance of the concept of “use” under the Act.

RÉSUMÉ

Les avancées technologiques ont radicalement modifié la manière de vendre des produits et d’offrir des services à la population. Cependant, les parlementaires n’ont apporté aucun changement significatif à la définition du mot « emploi » énoncée depuis 1953 dans la *Loi sur les marques de commerce*. Ceux et celles qui exploitent dans le domaine de la technologie informatique et qui offrent leurs produits et services principalement sur Internet sont confrontés à des enjeux particuliers en termes de protection ou de valorisation de leurs marques de commerce. Le présent article examine les récentes décisions qui illustrent les efforts déployés par les tribunaux et la Commission des oppositions des marques de commerce pour traiter plus particulièrement de ces enjeux, ainsi que les récentes décisions qui concernent les répercussions des changements apportés aux méthodes de livraison des logiciels sur l’emploi des marques de commerce, peu importe si l’emploi survient ou non dans les métatags des sites Internet et les mots-clés de publicité, et l’emplacement géographique dans lequel l’emploi survient pour une marque de commerce affichée

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sur un site Internet. Même si les dispositions de la loi n'ont toujours pas été définies pour certains éléments (par exemple les métabalises et les mots-clés de publicité), les tribunaux ont appliqué avec souplesse les dispositions de la loi pour permettre la fourniture non conventionnelle des produits et services, tout en préservant l'importance fondamentale du concept du mot « emploi » tel que défini dans la loi.

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1.0 INTRODUCTION

Technological advancements have radically changed the manner in which goods are sold and services are offered to the public. However, the Parliament has made no substantive changes to the definition of “use” under the Canadian *Trade-marks Act*¹ since 1953. Those who operate in the field of computer technology and who offer goods and services primarily through the Internet face particular challenges when protecting or asserting their trademarks. In response, Canadian courts and tribunals have adopted a flexible interpretation of the Act in order to provide fair outcomes for those who operate in these industries. This article examines recent decisions that illustrate attempts by the courts and the Trade-marks Opposition Board to address these challenges—in particular, recent decisions that address the effect of changing delivery methods for software on trademark use, whether use occurs in website metatags, and the geographical location in which use occurs for a trademark displayed on a website.

2.0 “USE” IS A FUNDAMENTAL CONCEPT UNDER THE TRADE-MARKS ACT

At common law, use of a trademark confers exclusive rights. This common law principle has been supplemented (but not replaced) by the Act. This principle has also been affirmed by the Supreme Court, which held that while the Act provides additional rights to an owner of a registered trademark, registration is only available

¹ *Trade-marks Act*, RSC 1985, c T-13 [“the Act”].

once the right to the trademark has been established by use.² Therefore, Canadian trademark law retains “use” as a concept of fundamental importance.

Use of a trademark forms an essential element of many of the activities governed by the *Trade-marks Act*—for example, entitlement to registration,³ infringement and depreciation,⁴ information that must be provided as a condition of obtaining a registration,⁵ and cancellation of registrations on the basis of non-use.⁶

Yet, in Canada, only certain displays of a trademark qualify as “use” under the Act. The Act sets out the requirements for use in section 4, which separates use into three categories: (1) use in association with goods, (2) use in association with services, and (3) use in association with the export of goods.

Section 4 reads as follows:

4(1) 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, it 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.

(2) 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.

(3) A trade-mark that is marked in Canada on goods or on the packages in which they are contained is, when the goods are exported from Canada, deemed to be used in Canada in association with those goods.

Parliament has not changed section 4 in any substantive way since its enactment of the provisions in 1953.⁷ At the time it was enacted, section 4 expanded the definition of “use” contained in the previous legislation, the *Unfair Competition Act, 1932*,⁸ which provided for use in association with goods only.

² *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paras 35 and 36, [2011] 2 SCR 387 [*Masterpiece*], citing *Partlo v Todd* (1888), 17 SCR 196 at 200.

³ See ss 16(1), 16(2)(c), and 16(3)(c) of the Act.

⁴ See ss 19 and 22 of the Act.

⁵ See ss 30(b), 30(e), and 40(2) of the Act. Amendments to the *Trade-marks Act* that remove use as a precondition to registration have led to frustration and condemnation by Canadian trademark practitioners, precisely because use is so fundamental to Canadian trademark law. See e.g. Daniel R Bereskin, “Canada’s Ill-Conceived New ‘Trademark’ Law: A Venture into Constitutional Quicksand” (2014) 104:5 TMR 1112.

⁶ See s 45 of the Act.

⁷ *Trade Marks Act*, SC 1953, c 49.

⁸ *Unfair Competition Act, 1932*, SC 1932, c 38 [“the 1932 Act”].

Furthermore, section 4(1) in particular remains substantially similar to the provisions of the 1932 Act. For example, the 1932 Act included the language that requires a transfer of property in or possession of a good associated with a trademark:

For the purposes of this Act a trade mark shall be deemed to have been or to be used in association with wares if, by its being marked on the wares themselves or on the packages in which they are distributed, or by its being in any other manner so associated with the wares at the time of the transfer of the property therein, or of the possession thereof, in the ordinary course of trade and commerce, notice of the association is then given to the persons to whom the property or possession is transferred.⁹

In other words, current legal requirements for establishing trademark “use” have remained unchanged for close to 65 years. For goods in particular, the essential requirement for a transfer of property in or possession of goods has remained the same for close to 85 years. While this definition of use can ensure that nominal or non-commercial displays of a mark do not qualify as “use,” commercial trade in emerging technologies does not always fit easily within the language of this section.

3.0 COMPUTER SOFTWARE COMPANIES CAN FACE UNIQUE DIFFICULTIES IN PROVING TRADEMARK USE

Historically, computer software companies have faced some difficulties in showing use under section 4 in disputes before the Federal Court or the Trade-marks Opposition Board (TMOB).¹⁰ Courts and the TMOB have reacted to this problem by adopting a flexible interpretation of section 4.

Almost three decades ago, the Federal Court Trial Division in *BMB Compuscience Canada Ltd v Bramalea Ltd*¹¹ drew attention to the unique difficulties experienced by software companies that attempt to prove trademark use under the Act. BMB Compuscience Canada Ltd (“BMB”) brought an application to expunge a registration obtained by Bramalea Ltd (“Bramalea”) for the trademark NET-MAIL, on the grounds that BMB had previously used the identical trademark in association with its NETMAIL computer program.

⁹ *Ibid*, s 6.

¹⁰ New technologies also create frustration between applicants, trademark professionals, and examining officers at the Trademarks Branch of the Canadian Intellectual Property Office during the registration process, because applicants’ novel technologies often do not fit within lists of goods and services that have been traditionally recognized by examiners pursuant to section 30(a) of the Act. In addition, the rapidly evolving nature of technology means that computer software applicants prefer broad statements of goods and services, which are frequently rejected by examining officers for lack of specificity. However, an in-depth analysis of this problem is beyond the scope of this article.

¹¹ *BMB Compuscience Canada Ltd v Bramalea Ltd*, [1989] 1 FC 362 (TD) [*BMB Compuscience*].

BMB had developed and sold a computer program called NETMAIL by July 1984, almost a year before Bramalea applied for the trademark NETMAIL based on proposed use. However, BMB did not sell a physical object with the NETMAIL trademark mark on it or its package. Instead, BMB's NETMAIL product was bundled as part of its IMAGINET software system. A consumer would see BMB's NETMAIL trademark only when the product was demonstrated or accessed after purchase. Hence, BMB's NETMAIL trademark was not marked on the goods or their packages at the time of the transfer of the property in or possession of the goods, within the meaning of section 4(1). BMB relied on the "notice" language of section 4(1): "A trade-mark is deemed to be used in association with goods if ... 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."

The Federal Court recognized the difficulty faced by BMB, and expunged Bramalea's trademark based on BMB's prior use. The court emphasized the fact that, owing to the nature of the goods, strict adherence to the traditional means of showing an association between the trademark and the goods at the time of transfer would produce an unfair result. According to the court:

What we are dealing with is software which forms a part of a computer system. It is not the type of object, such as a pair of socks, to which one can simply attach a label and which label is clearly visible. Although this could have been done, it is not to say that one could not "attach" the label onto the program and which "label" would only appear when the program is called upon by the user of the computer.¹²

The court held that demonstration of the IMAGINET system that contained the NETMAIL program before and after BMB's sale of the system constituted section 4(1) use. The court recognized that a finding to the contrary would mean that "[i]t would, in effect, not be possible any longer for companies wishing to protect the trademarked software to install it either at the vendor's place of business or the purchaser's place of business because there would be no proper use of the trademark" and that "[t]his seems not to be in accord with sound business principles."¹³

BMB Compuscience continues to be cited for the principle that computer software companies experience unique difficulties when attempting to associate trademarks with their software. In order to resolve this difficulty, the TMOB has recognized use under section 4(1) in the context of a non-use cancellation proceeding, where it was shown that the trademark appeared on licence agreements and sublicense forms provided to purchasers of software, and when the mark appeared on installation screens.¹⁴

¹² *Ibid* at para 38.

¹³ *Ibid* at para 42.

¹⁴ See *Clark Wilson LLP v Genesisystems, Inc.*, 2014 TMOB 64.

4.0 CHANGING DELIVERY METHODS AND THE DIFFERENCE BETWEEN GOODS AND SERVICES

Another feature of the computer software industry that presents difficulties in showing use is the frequency with which the industry changes and adopts new business models to reduce cost or to reach new consumers. Currently, many players in the software industry no longer install software programs on-site, or provide users with a copy of software that can be installed on a personal device. Instead, these companies provide access to their products over the Internet.

While the substitution of on-site installation with online access can provide advantages to both consumers and developers, this general shift in software delivery methods causes problems for registrations previously obtained by computer software companies. The Federal Court has adopted a flexible understanding of what constitutes a software good, in order to allow for this shift from the sale of goods to the delivery of services. The court's approach recognizes the changing nature of the marketplace without placing previously obtained trademarks at risk.

As explained above, the Act separates use into categories that draw a distinction between goods and services. This distinction is also present in the registrations themselves, in which applicants must list the goods and services with which their trademarks are associated. The practical result of this separation is that trademark registrations maintain a bright-line division between what constitutes a "good" and what constitutes a "service."

Yet modern commercial realities blur the lines between goods and services. Computer software companies once distributed consumer software on physical storage devices such as CDs and floppy disks. Consumers owned or possessed a physical copy of these storage devices. However, computer software businesses have increasingly moved away from ownership of software goods, and have replaced it with access to software services. Even where physical programs are installed on a user's computer, users often access key components and functionalities remotely—for example, using an Internet connection to gain access to the software's functions. There are a number of terms that describe this new method of providing software, such as "on-demand software," or the various categories of "cloud computing," such as "infrastructure as a service" (IaaS), "platform as a service" (PaaS), and "software as a service" (SaaS).

The Federal Court, considering this type of technological change, allowed an appeal from a decision of the registrar of trademarks in *Specialty Software Inc v Bewatec Kommunikationstechnik GmbH*.¹⁵ The registration at issue was owned by Specialty Software Inc (SSI). SSI's trademark was registered for the goods "computer software programs." The evidence showed that SSI's assignee now offered the

¹⁵ *Specialty Software Inc v Bewatec Kommunikationstechnik GMBH*, 2016 FC 223 [*Specialty Software*].

computer software programs through a website, which the requester argued was use as a “service.”

The issue before the court was whether a registrant continues to use the trademark in association with the goods for which it is registered, where the registration covers goods that are now offered as a service as the result of a technological change.

The court held that while SSI used to sell its software on disks, it was always really selling a licence to use the software, which is an intangible good. The disks merely represented the means by which the transfer of the goods occurred—the real goods were and continued to be the licences.¹⁶ The transfer occurred when SSI granted access to the software in the form of providing login credentials, and the mark was visible before, after, and during the transfer. As a result, the court held that SSI had demonstrated the transfer of property in goods.¹⁷

In effect, the court in *Specialty Software* considered that “use” occurred for computer software goods within the meaning of the *Trade-marks Act* when a consumer was granted access to the software. The court characterized this access (and the licences that authorized it) as a good, notwithstanding the fact that what actually occurred resembled the provision of a service.

5.0 THE UNSETTLED LAW ON WEBSITE METATAGS, ADVERTISING KEYWORDS, AND TRADEMARK USE

Technological changes also affect businesses that use, rather than sell, technology. One emerging area of trademark disputes in Canada relates to the use of trademarks in website metatags. It is not clear whether or not the use of a trademark as a metatag can constitute infringement or passing off in Canada. Whether or not use as a metatag constitutes “use” within the meaning of section 4 of the Act, the Federal Court has been reluctant to find that such uses are confusing. As a result, previous attempts to characterize this type of use as infringement have been rejected by the court.¹⁸

Metatags are terms that are embedded in the source code of a website. Typically, metatags do not appear in the visible text of a website, so visitors to a site often do not notice their use. However, metatags form part of the data used by search engines, such as Google®, to determine whether a website is relevant to a search term

¹⁶ *Ibid* at para 13.

¹⁷ *Ibid* at paras 14 and 15.

¹⁸ The Federal Court recently rejected a passing-off and infringement claim brought to restrain the use of metatags in *Red Label Vacations Inc (redtag.ca) v 411 Travel Buys Ltd (411travelbuys.ca)*, 2015 FC 18 [*Red Label*], aff'd 2015 FCA 290. In contrast, the Ontario Superior Court, in the context of a motion for an interlocutory injunction, has recognized that the use of a competitor's trademark could constitute confusing or misleading conduct: *Pandi v Fieldofwebs.com Ltd*, [2007] OJ No 2739 (QL) at paras 38 and 39 (Sup Ct J).

entered by a user. Therefore, it is possible to embed a trademark as a metatag in a website that offers a competing product or service without authorization from the trademark's owner. Businesses sometimes use competitors' trademarks in this manner, in an attempt to capture the attention and business of consumers who search online for a phrase that includes a competitor's trademark.

In *Red Label*, the defendants did not deny that they had used the plaintiffs' trade name and terms that were similar to the plaintiffs' trademarks as metatags on their website, and that the use of at least one of these terms redirected traffic from the plaintiffs' website to the defendants'. However, the court did not accept that this constituted passing off or infringement:

The use of metatags in a search engine merely gives the consumer a choice of independent and distinct links that he or she may choose from at will, rather than directing a consumer to a particular competitor. ... Accordingly, use of a competitor's trademark or trade name in metatags does not, by itself, constitute a basis for a likelihood of confusion, because the consumer is still free to choose and purchase the goods or services from the website he or she initially searched for.¹⁹

The court also commented expressly on the principle of "initial interest confusion," where confusion is caused in consumers before they actually purchase a good or service.²⁰ "Initial interest confusion" occurs when a consumer seeks a particular brand of goods or service, but is drawn or enticed to a competitor's goods or services through the competitor's use of the first company's trademark.²¹ The trial judge remarked that this concept had not "gained a foothold in Canada," and in any event would not apply to a situation in which consumers still make an independent choice as to which link to accept.²²

The court also did not accept that the use of similar marks as metatags constituted depreciation under section 22 of the Act, since the defendants did not use the plaintiffs' trademarks as registered. In the alternative, the court found that such use did not constitute "use" within the meaning of the Act, because there was no use of these marks on any visible portion of the website.²³ This alternative finding raises

¹⁹ *Red Label*, *supra* note 18 at para 115.

²⁰ "Initial interest confusion" has been recognized by courts in the United States in similar situations. For example, in *Brookfield Communications Inc v West Coast Entertainment Corp*, 174 F (3d) 1036 (9th Cir 1999), a federal appeals court found that use of a competitor's trademarks in a trader's metatags caused confusion when the results of a search for the competitor listed the trader's website: "[a]lthough there is no source confusion in the sense that consumers know they are patronizing West Coast rather than Brookfield, there is nevertheless initial interest confusion in the sense that, by using 'moviebuff.com' or 'moviebuff' to divert people looking for 'MovieBuff' to its web site, West Coast improperly benefits from the goodwill that Brookfield developed in its mark."

²¹ *Red Label*, *supra* note 18 at para 114.

²² *Ibid* at para 115.

²³ *Ibid* at para 124.

questions about whether or not a trademark must appear visually to be “used.” The Federal Court of Appeal refused to disturb this finding, on the grounds that this was an alternative finding, and the primary finding had not been challenged.²⁴

Therefore, courts in Canada continue to be reluctant to characterize unauthorized use in metatags as trademark “use,” and are even less likely to find that such activities confuse the public. Consumers do not actually see a trademark when it is used as a metatag. Moreover, consumers make a conscious decision to access a particular website that appears in search results based on the description of the website (and perhaps the URL), rather than based on viewing a competitor’s trademark. As a result, there will continue to be barriers to restraining this type of unauthorized conduct.

Yet it may still be possible to succeed in infringement and passing-off claims based on the use of trademarks in website metatags in Canada. Justice Dawson, in a concurring opinion on the appeal of *Red Label*, held that her concurrence ought not to be read as an endorsement of the court’s remarks relating to “initial interest confusion,” because the question whether such use constitutes infringement is necessarily fact-specific.²⁵

Although Justice Dawson did not provide further reasons, and did not expressly provide support for the legal concept of initial interest confusion, this concept arguably fits within the existing Canadian law of confusion, which is based on a consumer’s first impression. The Supreme Court in *Masterpiece* rejected the notion that further research or additional information obtained by a consumer is relevant to a proper confusion analysis. In other words, conduct that occurs after a consumer encounters a mark in the marketplace is not relevant to the confusion analysis: “it is confusion when they encounter the trade-marks that is relevant. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.”²⁶

In addition to embedded metatags, a competitor can purchase advertising keywords through search engines such as Google®. While the mechanism differs from embedded website metatags, purchasing a competitor’s trademark as a keyword has the same intended result: a search for a competitor will yield results for a trader’s own goods and services.

The BC Court of Appeal recently considered the unauthorized use of advertising keywords in *Vancouver Community College v Vancouver Career College*.²⁷ The

²⁴ *Red Label Vacations Inc (Redtag.ca) v 411 Travel Buys Limited (411 Travel Buys Limited)*, 2015 FCA 290 at para 27.

²⁵ *Ibid* at para 45.

²⁶ *Masterpiece*, *supra* note 2 at para 70.

²⁷ *Vancouver Community College v Vancouver Career College (Burnaby) Inc*, 2017 BCCA 41 [VCC].

Court of Appeal found that the defendant, by causing its own results to appear in a search for its competitor's official mark, had passed off its services through the use of advertising keywords. The court distinguished these facts from those at issue in *Red Label*, because a consumer can see the advertising keywords, whereas website metatags are not typically visible to a consumer.²⁸

The ability to restrain unauthorized use in metatags or search engine advertising keywords may hinge on the meaning of the word "encounter" as used by Justice Rothstein in *Masterpiece*.²⁹ According to *Masterpiece*, a confusion analysis ought not to take account of research or inquiries undertaken by a consumer after the consumer "encounters" a trademark. By using the word "encounter" rather than "view," "see," or otherwise visually perceive the trademark, *Masterpiece* does not necessarily establish that metatags cannot cause confusion because a consumer may be unaware that the trademark is used. If *Masterpiece* requires that an "encounter" must involve a consumer visually taking notice of a mark displayed by an unauthorized party, then there will continue to be significant barriers to enjoining unauthorized use of trademarks as metatags. If, however, an "encounter" could be interpreted to mean the process of entering a term that is identical or similar to a trademark into a search engine, and then associating that search term with the results returned by the service, it may be possible to bring this type of unauthorized use within the prohibitions of the Act.

In *VCC*, the BC Court of Appeal observed that the Federal Court of Appeal's majority decision in *Red Label* did not refer to *Masterpiece*, and to the extent that the Federal Court of Appeal's decision is inconsistent with *Masterpiece*, the BC court was bound by the Supreme Court's precedent.³⁰ The defendant has appealed the decision in *VCC* to the Supreme Court.³¹ If the Supreme Court grants *certiorari* to the appellant, it will have an opportunity to clarify any inconsistency in the treatment of advertising keywords and metatags that arises from the decisions in *Red Label* and *Masterpiece*.

In any event, *Red Label* and *VCC* illustrate that applying the *Trade-marks Act* to new commercial realities requires courts adopt a flexible interpretation of the Act and established case law. Canadians may have an opportunity in the near future to see how the Supreme Court's decision in *Masterpiece* applies to these practices.

6.0 WHETHER DISPLAY OF A TRADEMARK ON A WEBSITE CONSTITUTES USE "IN CANADA"

The changing nature of commerce means that more and more businesses offer their services exclusively over the Internet. Many computer software companies follow

²⁸ *Ibid* at para 69.

²⁹ *Masterpiece*, *supra* note 2 at paras 70-72.

³⁰ *VCC*, *supra* note 27 at para 69.

³¹ Supreme Court of Canada docket 37498, 29 March 2017.

this approach by offering the types of cloud computer services discussed above, without selling the equivalent products or services through traditional retail establishments, and without installing software directly on their clients' servers.

Internet-exclusive service providers can also reach consumers who would otherwise be unfamiliar with or unable to access their services due to geographical distance. As a result, companies that deliver services over the Internet can have a truly global reach, and can target consumers all across the world. In the context of Canadian trademark law, the global operations of these kinds of businesses raise questions as to whether such entities actually offer services in Canada.

Formerly, Canadian courts considered that advertising of services in Canada did not qualify as "use" under the *Trade-marks Act* unless the services were also performed in Canada. In the 1966 decision of the Exchequer Court in *Porter v Don the Beachcomber*,³² the court held that section 4(2) did not deem use to occur when advertising in Canada was coupled with performance of the services elsewhere. However, there has been a significant move away from this line of reasoning in recent cases that involve trademarks appearing in Internet advertisements for services that are performed outside Canada.

In *HomeAway.com, Inc v Hrdlicka*,³³ the Federal Court articulated an approach that seemed to depart radically from previous decisions regarding use in Canada. The decision involved an application for expungement of a registration for the trademark VRBO, based on the applicant's prior use of the mark in association with vacation real estate listing services. The applicant was a Delaware corporation outside Canada, although it advertised these services in Canada and targeted Canadian consumers.

The court held that the information for the applicant's advertisements, which contained the VRBO trademark, was inputted through one or more computers in the United States, but computer screens displayed the information in Canada and elsewhere.³⁴ This conclusion led the court to make the broad statement of law that "a trade-mark which appears on a computer screen website in Canada, regardless [of] where the information may have originated from or be stored, constitutes for *Trade-Marks Act* purposes, use and advertising in Canada."³⁵

This statement of law in *HomeAway* was subsequently clarified by the Federal Court in *Unicast SA v South Asian Broadcasting*.³⁶ The applicant argued that, following *HomeAway*, the simple fact of a trademark's appearance on a computer screen in Canada is sufficient to establish use under the Act. The court disagreed,

³² *Porter v Don the Beachcomber* (1966), 48 CPR 280 (Ex Ct) [*Don the Beachcomber*].

³³ *HomeAway.com, Inc v Hrdlicka*, 2012 FC 1467 [*HomeAway*].

³⁴ *Ibid* at para 14.

³⁵ *Ibid* at para 22.

³⁶ *Unicast SA v South Asian Broadcasting Corporation Inc*, 2014 FC 295 [*Unicast*].

finding that the decision in *HomeAway* must be placed in context, where the services offered in association with VRBO were actually offered to Canadians over the web.³⁷

As held by the court, a contrary interpretation of the requirements for use under section 4(2) would mean that every single Canadian trademark owner would be at risk of having its trademark registration expunged on the basis of foreign trademark holders with no nexus to Canada, apart from their operation of websites that can be accessed by Canadians.³⁸ Therefore, the decision in *HomeAway*, as clarified by *Unicast*, stands for the proposition that associated services must be offered to Canadians or performed in Canada for the display of a trademark to constitute use.

The applicant in *Unicast* ultimately failed to establish prior use because the definition of “broadcasting” in the *Broadcasting Act* has a number of presence requirements that were not met by the applicant.³⁹ The court found that the applicant could still have succeeded in establishing prior use if its evidence of use by Canadians had been satisfactory for streaming services.⁴⁰ Therefore, a party may succeed in establishing use for such services on a similar factual basis in the future, where it offers services to Canadian consumers while based in another country. The current barrier relates to the evidentiary burden that parties must satisfy, not a legal barrier for parties that provide their services in this manner.

The decisions in *HomeAway* and *Unicast* do not cite *Don the Beachcomber*, nor do they provide reasons for the departure from the established case law. While the changing nature of commerce supports the Federal Court’s flexible interpretation of the Act, it is regrettable that the court has not addressed this prior case law in detail. As another commentator stated, before the decisions in *HomeAway* and *Unicast*, “the principal of *stare decisis* requires that before a long-standing case like *Don the Beachcomber* is ignored or set aside, a detailed analysis should be provided that explains why its reasoning is no longer applicable.”⁴¹

7.0 CONCLUSION

While use is fundamental to Canadian trademark law, the requirements for use under the *Trade-marks Act* are sometimes at odds with 21st-century commercial practices, particularly in the field of computer technology. Canadian courts and the Trade-marks Opposition Board have shown, to an extent, a willingness to interpret the provisions of the Act in a flexible manner that does not unfairly prejudice the rights of businesses operating in these new commercial spaces.

³⁷ *Ibid* at para 46.

³⁸ *Ibid* at para 47.

³⁹ *Ibid* at paras 61-64; *Broadcasting Act*, SC 1991, c 11.

⁴⁰ *Ibid* at paras 71-72, 75.

⁴¹ Dale E Schlosser, “Use of a Trade-mark with Services: Has *Don the Beachcomber* Been Lost in the Sands of Time?” (2011) 27:1 CIPR 207 at 216.

In order to properly serve their clients, trademark practitioners must adopt strategies that recognize the new realities of commercial practice, in which traditional approaches to the collection and presentation of evidence may no longer apply. Clients who operate in these new commercial realities may not have voluminous records of brochures, print advertisements, or “shelf-shouters” from which traditional trademark evidence has often been drawn. Sometimes, this will mean doing more with less—for example, attempting to prove use based simply on archived screenshots of web pages as they existed at certain periods of time, supplemented with website metrics showing the number of times a page has been accessed and from where (if such information is available).

Furthermore, practitioners ought to review the particular statement of goods and services contained in a trademark registration to determine whether a bright-line division exists between the goods and services. Computer software companies may have the capability to provide some articles listed as “goods” as “services.” The historic division between these goods and services may not apply in the same manner to registrants who operate in the computer software industry, or through new delivery models made possible by technological advancements.

As with any emerging area of law, practitioners will likely interpret the law conservatively in order to avoid issues for their clients. For example, it remains prudent to advise clients that services must actually be performed in Canada in order to satisfy the use requirements under section 4(2). For some clients, it will not be possible to satisfy these use requirements as a result of regulatory restrictions or other business considerations that prevent them from performing services in Canada in a traditional manner.

For such clients, practitioners can offer creative solutions—for example, by investigating the nature of the products or services actually offered by the client. As recent decisions show, technological advancements over the last few decades have blurred the line between the nature of goods and services actually sold by a client. Software goods, in particular, can be recast as licences to use software or permission to access a platform, and these services can be offered in Canada even if a client has no physical presence in Canada, conducts all of its operations outside Canada, and hosts no content on servers in Canada. The recent decisions of the Federal Court and the TMOB show that old legal strategies must be adapted for new legal problems. Yet if practitioners can effectively understand and explain their clients’ goods and services, effective strategies can be adopted for clients in emerging fields of technology.

