

Federal Court



Cour fédérale

Date: 20110309

Docket: T-521-10

Citation: 2011 FC 273

Ottawa, Ontario, March 9, 2011

PRESENT: The Honourable Madam Justice Simpson

BETWEEN:

TSA STORES, INC.

Applicant

and

**THE REGISTRAR OF TRADE-MARKS and
HEENAN BLAIKIE LLP**

Respondents

REASONS FOR JUDGMENT AND JUDGMENT

THE PROCEEDING

[1] TSA Stores, Inc. (the Applicant), is the second largest sporting goods retailer in the world. It appeals, pursuant to section 56 of the *Trade-marks Act*, RS 1985, c T-13 (the Act), a decision of the Registrar of Trade-marks (the Registrar) dated January 12, 2010, which expunged six of the Applicant's trade-marks for non-use pursuant to section 45(3) of the Act (the Decision). The appeal

is unopposed. For the following reasons, I restore the registrations for four of the trade-marks with the amendments suggested by the Applicant.

BACKGROUND

[2] The Applicant operates approximately four hundred retail stores in the United States selling sporting and fitness equipment. For a time, it operated six stores in Canada, but they were closed in 2000. The Applicant also operates a website which is accessible in Canada (the Website).

[3] On July 19, 2006, at the request of Heenan Blaikie LLP, the Registrar issued notices pursuant to section 45 of the *Trade-marks Act* (the Notices) requiring the Applicant's predecessor in title to show evidence of use. Accordingly, the three-year period in which use of the trade-marks must be established runs from July 17, 2003 to July 19, 2006 (the Relevant Period).

[4] The Sports Authority Michigan, Inc. was the registered owner of the trade-marks when the Notices were issued. However, on December 31, 2007, The Sports Authority Michigan, Inc. merged with TSA Stores, Inc. and, since September 25, 2009, the trade-marks have been registered in the Applicant's name.

[5] In response to the Notices, the Applicant filed the affidavit of Nesa Hassanein sworn on July 18, 2007 (the First Affidavit). She was then the Executive Vice-President and General Counsel of The Sports Authority, Inc. and its subsidiaries.

THE TRADE-MARKS

[6] In the hearing before a member of the Trade-marks Opposition board on October 29, 2009, the Applicant agreed that Canadian trade-marks TMA471,421 and TMA497,757 should be expunged. However, it asked that the four remaining trade-marks be maintained on the Register with the amendments described below.

[7] The trade-marks which are the subject of this appeal (collectively the Marks) are:

- | | |
|------------|---|
| TMA480,492 | <p>The Sports Authority</p> <ul style="list-style-type: none"> ● The Applicant says that the registration for “wares” may be deleted. ● This appeal deals only with “services” which are described as the “operation of retail stores for the sale of sporting equipment and clothing”. |
| TMA488,961 | <p>The Sports Authority Logo</p> <ul style="list-style-type: none"> ● This registration is in connection with services described as “retail store services featuring sporting equipment and clothing”. ● There are no deletions. |
| TMA490,102 | <p>The Sports Authority</p> <ul style="list-style-type: none"> ● This registration is only in connection with the services described in TMA488,961. ● There are no deletions. |
| TMA498,405 | <p>Le Sports Authority</p> <ul style="list-style-type: none"> ● This registration is in connection with a lengthy list of services but for this appeal all are deleted except the following: “retail sporting goods, apparel and footwear store services”. |

[8] In 2003, The Sports Authority Michigan, Inc. began to use The Sports Authority marks without the initial “The”.

THE DECISION

[9] The Decision is accurately described in paragraphs 23-26 of the Applicant's Memorandum of Fact and Law. They read as follows:

23. In the Decision, the Registrar made the following statements and findings, with which the Applicant agrees:

The evidence is clear, and accepted by both parties, that the registrant does not have any physical retail stores in Canada, nor did it have any during the relevant period. The issue in the present proceedings is whether the evidence establishes that the registrant, by means of the TSA website discussed below, has been providing retail store services in association with the trade-mark registrations under review to Canadian during the relevant period.”

Ms. Hassanein states at paragraph 11 of her affidavit that TSA began using the mark SPORTS AUTHORITY without the initial article “the”, in 2003. I agree with the registrant that such deviation from the marks as registered is immaterial; the dominant features are preserved such that the SPORTS AUTHORITY marks as used maintain their identity and remain recognizable as the registered Marks *per se*.

There is no definition of “services” in the *Act*. The absence of a legislative definition has led the courts to adopt a broad interpretation as opposed to imposing a restrictive interpretation of the word “services” [see *Kraft Ltd. v. Canada (Registrar of Trade-marks)* (1984), 1 C.P.R. (3d) 457 (F.C.T.D.)].

Use in Canada in association with retail stores and services does not require the operation of a physical retail store in Canada.

...Ms. Hassanein does provide a few clear statements of fact that the SPORTS AUTHORITY marks have been used in Canada in association with retail stores services via the TSA website. As indicated above,

Ms. Hassanein does state that the TSA website is regularly accessed from Canada and she does provide the numbers of Canadian visitors to the site for the years 2005 to 2007, as well as online sales figures to Canadian customers by means of affiliate program made during the relevant period... The statements of Ms. Hassanein go beyond bald assertions of use as “matters of law”... and may be sufficient to establish use of the SPORTS AUTHORITY marks in Canada during the relevant period...

24. However, the Registrar also found the following perceived deficiencies in the Hassanein Affidavit:

Nowhere on the TSA website’s excerpts produced by Ms. Hannanein is the Registrant being referred to... Use of the SPORTS AUTHORITY marks on such website does not accrue to the registrant...

... These statements of Ms. Hassanein... do not establish use of the marks by the Registrant itself or proper licensees(s), if any.

In view of my conclusions below re use by the registrant or a licensee pursuant to section 50 of the *Act*, it is not necessary to make a determination on the issue of whether the above shows use of the SPORTS AUTHORITY marks in Canada; [sic] is not to say that I find the present case distinguishable on the facts and the decisions relied upon by the registrant. In all of these decisions, there was some kind of documentary evidence purporting support in some way the advertising or the performance of the services claimed by the trade-mark owner to be offered in Canada, which is not the case here.

The statement made in paragraph 1 of Ms. Hassanein’s Affidavit is to say the least vague and imprecise.

The statement made by Ms. Hassanein fails to explain which entity(ies) is (are) in fact using the SPORTS AUTHORITY marks in what capacity or authority. The do not tackle in any way the issue of control or the licensed use (if any) of the SPORTS AUTHORITY marks.

To conclude, I have no doubt that the evidence does not show, or even allows me to infer that the Registrant is in fact the entity that is using the trademarks under review, or that it has licensed the use of these marks and exercised control over the activities of its licensee(s), if any.

25. In view of the Registrar's finding that there was no evidence of controlled use by a licensee under section 50 of the *Act*, the Registrar ordered the expungement of the Registrations.

26. Additionally, the Registrar held that use of the mark "SPORTS AUTHORITY" did not constitute use of the trademark LE SPORTS AUTHORITY, notwithstanding the contrary and inconsistent finding that use of the trade-mark SPORTS AUTHORITY amounts to use of the trade-mark THE SPORTS AUTHORITY.

THIS APPEAL

[10] New evidence was filed on this appeal in the form of an affidavit sworn by Douglas Garrett on May 7, 2010 (the Second Affidavit). He was then the Applicant's Vice-President and Associate General Counsel.

[11] In the Second Affidavit, the ownership of the Marks was addressed and it was made clear that, during the Relevant Period, the Marks were owned by The Sports Authority Michigan, Inc. This evidence would have had a material effect on the Registrar's Decision. Accordingly, I will consider all the evidence and decide the appeal *de novo*.

[12] The Second Affidavit also described the Website and its operation in the following terms:

[...]

7. Throughout the Relevant Period, an online SPORTS AUTHORITY retail store has been operated by means of the SPORTS AUTHORITY website (linked to the www.Sportsauthority.com domain name.

8. Throughout the Relevant Period, the SPORTS AUTHORITY website/online store has been operated by GSI Commerce Solutions, Inc., pursuant to a License and E-Commerce Agreement granted by The Sports Authority Michigan, Inc. A copy of the July 2001 Agreement is **Exhibit "A"** to my Affidavit, and an Amendment to this Agreement is **Exhibit "B"** to my Affidavit. Although I am aware that the website may have stated during the Relevant Period that it was operated by GSI Commerce, Inc., I confirm that the website was being operated by, and the SPORTS AUTHORITY marks were being used by, GSI Commerce Solutions, Inc.

9. GSI Commerce Solutions, Inc.'s operation of the SPORTS AUTHORITY website, and the use of all SPORTS AUTHORITY marks, was strictly controlled by The Sports Authority Michigan, Inc., during the Relevant period, pursuant to such License and E-Commerce Agreements.

[...]

[13] As well, the Second Affidavit expanded the description of the retail stores services offered on the Website. It said:

[...]

11. As shown within **Exhibit "C"**, the SPORTS AUTHORITY website and online retail store has provided a wide range of retail store services during the Relevant Period, as well as before and after the Relevant Period.

12. For instance, during all relevant times including the Relevant Period, the SPORTS AUTHORITY website and online retail store has provided retail customer service to consumers assisted by means of the "Help Me Choose Gear" service. This service provides an extensive array of retail store services during the Relevant Period, including providing "Buyers Guides" with detailed information and assistance (e.g. sizing, fit tips, care information, identifying suitable equipment, providing product availability, etc.) relating to virtually all items available to be purchased at our SPORTS AUTHORITY retail stores, whether online or at our bricks and mortar locations.

13. As noted within Paragraph 16 of the Hassanein affidavit, the SPORTS AUTHORITY website and online retail store was visited by hundreds of thousands of Canadians during the Relevant Period.

[...]

15. Indeed, and in order to assist Canadians, the SPORTS AUTHORITY website and online store permits individuals to enter their “Postal Code” in order to locate the closest SPORTS AUTHORITY bricks and mortar store within the United States. This service has been provided throughout the Relevant Period, and is displayed in **Exhibit “C”** to my affidavit.

THE ISSUES

[14] In my view, as shown above, the ownership, licensing and supervision issues in relation to the Website have been dealt with in a satisfactory manner in the Second Affidavit. Accordingly, the remaining questions are:

- (i) Were the services, which were available in association with the Marks on the Website, ancillary services which constituted use in the Relevant Period?
- (ii) Did the use of The Sports Authority trade-mark constitute use of the Le Sports Authority trade-mark?

(i) Ancillary Services

[15] A trademark is deemed to be used in association with “services” if it is used or displayed in the performance or advertising of those services.

[16] The word “services” is not defined in the Act. It has therefore been held that “services” should be given a liberal interpretation and that each case should be decided on its own facts (see *Kraft Ltd v Registrar of Trade-marks*, [1984] 2 FC 874, 1 CPR (3d) 457 at paras 8-9).

[17] It has also been recognized that the Act makes no distinction between primary, incidental or ancillary services. As long as some members of the public, consumers or purchasers, receive a benefit from the activity, it is a service (see *Société Nationale des Chemins de fer Français SNGC v Venice Simplon-Orient-Express Inc*, 9 CPR (4th) 443, 102 ACWS (3d) 189).

[18] In the Relevant Period, a large number of Canadians made use of the Website. In each of 2005 and 2006, over 360,000 Canadian visited the site. As well, there were more than 210,000 visitors to the site in the first six months of 2007.

[19] The “Help Me Choose Gear” service on the Website provides a significant volume of information and guidance about a vast array of products. Visitors to the Website are given detailed descriptions of each product and are told how to identify suitable equipment depending on the age and expertise of the user, how to select correct sizes and how to care for the products. There is also an extensive glossary of specialized sportswear terminology. In my view, visiting this service on the Website is akin to visiting a bricks and mortar store and benefiting from a discussion with a knowledgeable salesperson.

[20] The Shoe Finder service is similar. It allows a visitor to the Website to identify the running shoe which best suits his or her needs. Lastly, the Store Locator service allows a web user to enter a

postal code to call up the location of the nearest store. This allows Canadians to find a nearby store in the United States.

[21] In my view, these services are of benefit to Canadians. Accordingly, since the Marks appear in connection with these ancillary retail store services on the Website, I have concluded that there is evidence of use in Canada in the Relevant Period.

(ii) Le Sports Authority

[22] I have also concluded that use of The Sports Authority trade-mark constitutes use of the Le Sports Authority trade-mark because the variations between the two marks are immaterial and therefore permissible.

CONCLUSION

[23] For all these reasons, the appeal will be allowed.

JUDGMENT**THIS COURT'S JUDGMENT is that:**

1. Canadian Trade-mark Registration No. TMA480,492 is restored, in part, such that the statement of wares is deleted and the statement of services reads as follows “the operation of retail stores for the sale of sporting equipment and clothing”.
2. Canadian Trade-mark TMA488,961 is restored without amendment.
3. Canadian Trade-mark TMA490,102 is restored without amendment.
4. Canadian Trade-mark TMA498,405 is restored, in part, such that the statement of services reads as follows “retail sporting goods, apparel and footwear store services”.

“Sandra J. Simpson”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-521-10

STYLE OF CAUSE:

PLACE OF HEARING: Toronto, Ontario

DATE OF HEARING: November 16, 2010

REASONS FOR JUDGMENT: SIMPSON J.

DATED: March 9, 2011

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