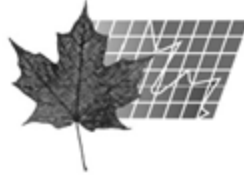


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LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2020 TMOB 19

Date of Decision: 2020-02-25

IN THE MATTER OF SECTION 45 PROCEEDINGS

2277279 Ontario Inc.

Requesting Party

and

Checkers Drive-In Restaurants Inc.

Registered Owner

**TMA363,879 for RALLY'S
Hamburgers & Design and
TMA429,961 for RALLY'S Design**

Registrations

[1] This is a decision involving summary expungement proceedings with respect to registration Nos. TMA363,879 and TMA429,961, for the marks RALLY'S Hamburgers & Design and RALLY'S Design, respectively, shown below (the Marks), owned by Checkers Drive-In Restaurants Inc.

TMA363,879



TMA429,961



[2] Both registrations are registered in association with “Restaurant services”.

[3] For the reasons that follow, I conclude that the registrations ought to be expunged.

THE PROCEEDINGS

[4] On February 18, 2016, the Registrar of Trademarks sent notices under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) to Checkers Drive-In Restaurants Inc. (the Owner). The notices were sent at the request of 2277279 Ontario Inc. (the Requesting Party).

[5] The notices required the Owner to furnish evidence showing that it had used the Marks in Canada, at any time between February 18, 2013 and February 18, 2016, in association with the services specified in the registrations. If the Marks had not been so used, the Owner was required to furnish evidence providing the date(s) when the Marks were last in use and the reasons for the absence of use since that date.

[6] The relevant definition of use is set out in section 4(2) of the Act as follows:

4(2) 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.

[7] It has been well established that the purpose and scope of section 45 of the Act is to provide a simple, summary, and expeditious procedure for clearing the register of “deadwood”. As such, the evidentiary threshold that the registered owner must meet is quite low [see *Woods Canada Ltd v Lang Michener et al* (1996), 71 CPR (3d) 477 (FCTD)] and “evidentiary overkill”

is not required [see *Union Electric Supply Co v Canada (Registrar of Trade Marks)* (1982), 63 CPR (2d) 56 (FCTD)]. Nevertheless, sufficient facts must still be provided to allow the Registrar to conclude that the trademark was used in association with the services specified in the registration [see *Uvex Toko Canada Ltd v Performance Apparel Corp*, 2004 FC 448, 31 CPR (4th) 270]. Mere assertions of use are not sufficient to demonstrate use in the context of section 45 proceedings [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)].

[8] In response to the Registrar's notices, the Owner furnished identical affidavits of Vincent C. Brockman, the Senior Vice President, General Counsel and Secretary of the Owner, sworn September 19, 2016, together with Exhibits A to M.

[9] Both parties filed written representations; however, only the Requesting Party made representations at an oral hearing.

THE EVIDENCE

[10] Mr. Brockman explains that the Owner owns, operates and franchises 293 Rally's-branded restaurants across the United States. In support, he provides as Exhibit A to his affidavit, printouts from the Owner's website of the Franchise FAQs dating from September 15, 2016. He states that the Owner has franchised its Rally's-branded restaurants since at least as early as 1999, including during the relevant period. He further provides as Exhibit B to his affidavit, printouts from the Owner's website dating from September 15, 2016, which he states are representative of how the website looked during the relevant period, showing the company's food offerings, nutritional information, company information, franchising opportunities, contact information, and a restaurant locator service for locations across the United States. In the top left corner of each printout, the following composite mark appears:



Although not readily apparent from the above reproduction, the words CRAZY GOOD FOOD appear beneath RALLY'S, wherein the red oval background includes a checkerboard-like pattern.

[11] Mr. Brockman notes that, as can be seen in the Exhibit B website printouts, Rally's-branded restaurants are operated in several cities close to the Canadian border including Toledo, Ohio, Cleveland, Ohio, Flint, Michigan, and Lansing, Michigan. He states that the Owner's website is regularly accessed from Canada and, in support, provides website traffic statistics for "unique Canadian visitors" for the years 2013-2016.

[12] In addition, Mr. Brockman provides as Exhibits C through E, storefront images of Rally's-branded restaurants located in Toledo and Cleveland, Ohio, which he states are representative of such restaurant signage during the relevant period. He states that the Marks appear in a "slightly" updated format to reflect a more modern brand image.

[13] Mr. Brockman asserts that the Owner, by itself and through its predecessor Rally's Hamburgers, Inc., has used the Marks in Canada during the relevant period. In this regard, Mr. Brockman explains that the Owner has advertised the registered services in association with the Marks through television and radio, and in newspapers and magazines, in markets where the Owner has Rally's branded restaurants. He states that as a result, the Owner has developed a significant reputation in Canada. In support, he provides advertising expenditure figures for the years 2006 to 2015 in US dollars. In addition, he attaches as Exhibits G through I, news articles from 2005 regarding the Owner's sponsorship of the Indy 500 and NASCAR sporting events, as well as a snapshot taken from YouTube of a music video, posted on June 22, 2016, which features a Checkers restaurant, another brand of the Owner.

[14] Mr. Brockman attests that the Owner further advertises the registered services in association with the Marks through regular marketing emails to individuals in Canada, as well as through social media. In support, he provides as Exhibits J and K, copies of such emails, which are dated from August and September 2016. The emails advertise specific food offerings, with one email including a coupon. Mr. Brockman attests that these emails were opened by over 250 and 500 individuals located in Canada, respectively. Further to this, Mr. Brockman provides as Exhibit L, printouts from the Owner's social media pages, including Facebook, Instagram and Twitter, which he states are representative of how each respective page appeared during the relevant period. He also attaches as Exhibit M, a breakdown of the Twitter mentions of the hashtag "@checkersrallys" by geography, which includes figures from individuals who note

their location as being in Canada. The emails and social media pages include the composite mark as it appears on the website noted above in the Exhibit B printouts, at times without the checkerboard background or in combination with a Checkers logo.

[15] Lastly, Mr. Brockman provides sales revenue figures in US dollars from the Owner's "Rally's-branded restaurants in North America" for the years 2013, 2014, and 2015.

ANALYSIS AND REASONS FOR DECISION

[16] The Requesting Party's submissions are two-fold: (i) the services are not provided in Canada; and (ii) the differences between the Marks as registered and that which are used is too significant.

[17] With respect to the first point, the Requesting Party submits that the Owner's evidence confirms that there are no physical Rally's restaurant locations in Canada, being limited to locations in the United States. The Requesting Party submits that simple advertising of a service in Canada without any ancillary element of the service being provided in Canada is not sufficient [citing *Bellagio Limousines v Mirage Resorts, Incorporation* 2012 TMOB 220; *Saks & Co v Canada (Registrar of Trade Marks)* (1989), 24 CPR (3d) 49 (FCTD) [*Saks*]; *Motel 6 Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD); and *Porter v Don the Beachcomber* (1966), 48 CPR 280 (Ex Ct) [*Porter*]]. Indeed, the Requesting Party submits that the affidavit makes no mention of any services ancillary to restaurant services being provided in Canada such as online food orders, table reservations and the like; the only cross-border advertising is by way of a passive website providing general information and e-mail "blasts" indiscriminately sent to a mailing list without any assessment of geographic location of recipients or customization of the message being delivered.

[18] The Owner, on the other hand, submits that while it does not have any restaurant locations in Canada, the presence of restaurant locations is unnecessary to satisfy the section 4(2) definition of use with respect to "restaurant services". In this regard, the Owner submits that the jurisprudence is clear that a distinction is to be drawn between trademark applications for "restaurants" and "restaurant services"; with "restaurant services" encompassing a wider range

of services compared to a trademark filing under “restaurant” [citing *Markus Cohen Law Office v Cheesecake Factory Inc* (2003), 29 CPR (4th) 277 (TMOB)].

[19] With this broader interpretation of its services, the Owner submits that it has engaged in extensive advertising and the provision of an extensive range of “ancillary” restaurant services. In particular, the Owner submits that its sponsorship of and advertising at certain high profile North American sporting events would cause spillover advertising sufficient to constitute advertising of the Marks in Canada. Further to this, the Owner submits that its website demonstrates the advertisement and provision of “ample” services ancillary to restaurant services such as the provision of online information including menu, location, franchise, and career information [citing *Heenan Blaikie LLP v Sports Authority Michigan Inc*, 2011 FC 273 [TSA]]. The Owner contends that the provision of this information constitutes the following specific ancillary services: product catalogue services, nutritional and allergen information database services, product locator services, franchisee application services, and customer feedback services.

[20] It is well established that the interpretation of “performance of services in Canada” for the purposes of section 4(2) of the Act is quite broad. As long as the services “are performed without the Canadian customer having to leave Canada”, and the trademark is used in association with the services, that is sufficient to demonstrate “use” [*Saks*; see also *Bedwell v Mayflower* (1999), 2 CPR (4th) 543, and; *Société Nationale des Chemins de Fer Français SNCF v Venice Simplon-Orient-Express, Inc* (2000), 9 CPR (4th) 443 (FCTD) aff’d 64 CPR (3d) 87][*Orient-Express*]]. However, there has to be “performance” of the services in Canada or at the very least the services have to be available to be performed in Canada; advertising in Canada alone is insufficient to demonstrate use. Use of a trademark on advertising in Canada of services only available in the United States does not satisfy the provisions of section 4(2) of the Act [*Porter*]. Additionally, while the word “services” is not defined in the Act, services are generally granted a generous or broad interpretation [*Aird & Berlis v Virgin Enterprises Ltd* (2009), 78 CPR (4th) 306 (TMOB)], and include those services which may be considered “incidental” or “ancillary” [*Kraft Ltd v Registrar of Trade Marks* (1984), 1 CPR (3d) 457 (FCTD)]. However, each case needs to be assessed on its own particular facts and the evidence must show that persons in Canada benefitted from these services during the relevant period [*Hilton Worldwide Holding*

LLP v Miller Thomson 2018 FC 895; *Orient-Express*]; that is, there must be evidence of a tangible, meaningful benefit enjoyed *in Canada* from the ancillary services relied upon by the Owner [*Live! Holdings, LLC v Oyen Wiggs Green & Mutala LLP*, 2019 FC 1042].

[21] In the present case, despite that the Owner provides information on its website, I find that this information merely serves to inform consumers of the Owner’s own products and services [see *Ralston Purina Canada Inc v Effem Foods Ltd*, [2000] 5 CPR (4th) 398 (TMOB) at 404], and is not use within the meaning of section 4(2) of the Act. Furthermore, while the Owner provides coupons through email marketing campaigns, those coupons are not redeemable *in Canada*; a consumer needs to leave Canada in order to receive the benefit of the coupon. I also draw attention to the following paragraphs from *TSA* in distinguishing:

[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.

In the present case, there is no evidence that visitors to the Owner’s website are similarly provided interactive information and guidance on selecting suitable products for specific consumer needs and preferences; that is something a consumer would have to discern for themselves based upon the information provided. Furthermore, there is no evidence that the website is tailored to the Canadian marketplace.

[22] Indeed, in the recent case *Hilton Worldwide Holding LLP v Miller Thomson*, 2018 FC 895, the Court noted that “a key question in determining whether use in Canada of a trademark for services has been established is whether people in Canada can take some benefit from the provision of the service” [at para 92]. In that case, the Court found “the evidence here indicates that there were a number of benefits available to people in Canada, and that a large number of

people in Canada took advantage of such benefits” [at para 94]. Such benefits included the on-line reservation service with discounted room rates available for pre-paid rooms paid for by Canadians *in Canada*, as well as the Hilton rewards points received with hotel bookings [at para 102]. In the present case, there are no such similar benefits. Moreover, as in *Live! Holdings, LLC v Oyen Wiggs Green & Mutala LLP*, 2019 FC 1042, there is no evidence of a tangible, meaningful benefit enjoyed *in Canada* from any of the ancillary services relied upon by the Owner offered via its website.

[23] Consequently, I am not satisfied that the Owner has demonstrated use of the Marks in association with the registered services within the meaning of sections 4(2) and 45 of the Act.

[24] In any event, even if I were to consider that the Owner provides a tangible benefit amounting to “restaurant services” to those in Canada, I would still conclude that use of the Marks has not been shown.

[25] In this regard, the Requesting Party submits that there are significant differences between the Marks as registered and the trademark as used, as follows:

- The mark as used appears in printed font, whereas the Marks as registered are in cursive;
- The mark as used includes a checkerboard background and is white on a dark background shown in an oval frame;
- The mark as used includes the distinctive element CRAZY GOOD FOOD;
- The mark as used does not include the same distinctive visual elements as the registered Marks, namely, an extension and union of the R and Y in “Rally’s” that form a banner below on which the word HAMBURGERS appears. Additionally, in contrast to registration No. TMA363,879, the mark as used does not contain the visual depiction of an individual wearing a hat and scarf eating a hamburger.

[26] The Owner on the other hand, submits that a reversal of colouring of the word is permissible [citing *Molson Co v Mitches & Co* (1980), 50 CPR (2d) 180 (FCTD)], and the change in font is a “petty” detail. Further to this, the Owner submits that the dominant feature of

the Marks is the stylized word, which gives a strong association with race cars, and has not changed, despite the addition and omission of various elements.

[27] The test for deviation, as articulated by the Federal Court of Appeal, is as follows:

The practical test to be applied in order to resolve a case of this nature is to compare the trade mark as it is registered with the trade mark as it is used and determine whether the differences between these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin. [*Canada (Registrar of Trade-marks) v Compagnie Internationale pour l'informatique CII Honeywell Bull* (1985), 4 CPR (3d) 523 (FCA) at 525]

[28] As the Court of Appeal noted, “That question must be answered in the negative unless the mark was used in such a way that the mark did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used.” [at 525]

[29] In deciding this issue, one must look to see if the “dominant features” of the trademark have been preserved [*Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA)]. The assessment as to which elements are the dominant features and whether the deviation is minor enough to permit a finding of use of the trademark as registered is a question of fact to be determined on a case-by-case basis.

[30] Applied to this case, I agree with the Requesting Party that the mark shown in evidence is a different composite mark. While the word RALLY’S has been maintained, I am of the view that the dominant feature of the Marks is more than just the word RALLY’S. The dominant and essential features of the Marks also includes design elements and wording, which are completely absent and/or have been substituted in the mark as used, to the extent that the dominant features have not been preserved.

[31] In view of the foregoing, I am not satisfied that the Owner has demonstrated use of the Marks as registered in association with the registered services within the meaning of sections 4(2) and 45 of the Act. Furthermore, there is no evidence before me of special circumstances excusing such non-use.

DISPOSITION

[32] Accordingly, pursuant to the authority delegated to me under section 63(3) of the Act, registration Nos. TMA363,879 and TMA429,961 will be expunged in compliance with the provisions of section 45 of the Act.

Kathryn Barnett
Member
Trademarks Opposition Board

**TRADEMARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

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No one appearing

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