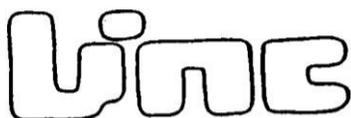


Section 45 Proceedings
Trade Mark: LINC (design)
Registration No.: TMA 353,031
Application No.: 591,925

On August 4, 1994, at the request of Millward Brown Canada, Inc., as represented by the firm Moffat & Co., the Registrar forwarded a Section 45 Notice to Image Stream Communications Inc., the registered owner of the above-referenced trade-mark registration.

The trade-mark LINC (design) (shown below) is registered for use in association with the following services: "information and data capturing, storing, controlling, accessing and distributing, and displaying services, on premises management of hotels, motels, and multiple unit dwellings, polling services, and market research, all using distributed computer systems".



In response to the Section 45 Notice, the registrant furnished the affidavits of Paul DiCecco and Mary A. Fraser. The requesting party alone made written submissions in regard to the present proceedings. An oral hearing was not conducted.

Prior to January 1, 1996, Section 45 of the *Trade-Marks Act* R.S.C. 1985, c. T -13 (hereinafter "the Act") required the registered owner to demonstrate use of its trade-mark at any time during the two years preceding the date of the Notice. However, Section 45 as amended by the *World Trade Organization Agreement Implementation Act* now requires the registrant to demonstrate use at any time during the three year period preceding the date of the Notice for each of the registered wares and/or services. The Trade-Marks Opposition Board applies Section 45 as amended to all Section 45 cases whether they were commenced before or after January 1, 1996. Consequently, the relevant period in this case is between August 4, 1991 and August 4, 1994. If the registrant cannot show use within this period, it is required to show the date of last use of the mark and provide the reason for the absence of use since such date.

In his affidavit, Mr. DiCecco states that he is currently general manager of Image Stream International Inc. and was formerly Director of Operations of Image Stream Communications Inc. He states that Image Stream

International Inc. is a successor-in-title to all assets of Image Stream Communications Inc. by an Order of Court dated July 7, 1993, which he attaches as Exhibit A.

At para. 2, he alleges that prior to July 7, 1993 and since 1989, the registrant had "continuously used the subject trade-mark LINC (design) in association with the promotion of services of installing and maintaining computer equipment necessary for the distribution of an interactive hotel service integrated with television and video systems allowing guests to access hotel services and entertainment programming as detailed in a promotional brochure". According to the affiant, the subject mark appeared in the promotional brochure, a specimen of which is attached as Exhibit B, as well as on guest room terminals of the kind shown on the brochure and used by hotel guests to access the services provided.

At para. 3, Mr. DiCecco claims that "Image Stream International Inc. continues to promote the services of information and data capturing, storing, controlling, accessing and distributing, and displaying services, on premises management of hotels, motels, and multiple unit dwellings, polling services, and market research, all using distributed computer systems", and has been distributing the promotional brochure identified as Exhibit B to deplete existing stocks of the brochure. He states that up-to-date name and address information, such as that found on his business card (a specimen of which is attached as Exhibit C), is enclosed with the brochures.

At para. 4, he asserts that the hotel industry has experienced a general slow-down in the last three years in Canada and states that while Image Stream International Inc. has successfully promoted its services outside Canada, there has been little interest in installing new systems in Canada until recently. He attaches, as Exhibit D, a copy of a contract for new services showing the association of the subject mark with the services of providing in-room computerized entertainment and guest communications, and states that negotiations for the contract began on or about September 18, 1994.

Mr. DiCecco also claims that Image Stream International Inc. continues to maintain existing installations for the distribution of interactive hotel services installed by Image Stream Communications Inc. To corroborate this assertion, he attaches as Exhibit E copies of invoices for such services.

The Fraser affidavit provides details of efforts made by Rogers & Scott to forward the Section 45 Notice to their former client, Image Stream Communications Inc .

The main arguments of the requesting party may be summarized as follows: (1) the DiCecco affidavit is vague; specifically, the affidavit does not state when the mark was last used; (2) no systems have been sold or installed during the two years preceding the date of the Section 45 Notice; (3) any use shown during the two year period is with services that do not fall within the list of registered services; (4) the contract attached as Exhibit D is dated after the date of the Section 45 Notice, and is therefore not relevant to the present proceedings; (5) the Fraser affidavit is of no relevance to the present proceedings.

Although I agree with the requesting party that the DiCecco affidavit is vague, I am nonetheless satisfied that the evidence furnished by the registrant shows use of the trade-mark LINC (design) in association with the services "information and data accessing and distributing, on premises management of hotels, using distributed computer systems", for the following reasons.

Despite the absence of evidence showing that Image Stream International Inc. sold or installed any new system~ during the relevant period, Mr. DiCecco has sworn that said company continues to maintain existing installations for the distribution of interactive hotel services installed by Image Stream Communications Inc., and he has submitted two invoices as Exhibit E in this regard. The words "For the Month 10/01/93" appear on invoice number MS-I093-293, while the words "For the Month 05/01/94" appear on invoice number MS-0594-384. Both invoices bear the date 11/02/94 in the upper left hand corner, and Mr. DiCecco has failed to explain why such date appears; however, given that the affidavit was executed on November 3, 1994, I am prepared to infer that 11/02/94 may have been the date on which the registrant retrieved these invoices in preparing its evidence for this matter, although it certainly would have been preferable for the registrant to have so stated. In addition, given that the invoices were for the months October, 1993 and May, 1994, I am also prepared to infer that they were sent by Image Stream International Inc. to the respective addressees during the relevant period.

The word LINC (design) appears in the upper left hand corner of both invoices, and in my opinion, the registrant's customers would perceive such design as a trade-mark with respect to services, pursuant to s. 4(2) of the *Act*. Mr. DiCecco has sworn that these invoices are for the maintenance of "existing installations for the distribution of interactive hotel services installed by Image Stream Communications Inc." However, I note that the invoices refer only to "movies played". The issue, then, is whether there is sufficient evidence from which I can conclude that the use of the mark on the invoices is in respect of any of the registered services.

Unfortunately, the registrant has failed to explain how "movies played" constitute "the distribution of interactive

hotel services". I have therefore considered the remainder of the evidence to see whether it sheds any light on the matter. On the promotional brochure attached as Exhibit B, the following statements appear:

LINC's superior technology allows you to provide your guests a *customized system for pay-per-view* , ...

Only Image Stream provides all this ... integrated TV and video systems with NEC, complete interactive hotel services with LINC, interconnectivity to information and databases, complete guest entertainment programming with first-run *pay movies*, integration with leading Property Management Systems suppliers ... plus nation-wide installation and service support.

[Emphasis added throughout]

On the basis of this information as well as the sworn statements in paragraphs 2 and 5 of the DiCecco affidavit, I conclude on a balance of probabilities that "movies played" is likely a reference to pay-per-view services provided by Image Stream International Inc. using computer systems previously distributed by Image Stream Communications Inc. Further, I note that both invoices refer to "hotel commissions." In my opinion, the foregoing is sufficient, although ~, to show use of the mark in association with the registered services "information and data accessing and distributing, on premises management of hotels, using distributed computer systems."

I would add that the invoices show use by Image Stream International Inc., and that such company is not the registered owner of the subject mark. However, the Order of Court, attached as Exhibit A to the DiCecco affidavit, provides that "all of the assets of Image Stream Communications Inc. save and except its receivables be and the same are hereby vested in Image Stream International Inc." In considering whether the Order of Court endowed Image Stream International Inc. with legal rights to the subject trade-mark, I have had regard to the decision of the Federal Court Trial Division in *Kightley v, Registrar of Trade Marks* (1982), 65 C.P.R. (2d) 36. In that case, Walsh J. examined the effect of legislation that created two corporations and changed the name of the predecessor corporation under whose name the trade mark was registered to that of the successor corporation which by statute acquired all the rights of the predecessor. Justice Walsh noted that this acquisition would certainly include the trade mark rights, and that an important purpose of trade mark legislation is to protect a valuable asset of the owner of the trade mark and the goodwill that goes with it. Although the succession in ownership in *Kightley* resulted from the enactment of legislation, whereas in the present proceedings it has been mandated by an Order of Court, I believe that the legal effect is the same. Consequently, although the correct name of the new owner has not been recorded on the register, Image Stream International Inc. nevertheless became the proper owner of the mark LINC (design) effective July 7, 1993, the date of the Order of Court. Use by a person entitled to be recorded as owner of the mark during the relevant period is acceptable for the purposes of Section 45 (see *Marcus, carrying on business as Marcus & Associates v. Quaker Oats Co. of Canada* (1988), 20 C.P.R (3d) 46 (F.C.A.)). Further, the fact that the proper owner has not been recorded on the register

is, in my opinion, a technical shortcoming which does not bar a successful response to a Section 45 application (see *Baume & Mercier S.A. v. Brown carrying on business as Circle Import* (1985), 4 C.P.R. (3d) 96 (F.C.T.D.)).

Concerning the relevancy of the contract attached as Exhibit D to the DiCecco affidavit, as well as of the Fraser affidavit, I concur with the requesting party that neither document is relevant in showing use during the relevant period. The contract is dated after the relevant period; the negotiations for the contract, according to Mr. DiCecco, began on or about September 18, 1994, such date also being outside the relevant period. Accordingly, as both the contract and the negotiations therefor were entered into after the relevant period, the contract is of no relevance to the present proceedings. I also agree with the requesting party that the Fraser affidavit is not relevant to these proceedings, as it does not provide any evidence regarding whether the subject mark has been used.

Pursuant to Section 45(1) of the *Act*, use must be shown in association with each of the wares or services specified in the registration; the leading case on the matter is *John Rainier Ltd. v. Rainier Brewing Co.* (1984), 80 C.P.R. (2d) 228. 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 such services". In the present case, in view of Mr. DiCecco's statement in para. 4 of his affidavit, it is unclear whether the promotional brochure was distributed in Canada during the relevant period. Further, even if the brochure was so distributed, from a reading of the brochure I am of the view that the only registered services being advertised by the brochure are those of "information and data accessing and distributing, on premises management of hotels, using distributed computer systems". I would add that this finding is supported by Mr. DiCecco's own description (at para. 2 of his affidavit) of the services being promoted in the brochure as those of "installing and maintaining computer equipment necessary for the distribution of an interactive hotel service integrated with television and video systems allowing guests to access hotel services and entertainment programming ... ". There is also no evidence that any of the remaining registered services were performed in Canada during the relevant period.

Section 45(3) of the *Act* provides that a trade-mark registration is liable to be expunged or amended accordingly where the mark was not used with respect to any or all of the registered wares or services in Canada during the relevant period and "the absence of use has not been due to special circumstances that excuse the absence of use." In the present case, Mr. DiCecco has attempted to explain the absence of use of the mark with the remaining services during the relevant period, by stating that "the hotel industry has experienced a general slow-down in the last three years in Canada and ... there has been little interest in installing new systems in Canada until

recently." In my opinion, such explanation without further details does not constitute special circumstances excusing non-use. As stated in *Lander Co. Canada Ltd. v. A/ex H. Macrae & Co.* (1993), 46 C.P.R. (3d) 417 (F.C.T.D.), it is common knowledge that market conditions fluctuate and accordingly, poor economic conditions do not constitute special circumstances which excuse the absence of use of a trade-mark (see also *Registrar of Trade Marks v. Harris Knitting Mills Ltd* (1985), 4 C.P.R. (3d) 488, 5 C.I.P.R. 53, 60 N.R. 380 (F.C.A.), for the applicable test when dealing with special circumstances). Consequently, in the present case, the remaining services shall be deleted from the register.

Disposition:

In view of the foregoing, Registration No. TMA 353,031 will be amended to refer to only the following services: "information and data accessing and distributing, on premises management of hotels, using distributed computer systems."

DATED AT HULL, QUEBEC, THIS 12th DAY OF March 1997.

C.J. Campbell
Hearing Officer
Section 45