



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADE-MARKS

Citation: 2011 TMOB 198
Date of Decision: 2011-10-31

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by Gowling Lafleur Henderson LLP against
registration No. TMA656,258 for the trade-mark HOME
ENTERTAINMENT SOURCE & Design in the name of
Groupe Cantex Inc.**

[1] At the request of Gowling Lafleur Henderson LLP (the Requesting Party), the Registrar of Trade-marks forwarded a notice under s. 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the Act) on January 23, 2009 to Groupe Cantex Inc. (the Registrant) owner of registration No. TMA 656,258 for the trade-mark HOME ENTERTAINMENT SOURCE & Design (the Mark) as shown below:



[2] The Mark is registered for use in association with the services, “exploitation de commerces de détail vendant des produits électroniques”; as translated for advertisement purposes - “operation of retail businesses selling electronic products” (the Services).

[3] Section 45 of the Act requires the registered owner of the trade-mark to show whether the trade-mark has been used in Canada in association with each of the services specified in the registration at any time within the three year period immediately preceding the date of the notice,

and if not, the date when it was last in use and the reason for the absence of such use since that date. In this case, the relevant period for showing use is between January 23, 2006 and January 23, 2009 (the Relevant Period).

[4] “Use” in association with services is set out in s. 4(2) of the Act:

4. (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.

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of a s. 45 proceeding [*Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1979), 45 C.P.R. (2d) 194, aff’d (1980), 53 C.P.R. (2d) 63 (F.C.A.)]. Although the threshold for establishing use in these proceedings is quite low [*Lang, Michener, Lawrence & Shaw v. Woods Canada Ltd.* (1996), 71 C.P.R. (3d) 477 (F.C.T.D.)], and evidentiary overkill is not required [*Union Electric Supply Co. v. Canada (Registrar of Trade Marks)* (1982), 63 C.P.R. (2d) 56 (F.C.T.D.)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with each of the wares or services specified in the registration during the relevant period.

[6] In response to the Registrar’s notice, the Registrant furnished the affidavit of Michael Bittman, Vice-President (Consumer Electronics and Photography) of Groupe Cantrex Inc., the Registrant. Both parties filed written representations and were represented at an oral hearing.

[7] Mr. Bittman states that he has worked for the Registrant since January 2006. He explains that the Registrant is the largest marketing and buying group in Canada of furniture, appliances, bedding, electronics, photography, floor covering and decoration dealers with more than 1200 points of sale. He provides copies of web pages from the Registrant’s website *www.cantrex.com* that describe his company’s business activities. It is evident from these pages that one sector of the Registrant’s business is selling electronic products to independent retailers, offering them cooperative advertising rebates with participating suppliers, volume rebates, prompt payment discounts, and extended payment terms, etc. Among the stated advantages for retailers in being part of the Registrant’s “Cantrex Network” network are that the Registrant offers significant

buying power and affiliations with product suppliers. In sum, it is clear that the website is directed to independent retailers to assist them in competing with big box stores. I note that no information is provided about specific products, nor does it appear that consumers can buy individual electronic products from the website.

[8] Mr. Bittman asserts that there were 10,000 visits during the Relevant Period to the pages that display the Mark and provide information about the related services. Although it appears from the affidavit as a whole that the website is targeted to Canadian retailers, I note that there is no explicit indication that these visits were from within Canada.

[9] The affiant further describes that by clicking on the Mark on the main website, the user is directed to another website, *www.hescanada.com*, which became active in June 2008. Copies of pages downloaded from this site are attached as Exhibit B. The content of the *About Us* page begins with the following:

- Home Entertainment Source (HES) is a registered trademark of Cantrex Group Inc. It consists of a select network of electronic retailers across Canada united to get you preferred pricing on all the BEST brands available. With the combined buying power of almost 50 stores and growing HES can offer you more than just the best price.
- Buying from one of independently owned and operated Canadian retailers you get:
 - Direct from the manufacturer special opportunity buys
 - Trusted before and after sales service from a retailer from YOUR neighbourhood
 - One on one HDTV and Home Theatre expert advice
 - True “Home-Town” Customer Satisfaction
 - Available professional installation services
 - Available nationwide extended warranty programs underwritten by one of Canada [sic] largest insurance companies
 - Preferred financing rates.

[10] I note that the content on this page appears to be directed to consumers; other pages are news articles in the area of technology and electronic products. Again, no information about specific products is provided, nor does it appear that consumers can purchase individual electronic items directly from the Registrant through this website. Mr. Bittman states that there were approximately 20 visits to this website during the Relevant Period. Although it is evident that the website is directed to Canadians, I note that there is no specific indication that the site was visited from within Canada.

[11] Mr. Bittman explains in his own words how the Registrant conducts business. It appears the Registrant uses, and permits the use of, the Mark to identify to consumers a network of electronic retailers located across Canada. By reason of buying power of almost 50 stores, these retailers can offer consumers brand name electronics at reasonable prices. Mr. Bittman states that the retailers are selected (by the Registrant) because of their excellent before and after sales services.

[12] Attached as Exhibit D are copies of flyers printed and circulated prior to January 1, 2009. Mr. Bittman states that these were produced by the Registrant for a number of its retail members (Brisco Furniture & Appliance Ltd., P.A. Soundworks, Brian Reimer Audio, Delphi Radio and Flint's Appliances & Electronics) who distributed the flyers in their geographic markets on or before the dates printed on the flyers. From the addresses on the flyers it is evident that these retailers are situated in Canada. I note that the flyers appear to be for promotions in 2008 and that the Mark appears clearly on the front and back pages of the flyers. The affiant states that other members of the network distributed similar flyers in their geographic markets; no dates are given for these activities.

[13] With respect to the flyers, it appears that the Registrant arranges and pays for the printing; Exhibit F is an invoice to the Registrant for the production of a flyer. The Registrant then distributes them to the network members on becoming a member; Exhibit H is a breakdown of the distribution by the Registrant of 375,900 flyers to each retailer on becoming a member of the network.

[14] Mr. Bittman attaches an example of a print advertisement paid for and prepared by the Registrant for Brisco Furniture & Appliance Ltd. The affiant states that the ad was placed in *The Times* on March 21, 2007 and that similar ads bearing other retailers' names were published in their respective geographic markets within the same time frame. No circulation figures are provided.

[15] Mr. Bittman indicates that each member of the Registrant's network is permitted to display the Mark on its store front, an adhesive sample label of which is provided (Exhibit G). However, there is no evidence that any stores actually displayed the label. Similarly, although a sample price tag is provided bearing the Mark (Exhibit F), there is no evidence that any were actually used by the retailers.

[16] It is clear, on a fair reading of the affidavit as a whole, that the Registrant does not itself sell electronic products at the retail level. Rather, the Registrant appears to be in the business of sourcing, buying and re-selling large volumes of brand name products to retailers who are members of the Registrant's "network". The Registrant does not operate a retail business in a specific geographic location or on the Internet. In my view the primary purpose of the Registrant's main website is to inform independent retailers looking to source products at a good price for resale to the end consumer. The electronic products website, www.hescanada.com, encourages consumers to buy from independent retailers who are affiliated with the Registrant.

[17] The Requesting party submitted that, without a geographic retail location, the Registrant is not engaged in the "operation" of a retail business; in contrast, the Registrant submitted that even without a retail store, *per se*, it was "operating retail businesses".

[18] In this regard, the Registrant argues that it offers its services through its website, advertisements, flyers, etc., and that the Mark directs consumers to retail businesses selling electronic products. The Registrant argues further that while the Registrant does not own the retail businesses, it is affiliated with them and facilitates their operation, thereby using the Mark in association with the Services as registered.

[19] Additionally, it was submitted that the Registrant permits some retail businesses selling electronic products to use the Mark in association with the sale of electronic products, stating that it selects the permitted users and provides materials to them for use, therefore maintaining control over the Mark. On this basis, the Registrant argues that it provides the requisite control for use to accrue to the Registrant under s. 50 of the Act. I would observe at this juncture, however, that Mr. Bittman has not provided any evidence of a license agreement (written or verbal, implied or otherwise) with any of its members. The affiant characterizes the retailers as “permitted users” without providing details of the basis of the permission. Even if I were to infer the requisite license agreements, I would not be satisfied, in any event, that the retailers were using the Mark in association with retail services; for example, there is no evidence of use of the sample store labels, or the price tags that the Registrant provided. The evidence shows the Mark only on flyers and ads that were, in fact, created by the Registrant. I agree with the Requesting party, this is not use of the Mark by the retailer, but cooperative advertising, one of the benefits of membership in the network.

[20] Returning to the issue of the nature of the Registrant’s services, I am of the view that the “operation of retail businesses” requires that the Registrant (or a licensee) actually provide retail store services. These services can be provided through a physical “bricks and mortar” store [*C.R.A.C. Centre de Recherche et d’analyses sur les Corporations Ltee v. IMCO Trading Co.* (1993) 53, C.P.R. (3d) 122 (T.M.O.B.)], or through mail order [*Saks & Co. v. Canada (Registrar of Trade Marks)* (1989) 24 C.P.R. (3d) 49 (F.C.T.D.)], or through the Internet [*Law Office of Philip B. Kerr v. Face Stockholm Ltd.* (2001) 16 C.P.R. (4th) 105 (T.M.O.B.)]. More specifically, with respect to the Internet, the operation of a website accessible to Canadians that provides information and pricing on specific products, has been considered “retail store services” [see *TSA Stores Inc. v. Canada (Registrar of Trade-marks)* (2011), 91 C.P.R. (4th) 324 (F.C.T.D.)][*TSA*].

[21] Unlike the facts in *TSA*, however, the Registrant’s websites do not offer retail services such as pricing or product information for the end consumer; rather they provide information for retailers and encourage consumers to purchase from (independent, neighborhood) retailers who

do have a geographic location. The Registrant appears to operate a wholesale business of sourcing products and providing them to independent retailers with the attendant warranty and guarantee services; the retailers then sell these products to end consumers. Its services may support retailers and the Mark may appear on flyers to indicate to the consumer that the products are affordable and reliable brand name products just as in a large chain electronics stores; but this is not “operation of retail businesses”. I am willing to agree that the advantages of membership with the Registrant may be passed on to the consumer, and thus the Mark may have relevance to the end consumer, but, in my view, a wholesaler that stands behind its products is not necessarily in the “operation of retail businesses...”.

[22] I am of the view that the Registrant is, in effect, attempting to transform the expression “operation of retail businesses...” so that the registration corresponds to the actual use of the Mark by the Registrant. This cannot be done within the ambit of s. 45 of the Act [see *Sim & McBurney v. Parry* (2010) 81. C.P.R. (4th) 262 (F.C.T.D.)].

[23] In view of all of the foregoing, pursuant to the authority delegated to me under s. 63(3) of the Act and in compliance with the provisions of s. 45, the registration will be expunged for failure to demonstrate use pursuant to s. 4(2) of the Act.

P. Heidi Sprung
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office