



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

**Citation: 2017 TMOB 19**  
**Date of Decision: 2017-01-30**

**IN THE MATTER OF A SECTION 45 PROCEEDING**

**Miller Thomson LLP**

**Requesting Party**

**and**

**Hilton Worldwide Holding LLP**

**Registered Owner**

**TMA337,529 for WALDORF-ASTORIA**

**Registration**

[1] At the request of Miller Thomson LLP (the Requesting Party), the Registrar of Trade-marks issued a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) on October 23, 2014 to HLT IP LLC (HLT), the then registered owner of registration No. TMA337,529 for the trade-mark WALDORF-ASTORIA (the Mark).

[2] The Mark is registered for use in association with “Hotel services”.

[3] The notice required HLT to furnish evidence showing that the Mark was in use in Canada, in association with the services specified in the registration, at any time between October 23, 2011 and October 23, 2014 (the relevant period). If the Mark had not been so used, HLT was required to furnish evidence providing the date when the Mark was last used and the reasons for the absence of use since that date.

[4] Following issuance of the notice, the Registrar recorded a change in title of the registration to Hilton Worldwide Holding LLP (the Owner). I note that the assignment of the Mark was indicated as June 30, 2014. This change is not at issue in this proceeding.

[5] It is well established that the purpose and scope of section 45 of the Act is to provide a simple, summary, and expeditious procedure for removing deadwood from the register. While mere assertions of use are not sufficient to demonstrate use in the context of a section 45 proceeding [see *Plough (Canada) Ltd v Aerosol Fillers Inc* (1979), 45 CPR (2d) 194, aff'd (1980), 53 CPR (2d) 63 (FCA)], the threshold for establishing use in these proceedings is quite low [*Lang, Michener, Lawrence & Shaw v Woods Canada Ltd* (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)]. However, 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 goods or services specified in the registration during the relevant period.

[6] The relevant definition of “use” in the present case is set out in section (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.

[7] In response to the Registrar’s notice, the Owner furnished an affidavit of Christian Eriksen, Counsel, Brands & Intellectual Property of Hilton Worldwide, Inc. (Hilton), sworn on May 22, 2015 (the Eriksen affidavit). Both parties filed written representations.

#### The Owner’s evidence

[8] Mr. Eriksen first briefly describes his duties with Hilton. He states that he is responsible for matters relating to trade-marks owned by the Hilton Group of companies, which includes the Owner. Such responsibilities include arranging for clearance, registration and maintenance of trade-marks, including enforcement of trade-mark rights. As part of his duties, he obtains information relating to trade-mark usage by the Hilton Group of companies and its licensees, such as samples of usage, sales figures, unit sales and information on advertising. Mr. Eriksen states that he is also involved in hotel development projects, including for Waldorf Astoria hotels. He states that he has knowledge of the matters to which he deposes in his affidavit based on personal knowledge or based on his review of Hilton’s records to which he has access in the ordinary course of his employment.

[9] Mr. Eriksen provides background information about the history and business of the Hilton Group, which he describes as “the leading hospitality company in the world” and includes full-service hotels and resorts to extended-stay suites and mid-priced hotels. He states that, within the Hilton Group, Hilton Worldwide, Inc. (Hilton Worldwide) is the current parent company. The Owner, like its predecessor HLT, is a wholly-owned subsidiary of Hilton Worldwide.

[10] Mr. Eriksen goes on and provides background information about the history of the original Waldorf Astoria hotel in New York, New York, and other hotels operated in the United States of America and various countries around the world in association with the Mark. I note that Mr. Eriksen refers interchangeably to the WALDORF ASTORIA hotels with or without a hyphen, and I will do the same when reviewing his affidavit. In any event, I note that any evidenced use of the Mark without a hyphen amounts to use of the Mark as registered. I find that the absence of a hyphen is a minor deviation of no consequence; the Mark remains recognizable in and of itself and retains its identity [see leading cases *Registrar of Trade-marks v Compagnie Internationale pour l’Informatique CII Honeywell Bull* (1985), 4 CPR (3d) 523 (FCA); and *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA)].

[11] Mr. Eriksen then turns to the use of the Mark in Canada.

[12] Mr. Eriksen states that the Mark has been used in Canada by the Owner and its predecessors-in-title since at least as early as 1988 in association with the following services:

[...] hotel services, specifically hotel reservation, booking and payment services and hotel management and development services.

[13] In particular, Mr. Eriksen states that Canadians can make reservations at any of the WALDORF ASTORIA hotels worldwide through:

- (a) Travel agent booking systems, including online travel agents such as Expedia, Travelocity and Orbitz.
- (b) Hilton’s websites and apps, including websites resolving from the *waldorfastoria.com*, *hilton.com*, and *hhonors.com* domain names.
- (c) Direct hotel bookings where the guest has contacted the specific hotel by email, fax, telephone or at the front desk to make a booking.

- (d) Reservation centers where guests make bookings via central booking lines, including Canadian toll free numbers 1-800-WALDORF and 1-800-HILTONS.
- (e) Other channels that do not fit into the above categories such as staff bookings and guests walking in to the front desk of a hotel property.

[14] Mr. Eriksen states that the reservation system is operated by Hilton Reservations Worldwide, LLC (Hilton Reservations) on behalf of all companies in the Hilton Group of companies. He states that Hilton Reservations is part of the Hilton Group of companies, and is a wholly-owned subsidiary of Hilton Worldwide. He states that Hilton Worldwide Manage Limited (Hilton Manage) is authorized by the Owner, and its predecessors-in-title, to act as agent and to sublicense the Mark to Hilton Worldwide and any other companies of the Hilton Group of companies. He states that, through the agreement, Hilton Manage is also required to control the character and quality of the associated services.

[15] Mr. Eriksen states that the Mark appears on the hotel's website(s) at the time of making hotel reservations, bookings and payment. In support, he attaches under Exhibits A and B to his affidavit, current screenshots from the HILTON website and the WALDORF-ASTORIA website respectively, both of which display the Mark. He also attaches under Exhibit C a representative copy of an email confirmation sent to a customer, which displays the Mark. Mr. Eriksen confirms that these exhibits are representative of how the Mark appeared on both booking websites and on email confirmations during the relevant period.

[16] Mr. Eriksen continues and states that:

As is customary in the hotel industry, the term "hotel services" includes, but is not limited to, reservation services, booking and payment services, and access to hotel rooms. Put differently, a hotel could not operate unless customers were able to reserve, book and pay for rooms in advance of their stay. Accordingly, the [Owner] does not charge separately for its hotel reservation, booking and payment services since they are integral to the provision of hotel services. The cost associated with providing reservation, booking and payment services, as well as other ancillary services are [...] incorporated in the room rate.

[17] Mr. Eriksen provides the number of reservations made by customers with Canadian addresses who then stayed at WALDORF-ASTORIA hotels for the years 2011 (October to December): 3000; 2012: 1700; 2013: 16,000, and 2014 (January to October): 14,000.

[18] Mr. Eriksen states that the total room revenue during the relevant period for Canadian customers who made reservations and stayed at a WALDORF-ASTORIA hotel is approximately \$50,000,000. He further explains that:

With respect to the figures above, and during the relevant period, over 1,300 reservations were paid for at the time the Canadian customer made the reservation. In other words, a transaction occurred in Canada, and confirmation of the payment was sent to these customers in Canada. These payments are not the same as a room deposit charged to a credit card upon booking; rather, these payments represent a non-refundable pre-payment in exchange for a discounted room rate.

[19] Mr. Eriksen goes on and states that as part of its hotel services, the Hilton Group of companies also offers customers membership in its HILTON HHONORS guest loyalty program. He explains that membership is free. At the initial reward “tier”, members enjoy benefits such as quick reservation and check-ins, late check-out, express check-out and the earning of “points” towards free hotel stays at any hotels within the Hilton Group’s portfolio of hotel brands including WALDORF-ASTORIA hotels. Subsequent tier levels, which are achieved as members accumulate “points”, include additional benefits, some of which are hotel specific. In support, under Exhibit D to his affidavit, he attaches a screenshot from the *hilton.com* website which explains the HILTON HHONORS guest loyalty program and which also displays the Mark. He confirms that this screenshot is representative of how the Mark was displayed on the website in association with the HILTON HHONORS guest loyalty program during the relevant period. He further states that in excess of 400,000 Canadians enrolled in this program during the relevant period.

[20] In the last part of his affidavit, Mr. Eriksen turns to the establishment of a WALDORF-ASTORIA hotel in Canada.

[21] Mr. Eriksen states that, in July 2007, Hilton Worldwide entered into a “term sheet” negotiation with Monit Investments Inc. (Monit) for the development of a WALDORF-ASTORIA hotel in Montreal. The negotiations included contracts by the Hilton Group to manage a WALDORF-ASTORIA hotel in Montreal, after construction, and to assist in the development of such property. An agreement was reached between the parties on May 22, 2008. The planned opening was for 2011. Mr. Eriksen goes on to provide further detail about the agreement with Monit and attaches under Exhibits E and F to his affidavit, copies of several references to the

planned opening of the WALDORF-ASTORIA hotel in Montreal. Such references include articles on Canadian websites, such as *canada.com* (*The Gazette* June 26, 2008), a joint press release announcing the deal (dated June 25, 2008), and a screenshot from the architect's website which showed the proposed hotel.

[22] Mr. Eriksen states that, in 2008, there was a worldwide financial crisis which adversely affected the real estate market, and, in particular, the luxury housing and hotel market. Because the developer was unable to construct the property within the timeframes contemplated, the agreement was terminated by Hilton Worldwide by letters dated October 15, 2013, with an effective termination date of December 16, 2013, as per copies of the letters attached under Exhibit G to Mr. Eriksen's affidavit.

[23] Mr. Eriksen states that it was always the intention of the Owner and its predecessor-in-title for a WALDORF-ASTORIA hotel to be opened in Canada during the relevant period. He states that the Owner and its predecessor-in-title had a valid and existing contract with a developer for construction of a WALDORF-ASTORIA hotel in Canada, which hotel was also to be constructed and open for business during the relevant period. He states that "solely" due to the failure of Monit to construct the property, the WALDORF-ASTORIA hotel was not built as forecast.

[24] Mr. Eriksen concludes his affidavit stating that although the original WALDORF-ASTORIA hotel project for Montreal is no longer proceeding, the Owner is currently in ongoing negotiations regarding the development of a WALDORF-ASTORIA hotel in Canada.

#### The Requesting Party's representations

[25] The Requesting Party made numerous submissions with respect to the Eriksen affidavit and accompanying exhibits. Its main arguments are that:

- The evidence largely has to be discarded as mere bare statements of use rather than proof of use. The exhibits do not contain any relevant details on use of the Mark as required by section 45.

- Mr. Eriksen concedes in his affidavit that there is no presence in Canada of a WALDORF-ASTORIA hotel.
- The evidence does not indicate or confirm that reservation services were engaged or provided in Canada. Any and all reservations made by Canadians could have been made outside of Canada. Moreover, the evidence submitted in this respect constitutes inadmissible hearsay.
- Similarly, the provision of membership in the HILTON HHONORS guest loyalty programs to guests who stay in Hilton Hotels outside Canada does not constitute use of the registered services in Canada.
- With respect to special circumstances, general recessionary times in and of itself cannot excuse non-use of a trade-mark. Further, the fact that the Owner has not proceeded with the development of a WADORF-ASTORIA hotel in Canada since 2007 is confirmatory of the fact that there has not been use of the Mark as required in Canada.

[26] More particularly, commenting on the screenshots filed under Exhibits A, B, and C, the Requesting Party submits that the simple fact that a certain number of Canadians access the Owner's website every year does not qualify as provision of hotel services towards these customers. The Requesting Party draws a parallel between the present case and the one in *Bellagio Limousines v Mirage Resorts Inc* (2012) TMOB 220 [*Bellagio*], in which the Registrar stated:

Unlike retail store services, where the Registrar and courts have recognized that technology has progressed to the point where one can enjoy the retail experience without ever having to leave one's home, there is no evidence before me that hotel services have made such progress. To put it more simply, in my view, a "bricks-and-mortar" presence in Canada is required for such hotel services. A hotel cannot be operated via the Internet or a 1-800 telephone number; it is contrary to common sense to equate the ability to make hotel reservations with the operation of a hotel. Indeed, I note the decision in *Motel 6 v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD) which explicitly states that "...receiving and confirming reservations for motel accommodation in the U.S.A. does not constitute use of the mark in Canada in association with motel services". [at paragraph 17].

[27] The Requesting Party submits that as ruled by the Registrar in that case, the question of whether use for hotel reservation and booking services in the absence of a physical location in

Canada constitutes use of hotel services, the simple access of Canadian internet users to the Owner's websites cannot replace the requirement for a "bricks-and-mortar" presence in Canada. While the WALDORF-ASTORIA hotels may be well-known to Canadians, online hotel reservation and booking services do not amount to the provision of the registered "hotel services" unless the Owner actually operates a hotel in Canada.

### The Owner's representations

[28] In response to the Requesting Party's argument that a "bricks and mortar" hotel is required in Canada for "hotel services" to be provided, the Owner submits that this argument is not supported by the case law.

[29] The Owner submits that *TSA Stores Inc v Canada* (2011) 91 CPR (4th) 324 (FCTD) [TSA] holds that if a website provides "services [that] are of benefit to Canadians", and are the same or ancillary to those provided in a retail store, then use of a registered trade-mark on such a website can support use of that trade-mark in association with retail store services. Here, the Owner permits Canadians to book rooms at the WALDORF-ASTORIA hotels through various means, all while consumers are physically located in Canada. The Owner submits that there is no functional difference between booking and paying for a hotel room online or in person.

[30] The Owner further submits that the *Bellagio* case is distinguishable for at least the following reasons.

[31] First, in *Bellagio*, the registration covered "hotels", and not "hotel services", which are the services at issue in this case. The Owner submits that the term "hotel services" clearly encompasses services that are ancillary to the operation of hotels, and as noted in the *TSA* case, the Act does not distinguish between use in association with primary services versus use in association with incidental or ancillary services.

[32] Second, in *Bellagio*, the registration covered not only "hotels" but also hotel and casino reservation services. The Registrar found use of the trade-mark in association with these reservation services on similar facts. The Owner submits that in *Bellagio*, the Registrar was not in a position to find that the same evidence showed use with respect to both "hotels" and



“reservation services” when each were independently set forth in the registration. Conversely, the WALDORF-ASTORIA registration covers “hotel services” only.

[33] Third, in *Bellagio*, the Registrar noted that, unlike the case in *Borden Ladner Gervais LLP v WestCoast Hotels, Inc* (2006) 53 CPR (4th) 361 (TMOB) [*Westcoast*] (further discussed below), where the registered owner offered loyalty program services, there was no evidence in *Bellagio* of such services. Here, the Owner stresses that loyalty program services are offered by the Hilton Group, with 400,000 Canadian members.

[34] The Owner further submits that it is not uncommon for the delivery of a particular service to evolve over time. For example, “retail store services” were traditionally held to refer to a “bricks-and-mortar” location from which goods were sold. However, it is now trite law that other activities (such as the operation of a website) can show use of a trade-mark in association with “retail stores services”. The Owner submits that, similarly, today, a physical “hotel room” is only one aspect of “hotel services”. Other services are now offered including the ability to prepay for a room to receive a discounted rate, and to obtain “points” through loyalty programs.

[35] Relying on *TSA*, the Owner submits that it has filed compelling evidence which shows that the ordinary meaning of “hotel services” goes beyond the offering of a physical room. The Owner suggests that this enhanced meaning was not argued in *Bellagio*.

[36] Similarly, the Owner quotes the decision in *Venice Simplon-Orient-Express, Inc v Société Nationale des Chemins de fer Français SNCF* (2000) 9 CPR (4th), 443 (TMOB) [*Venice Orient-Express*], where the Registrar stated that:

[...], one of the main issues to be determined in this proceeding is whether the expression "travel services namely railway passenger service" as appearing in the statement of services of the registration ought to be given a narrow interpretation, i.e., "the operation of a train" or a broader interpretation, i.e. "any ancillary services or activities conducted with respect to the transport of passengers by train and of which the operation of a train is merely one aspect".

There is no definition for "services" in the statute. Consequently, the statute makes no distinction between primary, incidental or ancillary services. They need only be services and from the case law it would seem that as long as some members of the public, some consumers or purchasers receive a benefit from the activity, it is a service. In this regard see *Kraft Limited v. The Registrar of Trade-marks*, 1 C.P.R. (3d) 457, *Anheuser-Bush*,

*Inc. v. Carling O'Keefe of Canada Ltd.*, 4 C.P.R. (3d) 216, and *Saks & Co. v. Registrar of Trade-marks*, 24 C.P.R. (3d) 49.

I tend to agree with counsel for the registrant when he states that the expression "railway passenger service" even in the singular, stands on its own and could include more than the operation of a train. The expression, in my view, conveys several ideas and I can see no reason why such an expression should be given a restrictive interpretation.

[37] The Owner further submits that, in *WestCoast*, the Registrar held that use of the registered trade-mark in association with reservation services and a loyalty program constituted use of the trade-mark in association with "hotel services". In particular, the Owner notes the following passage at page 367 :

In my view, the words "hotel services" should also not be given a narrow interpretation and I accept that the performance of reservation services and of loyalty program services both constitute the performance of hotel services. Furthermore, I am satisfied that such services were performed in Canada in association with the WESTCOAST trade-mark by the registrant during the relevant three-year period...

[38] The Owner submits that in *Bellagio*, the Registrar relied, in part, on the *Motel 6* case, which held that "receiving and confirming reservations for motel accommodation in the U.S.A., does not constitute use of the mark in Canada for motel services". However, it notes that, in the *WestCoast* decision, the Registrar attempted to distinguish *Motel 6* on several points, stating the following [at page 366]:

1. The onus in s. 45 proceedings is much lighter than in s. 57 proceedings, as s. 45 is not intended to be an adversarial process but rather is a summary procedure whereby the Register can be cleared of trade-marks which have fallen into disuse. [...]
2. It was possible to make reservations within Canada in the present case, i.e. through Coast who could be considered to be an agent of the registrant located in Canada.
3. The present registrant clearly did have a central reservation service.
4. The present registrant did reach out to people in Canada, for example by sending newsletters.
5. In addition to reservation services, the registrant provided loyalty program services to Canadian residents.
6. In the present case, people could benefit from the registrant's services whilst residing in Canada.

[39] The Owner submits that these factors are also applicable to the case at hand. In particular, it notes that this is a section 45 proceeding, not a section 57 proceeding; it is possible to make reservations in Canada; the Owner has a central reservation service; the Owner reaches out to

people via its website and other advertising channels; the Owner provides a loyalty program service to Canadian residents, and Canadians benefit from the Owner's services while residing in Canada.

[40] The Owner further submits that the facts in this case are distinguishable from those in *Fetherstonhaugh & Co v Supershuttle International, Inc* 2014 TMOB 155 [*Supershuttle*], since the registration in that case did not cover "hotel services" but rather "airport passenger ground transportation services". The Owner submits that, as noted by the Federal Court on appeal, "it is well recognized that the use of a trade-mark in relation with the service must be decided on a case-by-case basis" [2015 FC 1259 at para 41]. Further, in the underlying Registrar's decision, it was held that "registered services should be interpreted in accordance with common sense and given their ordinary meaning" [at para 31].

[41] The Owner submits that the "ordinary meaning" of "hotel services" are the services typically offered by a hotel, which must include reservation, booking and payment services, and those related to the development and management of hotels. It submits that this is fundamentally different from services such as "hotels" or the "operation of a hotel", where the ordinary meaning *may* be limited to the operation of a "bricks-and-mortar" hotel.

[42] The Owner notes that, in a decision from Australia in 2013, on similar facts, the Owner's registration for "hotel services" was maintained. It submits that the Australian decision was consistent with the *TSA*, *WestCoast* and *Venice-Orient-Express* decisions in Canada wherein a physical bricks-and-mortar hotel in Australia was not required for a finding of use in Australia in association with hotel services.

[43] The Owner further submits that, contrary to the Requesting Party's submission that the evidence does not indicate or confirm that reservation services were engaged or provided in Canada, Mr. Eriksen does state that 50,000 customers with Canadian addresses made reservations to stay at WALDORF-ASTORIA hotels during the relevant period and that total room revenue during the same period for Canadian customers was approximately \$50,000,000. Of these, some 1,300 reservations were paid for at the time that the reservations were made "in Canada", and a confirmation of the payment was sent to these customers in Canada. Further, as these were non-refundable payments, the Owner submits that this is evidence of the purchase of

“hotel services” in Canada during the relevant period. Again, as described above, the Owner also offers a guest loyalty program, HILTON HHONOR; the Owner notes that members enjoy benefits such as quick reservation and check-ins, late check-out, express check-out and the earning of “points” towards free stays, including at WALDORF-ASTORIA hotels.

[44] In the alternative, the Owner submits that even if there was no “use” during the relevant period, special circumstances exist excusing the non-use.

[45] In response to the Requesting Party’s argument that recessionary times cannot *per se* constitute special circumstances excusing non-use, the Owner submits that this is not what it is arguing.

[46] The Owner submits that there can be “no dispute” that the Owner “had a serious intention to use the [Mark] during the relevant period, so the only possible dispute is whether the reasons for non-use were beyond the [Owner]’s control.”

[47] In this respect, the Owner notes that, in 2007, prior to the relevant period, it entered into negotiations with a third party to build a WALDORF-ASTORIA hotel in Canada. The negotiations were finalized in 2008, with an estimated completion date of 2011. Due to the financial crisis in 2008, the developer was unable to secure financing, which condition continued until 2013. During this time, due to its contractual obligations, the Owner was dependent on the developer. Given the time and cost of building a luxury hotel, the Owner submits that it was not appropriate for it to commence negotiations with a different party until it was clear that this agreement was to be terminated. Only once the agreement was effectively terminated, in December 2013, was the Owner in a position to actively seek a new developer.

[48] As such, the Owner submits that the delay in building a WALDORF-ASTORIA hotel is clearly attributable to the developer’s inability to secure financing during a financial crisis, which was beyond the Owner’s control.

## Analysis

### Has the Owner shown use of the Mark in Canada in association with “Hotel services” within the meaning of sections 4 and 45 of the Act?

[49] I note that the parties’ written representations apparently crossed with the decision of this Board dated December 23, 2015 in *Stikeman Elliott LLP v Millennium & Copthorne International Limited* 2015 TMOB 231 [*M Hotel*] concerning a section 45 proceeding with respect to a registration for the trade-mark M HOTEL & Design in association with “Hotel services and hotel reservation services”.

[50] Like in the present case, it was clear that there was no physical presence in Canada of an M Hotel, which was located in Singapore. In line with the decision in *Bellagio*, the Registrar found that the owner had demonstrated use of the M Hotel trade-mark in association with “hotel reservation services”, but not in association with “hotel services” within the meaning of sections 4 and 45 of the Act. In arriving at this finding, the Registrar discussed at length the case law cited above by the Owner in the present case and the related “ancillary” services issue as follows:

[32] The Owner [Millenium & Copthorne International Limited] compares itself favourably to the registered owner in *Orient-Express, supra*. In *Orient Express*, the Federal Court dismissed an appeal of the Registrar’s decision [(1995), 64 CPR (3d) 87 (TMOB)], where the Registrar found that the services in question, “travel services, namely railway passenger services”, encompassed services such as “train ticketing and train reservations”. In that decision, the Registrar drew on the language of “ancillary” and “incidental” services from *Kraft Ltd v Registrar of Trade-marks* (1984), 1 CPR (3d) 457 (FCTD) to give a broad interpretation to the registered services, stating that “the expression, in my view, conveys several ideas and I can see no reason why such an expression should be given a restrictive interpretation” [at page 90].

[33] However, I do not consider *Orient Express* to stand for the principle that the ability to reserve, book or pay for certain services from Canada constitutes performance of such services in Canada. Rather, it only stands for the reasonableness of the Registrar’s conclusion with respect to a particular articulation of services in the context of particular evidence of use. In this respect, I note that the Federal Court in that case did not adopt the Registrar’s reasoning per se. Instead, it states the following at paragraph 10:

The term “services” was interpreted broadly in *Saks & Co. v. Canada* (Registrar of Trade Marks) (1989), 24 C.P.R. (3d) 49 (F.C.T.D.). In that case Saks did not

have a Canadian store but did receive mail and telephone orders from Canada for merchandise. The services in that case were performed without the Canadian customer having to leave Canada. In my view the words “travel services, namely passenger rail services” should not be given any more limited scope. Thus, it was reasonable to find that the performance in Canada by a travel agency of booking, reservation and ticketing services constitutes the performance in Canada of such services by the registrant.

[34] In my view, the Court did not explicitly endorse the Registrar’s reasoning in that case, only accepting that “travel services, namely passenger rail services” could be interpreted broadly to encompass the travel agency-type services actually in evidence.

[35] As such, the Federal Court’s decision in *Orient Express*, while dismissing the appeal of the Registrar’s decision, did not overturn the principles enunciated in *Marineland*, *supra*, and *Motel 6*, *supra*, with respect to what constitutes performance of services in Canada. Indeed, more recently, the Federal Court has cited *Marineland* favourably while giving *Orient Express* a narrow interpretation [see *Express File Inc v HRB Royalty Inc* (2005), 2005 FC 542, 39 CPR (4th) 59 (FC)].

[36] Although *Orient Express* is often cited for the principle that services should be interpreted “broadly”, the foundational principle from *Kraft* is with respect to what activities can constitute a service, not that any activity can constitute the performance of a particular service. Furthermore, the Federal Court of Appeal has acknowledged that interpreting services broadly has limits [see, for example: *Boutique Limité Inc v Limco Investments, Inc* (1998), 84 CPR (3d) 164 (FCA), in which a U.S. store providing refunds to Canadians was insufficient to justify a registration of “retail women’s clothing store services” in Canada].

[37] Similarly, I do not consider the decision in *TSA* applicable to the present case. The decision in *TSA* was with respect to the performance of retail store services in the context of a line of cases that had clearly established that a “bricks-and-mortar” presence in Canada is not necessary to establish use of a trade-mark in association with such services. For example, the operation of a retail website or 1-800 number can be sufficient [per *Law Office of Philip B Kerr v Face Stockholm Ltd* (2001) 16 CPR (4th) 105 (TMOB); and *Saks*, *supra*]. As such, the issue in *TSA* was the threshold of services required to constitute the performance of “retail store services” in Canada.

[38] Unlike retail store services, however, a hotel cannot be operated via the Internet or a telephone number; it is contrary to common sense to equate the ability to make hotel reservations or other bookings with the operation of a hotel [see *Bellagio*, *supra*, at paragraph 17]. Indeed, in *Motel 6*, *supra*, the Federal Court explicitly stated that “...receiving and confirming reservations for motel accommodation in the U.S.A. does not constitute use of the mark in Canada in association with motel services” [at page 57].

[39] This view is consistent with the underlying importance of the concept of “use” in Canadian trade-mark law, that a trade-mark must be used in Canada in order to have the

benefits of exclusivity. While foreign trade-mark owners may register their trade-marks in Canada (*e.g.*, pursuant to section 16(2) of the Act) and enjoy the benefits of registration, maintenance of one's registration depends on use in Canada.

[40] Notwithstanding the use of the terms "primary", "ancillary" or "incidental" in some jurisprudence, these terms are not found in the Act at all, much less defined. The point in *Kraft* was that distinguishing between "ancillary", "incidental" or "primary" services was unnecessary in determining what constitutes a "service" under the Act. It follows that using such terms when determining whether a particular activity constitutes a particular registered service is unwarranted. Such an exercise has little basis in the Act and inevitably leads to absurd arguments and results.

[41] Rather, per section 30 of the Act, services must be stated in ordinary commercial terms and whether a trade-mark has been used in association [*sic*] the registered services is to be determined on a case-by-case basis [see *Express File*, *supra*]. Accordingly, registered services should be interpreted in accordance with common sense and given their ordinary meaning.

[42] In this case, the Owner appears to be conflating the offering of reservation services and the promotion of its Singapore-based hotel with actual performance of hotel services in Canada. It may be that the Mark is well known in Canada. However, the advertisement of one's services on a website does not constitute performance of such services. While promotion of the Owner's hotel may occur in Canada, this is not use of the Mark in Canada with respect to "hotel services" unless the Owner performs or is prepared to perform its hotel services in Canada.

[43] This is consistent with the plain meaning of the statement of services and in light of the evidence furnished. "Booking", "planning" and "reservation" services are not "hotel services", and the registration should not be maintained in this respect simply because the service actually available "in Canada" is tangentially related.

[44] The argument that some activity is "technically" use should not be successful. In line with this, courts have generally taken a dim view of token commercial activity designed to protect intellectual property rights. [...]

[45] Maintaining the registration with respect to "hotel services" in this case would give the Owner an overly broad scope of protection over services that it does not actually perform in Canada. Where a trade-mark owner performs services in another jurisdiction and wishes to obtain and maintain a registration in Canada in association with the same trade-mark and same services, it should generally mirror the performance of those services in Canada; merely casting the shadow of those services is insufficient.

[46] This reasoning is consistent with the recent decision of the Registrar in *Fetherstonhaugh & Co v Supershuttle, Inc*, 2014 TMOB 155 [affirmed 2015 FC 1259]. In *Supershuttle*, the Registrar distinguished *TSA* and *Orient Express* on the basis that not merely *any* activity can constitute performance of a particular service [at paragraph 25].

[47] As such, there is no evidence before me that the Owner performed or was able to perform “hotel services” in Canada during the relevant period. [...] [My underlining]

[51] While the principle of *stare decisis* does not apply to decisions rendered by Members and Hearing Officers acting on behalf of the Registrar, I see no reason not to follow the principle of comity of decision making and adopt the same rationale here.

[52] In this regard, concerning the Owner’s argument that “hotel services” was interpreted broadly in *WestCoast*, the Registrar did note in *Bellagio* that *WestCoast* turned on its own facts and that the evidence in that case went beyond reservation services and “loyalty program” services, stating the following [at paragraph 18]:

[...] I note that “hotel services” was interpreted broadly in *Borden Ladner Gervais LLP v WestCoast Hotels Inc* (2006), 53 CPR (4th) 361 (TMOB). However, in my view, notwithstanding statements in that case regarding whether reservation services constitute “hotel services”, *WestCoast Hotels* turned on its particular facts. I note that the evidence showed that, beyond mere reservation services, “loyalty program” services were also performed and most significantly that “...it appears that at the tail end of the material period, Canadians could not only make hotel reservations in Canada but they could also stay at a hotel in Canada that used WESTCOAST as a secondary or house mark” [at page 367]. As such, I also do not consider *WestCoast Hotels* as applicable to the present case. [My underlining]

[53] While I acknowledge that academically and linguistically speaking “hotel services” could be interpreted more broadly, I am unable to find that the Registrar was wrong in *M Hotel* that in terms of “ordinary commercial terms”, “booking”, “planning” and “reservation” services are not “hotel services”.

[54] Furthermore, I do not find persuasive the Owner’s position that a distinction should be made between services described as “hotels”/“operation of a hotel” versus “hotel services”. As I understand the Owner’s position, and to illustrate, if the Owner had two separate registrations, both for the Mark, but one is for “hotels” and one is for “hotel services”, I would need to maintain the “hotel services” registration, but expunge the “hotels” registration (absent special circumstances excusing non-use).

[55] Statements of goods and services need to be in ordinary commercial terms and should be interpreted as such. It is a purposive interpretation, not an academic one. If someone says they



offer “hotel services” in Canada, the average consumer is expecting a hotel. If the customer has to leave Canada to actually enjoy the service, this is not “hotel services”. As stated in *Bellagio* and *M Hotel*, it is contrary to common sense to equate the ability to make hotel reservations or other bookings with the operation of a hotel. Likewise, even if a loyalty program can be enjoyed in/from Canada, this is not offering “hotel services”. “Hotel services” is not the ordinary commercial term for a loyalty program.

[56] As an aside, I note that is logically consistent from an examination perspective at the application stage. If a distinction should be made between services described as “hotels” versus “hotel services”, this would require the Registrar to allow “hotels”, but question “hotel services”, if it were interpreted broadly. However, in accordance with its practice notices, the Registrar does not question it, nor should it be questioned. In fact, I note that the *CIPO Goods and Services Manual* expressly provides for the terms “hotel services” and “hotels” as pre-approved terms, separate from other hotel related services like “hotel reservations”, “hotel room booking services”, “hotel management”, and “hotel management for others”.

[57] In this case, it is clear that the performance of the Owner’s “hotel services” can only be completed by travelling abroad. While Canadians may be able to book and reserve the services provided by the Owner, they cannot enjoy its hotel services without leaving Canada first.

[58] In view of the foregoing, I am not satisfied that the Owner has demonstrated use of the Mark in association with the registered services “hotel services” within the meaning of sections 4 and 45 of the Act.

[59] Accordingly, the issue in this case is whether special circumstances existed, pursuant to section 45(3) of the Act, to excuse non-use of the Mark in association with the services during the relevant period.

Whether special circumstances existed to excuse non-use of the Mark?

[60] As set out by the Federal Court in *Gouverneur Inc v The One Group LLC*, (2015) FC 128 at paragraphs 37 to 39 (confirmed on this point by *The One Group v Gouverneur Inc*, (2016)

FCA 109, but overturned on other grounds), a determination of whether there are special circumstances that excuse non-use of the Mark involves a three-step analysis:

First, [the Registrar] must identify the reason, the explanation for the non-use of a trade-mark. Put another way, the Registrar must determine, in light of the evidence, why the registrant did not use its trade-mark during the three-year period.

The Registrar must then enquire as to whether the circumstances that explain the non-use constitute “special circumstances”. In order to be considered “special”, the circumstances must be circumstances not found in most cases of non-use. They must be uncommon, unusual or exceptional.

Third, if the Registrar is satisfied that non-use of the trade-mark is due to “special circumstances”, he must then determine whether those “special circumstances” excuse the non-use. To excuse the absence of use, the special circumstances must be such that, in that particular case, the trade-mark should not be expunged. To decide on that question, the Registrar must consider three criteria: the length of non-use, whether the registrant has an intention to shortly resume use, and most importantly, whether the absence of use was attributable to circumstances beyond the registrant’s control. This last fact is mandatory.

[61] In the present case, the Owner’s position is that the absence of use of the Mark during the relevant period was due to the failure of a third party, namely the developer Monit, to complete the contracted project.

[62] As described above, the Owner was a party to an agreement to develop and manage a WALDORF-ASTORIA hotel during the relevant period. The hotel had been announced, an agreement signed, property obtained and architectural drawings prepared. However, due to the worldwide financial crisis, the developer was unable to construct the property within the defined time frame and the agreement was terminated.

[63] More particularly, Mr. Eriksen explains in his affidavit that the development and building of a luxury hotel takes “many years” and “hundreds of millions of dollars”. Accordingly, “it can take a decade or more from the date that negotiations initially commence to when a hotel is built”.

[64] Mr. Eriksen explains that due to the large financial commitment, it has been customary in the luxury hotel industry, including Canada, for at least the last 10 years, to provide for a portion of such projects to include residential components, usually condominiums. This allows the

developer to sell the condominiums before the hotel is built, thereby generating a revenue stream which assists in obtaining financing. Mr. Eriksen states that the WALDORF-ASTORIA hotel in Montreal was to be developed using this format.

[65] As indicated above, Mr. Eriksen states that, in 2008, there was a worldwide financial crisis which adversely affected the real estate market, and in particular, the luxury housing and hotel market. Because the developer was unable to construct the property due to lack of financing within the required time frames set out in the agreements, the agreements were terminated by Hilton in October 2013, with an effective termination date of December 16, 2013.

[66] Although I note that Mr. Eriksen does not expressly states such in his affidavit, the Owner submits that it is not unreasonable that it would not have entered into an agreement with any other party during the time that the original contract with Monit was still in force.

[67] Nevertheless, the Owner's decision to enter into that contract and focus its attempts to establish a WALDORF-ASTORIA hotel in Canada with Monit appears to have been a voluntary business decision.

[68] In any event, Mr. Eriksen provides no details as to how the large financial commitment for the development and building of a hotel – a market condition for all companies in the hospitality industry – impacted the Owner's business in an exceptional way. It is well established that, generally, unfavourable market conditions are not the sort of uncommon, unusual or exceptional circumstances that constitutes special circumstances [see, for example, *Registrar of Trade-Marks v Harris Knitting Mills*, (1985), 4 CPR (3d) 488 (FCA); and *John Labatt Ltd v Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)].

[69] I am therefore not satisfied that the Owner has provided reasons for non-use of the Mark amounting to “special circumstances”.

[70] In the alternative, I would not be satisfied that the reasons for non-use meet the three criteria set out in the last step of the test articulated in *The One Group*.

[71] Generally, where a date of last use is not provided, the Registrar considers the registration date to be the relevant date for assessing the length of the period of non-use [see *Oyen Wiggs*

*Green & Mutala LLP v Rath*, 2010 TMOB 34, 82 CPR (4th) 77]. In the present case, the Mark was registered in February 1988, whereas the section 45 notice issued in October 2014, amounting to more than 26 years of non-use after registration. Except for the agreement with Monit concluded in 2008, there is no indication that the Owner had been proactive and diligent in trying to develop and build a WALDORF-ASTORIA hotel in the years following the registration of the Mark.

[72] With respect to whether the Owner has an intention to shortly commence use, Mr. Eriksen states in the last paragraph of his affidavit that:

Although the original WALDORF-ASTORIA hotel project for Montreal is no longer proceeding, the [Owner] is currently in ongoing negotiations regarding the development of a WALDORF-ASTORIA hotel in Canada. However, due to business reasons, including confidentiality requirements, the identity of the parties and proposed location cannot be disclosed.

[73] However, Mr. Eriksen provides no details on the progress of these negotiations. There is no indication whatsoever as to when use of the Mark would commence. At best, Mr. Eriksen's statement indicates a possibility that use of the Mark would commence sometime in the future. While I do appreciate that there may be business reasons and confidentiality issues preventing the Owner from disclosing the identity of the parties and proposed location, it remains that the Owner's intent to resume or commence use must be substantiated by the evidence [see *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD); and *NTD Apparel Inc v Ryan* (2003), 2003 FCT 780, 27 CPR (4th) 73 (FCTD)]. In the present case, the evidence is much too vague and insufficient to demonstrate a serious intention to shortly commence use of the Mark in Canada in association with the registered services.

[74] With respect to whether the reasons for non-use were beyond the Owner's control, even if I accept that Monit's failure to complete the project was beyond the Owner's control, I am not convinced that non-use of the Mark was a result of and solely due to circumstances beyond the Owner's control. As indicated above, the agreement with Monit was terminated by Hilton in 2013 (a year before the end of the relevant period) but, more importantly, there is no evidence of efforts by the Owner to establish a WALDORF-ASTORIA hotel in Canada prior to 2007. Presumably, this was the result of voluntary business decisions of the Owner.

[75] In any event, this case highlights the relevance of the first criterion, being the period of non-use. While a short period of non-use may be excusable, the Owner cannot focus only on the unfortunate circumstances that played out between 2008 and 2013. But for Monit's failure, the Owner may have come to actually use the Mark during the relevant period. However, this does not excuse the lengthy period of non-use dating back to the Mark's registration in 1988.

[76] In view of the foregoing, I am not satisfied that the Owner has demonstrated special circumstances excusing non-use of the Mark in association with the registered "hotel services" during the relevant period within the meaning of section 45(3) of the Act.

#### Disposition

[77] Pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with the provisions of section 45 of the Act, the registration will be expunged.

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Annie Robitaille  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office

**TRADE-MARKS OPPOSITION BOARD  
CANADIAN INTELLECTUAL PROPERTY OFFICE  
APPEARANCES AND AGENTS OF RECORD**

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No Hearing Held

**AGENTS OF RECORD**

Bereskin & Parr LLP / S.E.N.C.R.L., S.R.L.

FOR THE OWNER

Miller Thomson LLP

FOR THE REQUESTING PARTY