



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

Citation: 2017 TMOB 158

Date of Decision: 2017-11-29

IN THE MATTER OF A SECTION 45 PROCEEDING

Pain & Ceballos LLP

Requesting Party

and

Crab Addison, Inc.

Registered Owner

**TMA497,711 for JOE'S CRAB
SHACK**

Registration

[1] At the request of Pain & Ceballos LLP, the Registrar of Trade-marks issued a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) on September 25, 2015 to Joe's Crab Shack Holdings, Inc., the registered owner at that time of registration No. TMA497,711 for the trade-mark JOE'S CRAB SHACK (the Mark).

[2] The Mark is registered in association with "Restaurant and bar 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 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 use since that date. In this case, the relevant period for showing use is between September 25, 2012 and September 25, 2015.

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

(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 section 45 proceedings [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)]. Although the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD)], and evidentiary overkill is not required [*Union Electric Supply Co Ltd v Registrar of Trade Marks* (1982), 63 CPR (2d) 56 (FCTD)], 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 services specified in the registration during the relevant period.

[6] With respect to services, the display of a trade-mark on advertising is sufficient to meet the requirements of section 4(2) when the trade-mark owner is offering and prepared to perform those services in Canada [*Wenward (Canada) Ltd v Dynaturf Co* (1976), 28 CPR (2d) 20 (TMOB)]. In other words, advertising in Canada alone is insufficient to demonstrate use; at the very least, the services have to be available to be performed in Canada. By way of example, use of a trade-mark 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 v Don the Beachcomber* (1966), 48 CPR 280 (Ex Ct)].

[7] Following the issuance of the notice, the Registrar recorded a change in title of the registration to Crab Addison, Inc. (the Owner). This change in title is not at issue in this proceeding.

[8] In response to the Registrar's notice, the Owner furnished the affidavit of Brad Leist, Secretary and Treasurer of the Owner. Only the Owner filed written representations; a hearing was not requested.

THE OWNER'S EVIDENCE

[9] In his affidavit, Mr. Leist identifies the Owner and its predecessor-in-title, Joe's Crab Shack Holdings, Inc., as members of the Ignite Group, a family of companies responsible for the operation of the Joe's Crab Shack chain of restaurants. He attests that the Joe's Crab Shack

chain of restaurants is “a chain of beach-themed, full service casual dining restaurants”, many locations of which are found on waterfront or beachfront properties with large outdoor patio seating areas.

[10] Mr. Leist provides that the chain was founded in Texas in 1991 and that, as of 2015, the Ignite Group operates a total of 131 Joe’s Crab Shack restaurants in the United States. Attached as Exhibit A to his affidavit is a list of all such restaurant locations; none of the locations are in Canada.

[11] Mr. Leist goes on to describe the menu offerings at the restaurants, which specialize in seafood. He attests that the menu can be found on the restaurants’ website, *www.joescrabshack.com*, and attaches a copy of the menu to his affidavit as Exhibit B.

[12] Mr. Leist confirms that all of the Joe’s Crab Shack restaurant locations offer full bar service to customers. A copy of the restaurants’ drink menu, also found at the restaurants’ website, is attached as Exhibit C to his affidavit.

[13] With respect to use of the Mark, Mr. Leist attests that the Ignite Group or its licensees used the Mark in association with the operation of Joe’s Crab Shack restaurants. Mr. Leist confirms that the Owner or its predecessor-in-title exercised control over the character and quality of the services provided in association with the Mark at all relevant times. He also describes the applicable control measures and standards under which the restaurants operated.

[14] With respect to display of the Mark, Mr. Leist confirms that the Mark was prominently displayed on signage and menus at all of the restaurant locations during the relevant period, as well as on advertising and promotional material. Attached as Exhibit D to his affidavit are photographs of the exterior of various restaurant locations that display the Mark. Mr. Leist confirms that such display is representative of how the Mark was displayed at the restaurants during the relevant period.

[15] Mr. Leist also attests that the Mark was prominently featured on the website, which he attests provided customers with detailed menu and nutritional information, restaurant locations and hours, and location-specific specials. Mr. Leist explains that the website also offered an online gift shop where customers could purchase Joe’s Crab Shack apparel as well as gift cards,

which were redeemable at restaurant locations to pay for meals and drinks. Consistent with his statements, attached as Exhibit E to his affidavit are printouts from the website.

[16] Mr. Leist attests that the Joe's Crab Shack chain of restaurants had revenues of over \$400 million each year from 2012 to 2015.

[17] With respect to Canada, Mr. Leist confirms that the Ignite Group did not have any restaurant locations in Canada during the relevant period. Nonetheless, he attests that the Owner's restaurant and bar services were "purchased by Canadians and advertised and promoted to Canadians".

[18] In this respect, he attests that the Ignite Group operated a number of Joe's Crab Shack restaurant locations "in very close proximity to the Canadian border", describing their location and the approximate transit time from Canada. Mr. Leist attests that these locations "regularly" receive "cross-border" Canadian customers who are visiting the United States. He also attests that there are a number of restaurant locations in popular U.S. tourist destinations, such as in Florida and Nevada.

[19] Mr. Leist highlights the fact that Canadians are able to find restaurant locations using the "Find Your Location" tool available on the aforementioned website. He notes that the location tool allows customers to input their Canadian address to find information about nearby restaurant locations in New York and Michigan. Attached as Exhibits F, G and H to his affidavit are example search results from inputting "Ottawa, ON", "Fort Erie, ON", and "Windsor, ON", respectively, into the location tool.

[20] Mr. Leist confirms that information regarding the New York and Michigan restaurant locations was available through the website to customers, including Canadian customers, during the relevant period. He attests that, based on his experience, "the JOE'S CRAB SHACK website is a great benefit to our customers (including our Canadian customers) to obtain detailed information about our restaurants and food and drink offerings prior to visiting the restaurant." He further indicates that what is available on the website "is equivalent to what our customers could obtain from speaking to one of our restaurant managers or wait-staff at those JOE'S CRAB SHACK locations." Attached as Exhibits I and K to his affidavit are printouts from the website

showing information about such locations. Mr. Leist confirms that the website was accessed by “thousands” of Canadians each year during the relevant period.

[21] Mr. Leist attests that advertising and promotion of the Owner’s restaurant and bar services included use of Facebook, Twitter, Instagram and YouTube social media accounts, which he confirms were available to and accessible to Canadians. Attached as Exhibits L to O to his affidavit are representative printouts from those accounts for Joe’s Crab Shack.

[22] Mr. Leist also attests that the Owner’s services are promoted through the JOE’S CATCH e-club, which is an email mailing list. He confirms that there are 320 Canadians registered with the e-club.

[23] With respect to the restaurant’s online gift shop, Mr. Leist confirms that it was regularly used by Canadians to purchase gift cards and apparel, which were shipped to Canadian addresses. Exhibit P to his affidavit consists of printouts from the website showing the JOE’S CRAB SHACK-branded merchandise available for purchase. Attached as Exhibit Q to his affidavit is a chart, which he attests is a summary of sales from the online retail store to Canadians between 2012 and 2015. Mr. Leist notes that the chart includes reference to sales of gift cards to customers in Ontario and New Brunswick.

[24] Lastly, Mr. Leist attests to the Ignite Group’s efforts to launch new locations of the restaurant in Canada. He attests that, in 2012, the Ignite Group submitted an “Expression of Interest” to the operators of the Harbourfront Centre in Toronto to open a Joe’s Crab Shack restaurant location at the Centre. A copy of the document and related correspondence is attached as Exhibit R to his affidavit.

[25] Mr. Leist further attests that, in 2014, representatives from the Ignite Group met with a Toronto-based commercial real estate brokerage company specializing in retail real estate to discuss the possibility of developing Joe’s Crab Shack locations in the Canadian market.

[26] While neither of these efforts lead to anything, Mr. Leist attests that “the Ignite Group remains optimistic that Canadian locations will be opened soon”, that it “remains the serious intent of Ignite to open physical JOE’S CRAB SHACK restaurant locations in Canada shortly”

and that “it remains our hope that suitable arrangement can be made so that we can launch JOE’S CRAB SHACK locations in Canada soon”.

[27] Mr. Leist concludes his affidavit by noting that, until the Owner launches a Canadian-based location, it will continue to make its restaurant and bar services “available to our Canadian customers through our ‘cross-border’ locations, through the operation of our website, and through our online retail store”, noting that “the JOE’S CRAB SHACK trade-mark and the Services which we offer in association with it are well-known to Canadians.”

OWNER’S REPRESENTATIONS

[28] In its written representations, the Owner submits that it provided the registered services to Canadians “at cross-border restaurant locations and through the provision of extensive information and interactive content to and for Canadians directly related to its restaurants, its food and drink menus, and its restaurant hours and locations.” It submits that such services “are ancillary yet instrumental to [the Owner’s] provision of its restaurant and bar Services to Canadians through the well-known JOE’S CRAB SHACK chain of restaurants.”

[29] Acknowledging that it does not operate restaurant locations in Canada, the Owner nonetheless submits that “the presence of brick-and-mortar locations in Canada providing the Services is not required to show use of [the Mark] in Canada.”

[30] In this respect, it argues that “if ancillary services are provided to Canadians via a website which are equivalent to the type of services one might find at a brick-and-mortar location, that can be sufficient to demonstrate use of the trade-mark in Canada.” It submits that what is required “in the case of such ancillary services is that they provide a degree of interactivity and some indicia that they are directed to Canadians, so as to provide a benefit to Canadian customers” [citing *TSA Stores, Inc v Canada (Registrar of Trade-marks)*, 2011 FC 273; and *MJB Marketing Inc v Provide Gifts Inc*, 2013 TMOB 46].

[31] In particular, the Owner submits that “restaurant services” may be provided in Canada even if a registered owner does not operate a restaurant in Canada. Citing *McDonald’s Corp v Silverwood Industries Ltd* (1989), 24 CPR (3d) 207 (FCTD) and *Markus Cohen Law Office v Cheesecake Factory Inc* (2003), 29 CPR (4th) 277 (TMOB), the Owner submits that it has been

held that the term “restaurant services” is broad, and encompasses a range of activities apart from “the operation of a restaurant”.

[32] In this case, the Owner indicates that “a number of interactive ancillary restaurant services are provided to Canadians through its website, all of which provide a tangible benefit to Canadians”, citing the various types of information provided through its website as examples.

[33] The Owner also submits that the online store, and in particular the sale of gift cards through the store, also constitutes performance of the registered services in Canada. In this respect, the Owner argues that the JOE’S CRAB SHACK gift cards constitute a pre-payment for the Owner’s restaurant and bar services, “which those Canadian customers actually receive when the gift cards are redeemed at a JOE’S CRAB SHACK location”. Citing *Nelligan O’Brien Payne LLP v Estrella Enterprises Inc*, 2014 TMOB 238 and *Aramark Canada Ltd v 637870 Ontario Ltd*, 22 CPR (4th) 409 (TMOB), the Owner notes that it has been recognized that the sale of gift cards and the like in association with a trade-mark constitutes use of that trade-mark with the services for which such gift cards can be redeemed.

ANALYSIS AND REASONS FOR DECISION

[34] As noted above, advertising in Canada alone is insufficient to demonstrate use with respect to services; at the very least, the services have to be available to be performed in Canada [*Wenward, supra*]. In *Marineland Inc v Marine Wonderland and Animal Park Ltd* (1974), 16 CPR (2d) 97 (FCTD), the Federal Court reasoned that where performance of services offered by a trade-mark owner, by necessity, could only be completed by travelling abroad, the sale of admission vouchers in Canada could not be considered performance of services in Canada. Similarly, in *Motel 6 Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD) and *Porter, supra*, it was held that where a trade-mark is associated with advertising in Canada for services that can only be benefitted from outside of Canada, proper use of the trade-mark has not been shown.

[35] More recently, the Federal Court in *UNICAST SA v South Asian Broadcasting Corp*, 2014 FC 295, 122 CPR (4th) 409, noted that there is “an important distinction between services performed in Canada and services performed outside Canada, perhaps for Canadians” [at para 46]. This decision was cited by the Federal Court in *Fethersonhaugh & Co v Supershuttle*

International Inc, 2015 FC 1259, for the proposition that, although “the observation of a trademark by individuals on computers in Canada may demonstrate use of a mark, the registered services must still be offered in Canada” [at para 40].

[36] Although the Owner characterizes its activities in Canada through its website as “ancillary” or “incidental” to its “restaurant and bar services”, in this day and age, the operation of a website could be characterized as “ancillary” or “incidental” to most businesses, regardless of the goods or services they offer. However, the availability of a website in Canada should not be conflated with the provision of the subject services. As discussed by the Federal Court in *UNICAST*, this would lead to absurd results. The language regarding “ancillary”, “incidental”, or “primary” services is derived from *Kraft Ltd v Registrar of Trade-marks* (1984), 1 CPR (3d) 457 (FC). In that case, the point was that distinguishing between “ancillary”, “incidental” or “primary” services was unnecessary in determining what constitutes a “service” under the Act. However, using such terms when attempting to determine whether a particular activity constitutes a particular registered service is unwarranted.

[37] In contrast, per section 30 of the Act, services must be stated in ordinary commercial terms and whether a trade-mark has been used in association with the registered services is to be determined on a case-by-case basis [*Express File Inc v HRB Royalty Inc*, 2005 FC 542, 39 CPR (4th) 59 at para 23]. Accordingly, registered services should be interpreted in accordance with common sense and given their ordinary meaning.

[38] In this case, the Owner does not operate any restaurants in Canada. With respect to the Owner’s citation of *McDonald’s*, *supra*, and *Cheesecake Factory*, *supra*, I agree that “restaurant services”, in theory, can be interpreted more broadly than “operation of a restaurant”. However, the *Cheesecake Factory* decision itself illustrates that there are limits to such interpretation: it was found that the delivery of cakes to restaurants in Canada was *not* sufficient to maintain a registration for “restaurant services”. Here, the Owner does not even offer this or a similar service to Canadians in Canada. Nor does it offer delicatessen-type services in Canada, as was the case in *McDonald’s*.

[39] Whatever the possible scope of “restaurant and bar services”, on a common sense reading and considering the Federal Court’s approach in *UNICAST*, I find it difficult to conclude that the Owner in this case performed such services in Canada.

[40] Specifically, in the present case, I am not satisfied that the online availability of menus and other information regarding restaurant locations in the United States translates to the availability and performance of “restaurant and bar services” in Canada. This conflates the advertisement and promotion of the services with the performance of such services.

[41] Similarly, I do not accept that the availability for purchase of restaurant-themed apparel and souvenirs amounts to the provision of “restaurant and bar services” in Canada. On a common sense understanding of “restaurant and bar services”, one would expect, at a minimum, some availability of food and drink, rather than clothing items. Absent the availability of that food and drink in Canada, it cannot be said that “restaurant and bar services” are available to be performed in Canada.

[42] With respect to *Estrella Enterprises, supra*, and *Aramark Canada, supra*, both of those decisions related to restaurants operated in Canada; furthermore, evidence of use of the subject trade-marks in those cases was not limited to the purchase and sale of gift cards. As such, I do not agree with the Owner that these decisions stand for the proposition that the sale of gift cards, redeemed outside of Canada, amounts to the performance of the relevant services in Canada. In my view, the purchase and sale of gift cards that can be exchanged for “restaurant and bar services”, but only outside of Canada, does not amount to the provision of such services in Canada.

[43] This conclusion is consistent with the underlying importance of the concept of “use” in Canadian trade-mark law, *i.e.*, 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. It is not sufficient that the trade-mark is “well-known” in Canada.

[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. I note the following observation from the Federal Court in *Plough, supra*, at paragraph 10:

There is no room for a dog in the manger attitude on the part of registered owners who may wish to hold on to a registration notwithstanding that the trade mark is no longer in use at all or not in use with respect to some of the wares in respect of which the mark is registered.

[45] Maintaining the registration 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 [see *Fethersonhaugh & Co v Supershuttle International Inc*, 2014 TMOB 155, aff’d 2015 FC 1259].

[46] In summary, while Canadians may be able to view menus and purchase gift cards, what they cannot do is enjoy the Owner’s “restaurant and bar services” without leaving Canada first.

[47] In view of the foregoing, I am not satisfied that the Owner performed or was able to perform “restaurant and bar services” in Canada during the relevant period. As such, I cannot conclude that the Owner has demonstrated use in association with the registered services within the meaning of sections 4 and 45 of the Act.

[48] On the issue of whether special circumstances existed to excuse non-use of the Mark, I note the Owner made no representations in this regard. In his affidavit, Mr. Leist makes reference to two attempts during the relevant period to establish restaurant locations in Canada. He also speaks to the Owner’s continued intention to “open physical JOE’S CRAB SHACK restaurant locations in Canada shortly”. Suffice to say, absent further details, this does not amount to special circumstances excusing non-use of the Mark, as per the criteria set out by the Federal Court of Appeal in *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA).

DISPOSITION

[49] Accordingly, 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.

Andrew Bene
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office

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

HEARING DATE No Hearing Held

AGENTS OF RECORD

Gowling WLG (Canada) LLP

For the Registered Owner

Pain & Ceballos LLP

For the Requesting Party