DISPLAY OF TRADEMARK ON STICKERS AFFIXED TO GOODS CONSTITUTES TRADEMARK USE

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"Use" of a trademark is a fundamental concept under the *Trademarks Act*[1] (the "**Act**"). It is also an essential element of many activities governed by the Act including, for example, entitlement to registration,[2] infringement,[3] depreciation,[4] as well as cancellation of registration on the basis of non-use.[5] In the recent decision of *GNR Travel Centre Ltd. v. CWI, Inc.*[6] ("***GNR*** v. ***CWI***"), the Federal Court had the opportunity to further consider whether the display of a retailer's trademark on stickers affixed to goods that are already branded with a third party's mark constitutes "use", as understood under the Act, of the retailer's trademark in association with such goods.

Background

GNR Travel Centre Ltd. (the "**Applicant**") filed an application for the trademark GNR CAMPING WORLD & Design as depicted below (the "**Trademark**" and the application, the "**Application**"):

for, among others, recreational vehicles and their parts and accessories (the "**Goods**"). The Application was filed based on use of the Trademark in association with the Goods in Canada since at least as early as July 24, 2008.

Based on evidence filed by the Applicant, per the ordinary course of the Applicant's business since at least as early as July 24, 2008, the Applicant sold Goods that had attached thereto stickers bearing the Trademark. Notably, however, the Goods sold by the Applicant were all goods of third parties, some or all also branded with such third parties' own separate trademarks.[7]

CWI, Inc. (the "**Opponent**") opposed the Application on several grounds, including non-compliance with

Section 30(b) of the Act.[8] In particular, the Opponent alleged that the "the Applicant ... had not used the Trademark in Canada with each of the goods and services listed in the Application as of the claimed dates of first use .... Specifically, the Applicant does not sell its own brand of recreational vehicles, related parts or accessories. Any sale of goods by the Applicant does not constitute use of the Trademark as defined in Sections 2 and 4 of the Act."[9].

Notwithstanding the Opponent's opposition to the Application, the Trademark Opposition Board ("**TMOB**") found that the Applicant had established that it had used the Trademark in association with the Goods since at least as early as July 24, 2008.[10] Accordingly, TMOB allowed the Application with respect to the Goods.[11]

The Opponent appealed TMOB's decision to the Federal Court.

Issue

The Court was tasked with addressing the following question: notwithstanding the fact that the retailer was in the business of selling Goods manufactured by third parties, does the retailer's attachment of stickers bearing the Trademark to such Goods constitute "use" of the retailer's trademark in association with Goods within the meaning of the Act?[12]

Federal Court's Analysis

Section 4(1) of the Act requires that "use" of a trademark in association with certain goods be examined at the time that such goods are transferred to another, in the normal course of trade. At that point in time, the trademark is used in association with the goods if: (i) it is "marked on the goods themselves or on the packages in which they were distributed," or (ii) "it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred."[13]

In relation to goods manufactured by third parties, prevailing case law notes that a retailer's trademark would generally have to be displayed on the goods in a permanent fashion (for example, the retailer's trademark is embossed, engraved, or stitched on label displaying the trademark), in order for the retailer to properly allege that it had "used" its trademark in association with such goods.[14] On the other hand, if the trademark at issue is placed on such goods in a "non-permanent" fashion (for example, on a price tag or hangtag attached to the goods), then such display of the trademark likely would not constitute use of the trademark in association with goods within the meaning of the Act.[15]

In the present case, the Applicant's evidence showed that stickers bearing the Trademark were attached to the Goods prior to their sale; although the Applicant was not the manufacturer of the Goods, each Good, when sold, had a sticker attached to it with the Trademark.[16] As noted before, the Opponent's position was that the Applicant's attachment of stickers bearing the Trademark on goods manufactured by third parties did not

constitute “use” of the Trademark in association with the Goods and, at best, merely constituted “use” of the Trademark with the service of selling those goods.[17] The Court disagreed with the Opponent and held that such position is “too narrow an interpretation of the Act and the protection it affords trademark owners.”[18] Accordingly, the Court found the Applicant’s attachment of stickers bearing the Trademark on Goods manufactured by third parties constituted “use” of the Trademarks in association with the Goods.

Takeaway

The differentiation between permanent and non-permanent placement of trademarks on another’s goods remains critical to establishing "use" of the trademark in association with such goods under the Canadian trademark system, and proper use of a trademark is essential for maintaining the trademark owner’s right to the trademark. Therefore, give careful consideration to how your trademarks are ultimately associated with your goods, particularly if your goods are manufactured by a third party.

[1] *Trademarks Act, R.S.C.*, 1985, c. T-13.
[2] See s. 16(1) of the Act.
[3] See ss. 19 and 20 of the Act.
[4] See s. 22 of the Act.
[5] See s. 45 of the Act.
[6] *GNR Travel Centre Ltd. v. CWI, Inc.*, 2023 FC 2.
[7] *GNR v. CWI* at para 27.
[8] As the Application was advertised prior to June 17, 2019, the Act as it read immediately prior to the coming into force of certain amendments on June 17, 2019, applies with reference to the grounds of opposition raised by the Opponent in *GNR v. CWT*.
[9] *GNR v. CWI* at para 6.
[10] *GNR v. CWI* at para 7.
[11] *GNR v. CWI* at para 9.
[12] *GNR v. CWI* at para 37.
[13] *GNR v. CWI* at para 34.
[14] *GNR v. CWI* at para 52.
[15] *GNR v. CWI* at paras 43, 53 and 55.
[16] *GNR v. CWI* at para 58.
[17] *GNR v. CWI* at para 59.
[18] *GNR v. CWI* at para 64.

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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