

Federal Court



Cour fédérale

Date: **20211214**

Docket: **T-1015-20**

Citation: **2021 FC 550**

Ottawa, Ontario, **December 14, 2021**

PRESENT: The Honourable Justice Fuhrer

BETWEEN:

**SEA TOW SERVICES INTERNATIONAL,
INC.**

Applicant

and

**TRADEMARK FACTORY
INTERNATIONAL INC.**

Respondent

AMENDED JUDGMENT AND REASONS

I. Overview

[1] Sea Tow Services International, Inc. owns in Canada the registered trademarks SEA TOW & Design, shown below, and SEA TOW.



[2] Further to the outcome of summary, non-use cancellation proceedings, Sea Tow appeals the May 25, 2020 decision of the Registrar of Trademarks (2020 TMOB 48) to amend its registrations for SEA TOW to delete certain services. Trademark Factory International Inc. takes no position on the appeal.

[3] Based on its material, new evidence, I agree with Sea Tow that the Registrar of Trademarks misapprehended, and thus incorrectly deleted, some of the services from the registrations. I therefore allow the appeal for the reasons, and on the terms, provided below.

II. Background

[4] Both registrations for SEA TOW are based solely on use and registration of the trademarks in the United States of America for largely the same services as follows, with the underlined services representing the differences:

SEA TOW & Design, registration No. TMA870561 dated February 3, 2014

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, financial services, namely loan financing and commercial and consumer lending services, marina services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land, educational services, namely boating safety education, marina charting services, on-line information services, namely

boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community, communication services, namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products.

(2) Marine electrical contracting services and repair and installation of marine electrical apparatus.

(3) Marine charting and consulting services.

(4) Diving and underwater salvage; marine salvage; vessel salvage; marina services, namely, floating dockage; delivery of fuel and other supplies by boat.

SEA TOW, registration No. TMA870562 dated February 3, 2014

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, financial services, namely loan financing and commercial and consumer lending services, marina services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land, educational services, namely boating safety education, marina charting services, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community, communication services, namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products.

(2) Marine, oil, environmental, and hazard services, namely, substance containment, and clean up, and providing equipment for the foregoing; diving and underwater salvage; marine salvage; vessel salvage; marina services, namely, floating dockage; delivery of fuel and other supplies by boat; Marine charting and consulting services.

[5] Trademark Factory sought to have the registrations cancelled under Section 45 of the *Trademarks Act*, RSC 1985, c T-13. See “Annex A” below for relevant provisions of the *Trademarks Act*.

[6] The Registrar of Trademarks issued the Section 45 Notices on February 13, 2017. In response, Sea Tow filed the affidavit of its Chief Executive Officer, Captain Joseph Frohnhoefer III dated September 12, 2017 to demonstrate the company’s use of the trademarks in Canada in association with the services listed in the registrations during the relevant three-year period of

February 13, 2014 to February 13, 2017. Both parties filed written arguments but only Sea Tow attended the oral hearing before a Member of the Trademarks Opposition Board [TMOB], the Registrar's delegate.

[7] The following is a précis of Capt. Frohnhoefer's 2017 affidavit evidence:

- Sea Tow provides a variety of services related to boater assistance, safety and training. Its on-water boater assistance services offered to members include towing, fuel drops, jump starts, disentanglements, and covered ungroundings, as well as access to experts and navigational assistance.
- Sea Tow had over 200 members with Canadian addresses as of the end of the relevant period.
- Memberships are subject to a SEA TOW Membership Agreement; all members are issued membership cards that display the Marks as well as contact information to obtain assistance.
- Sea Tow sent membership renewal reminders to members during the relevant period, including to members located in Canada that included an overview of membership benefits.
- Sea Tow operates a website (*www.seatow.com*) and a downloadable mobile application, through which it describes and advertises its services and membership benefits. The SEA TOW trademarks are displayed throughout the website and SEA TOW app.
- The SEA TOW app offers weather forecasts, tide forecasts, compass and speedometer functions, longitude and latitude location, and "One-Tap on-water assistance directly through Sea Tow's 24-hour Dispatch Center," as well as access to membership information and the ability to renew membership. The SEA TOW app also includes weather and location information for Canada.
- SEA TOW members are eligible for third-party discounts and special offers, such as Budget car rental discounts.
- During the relevant period, Sea Tow advertised its services, including boating-related webinars and other educational programs, to its members, including those in Canada, through emails and electronic newsletters.

III. Challenged Decision

[8] The Member referred to the following definition of “use” in Subsection 4(2) of the *Trademarks Act*: “A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.” Noting the low threshold for establishing use in Section 45 proceedings and that evidentiary overkill is not necessary, the Member emphasized that nonetheless, sufficient facts must be established to permit the Registrar to determine use of the trademark during the relevant period in association with each of the services listed in the registrations: 2020 TMOB 48 at para 6. The Member articulated the main issue for consideration in this case as “whether, at a minimum, the services advertised in association with the Marks were offered and available to be performed *in Canada*” [emphasis in original]: 2020 TMOB 48 at para 7, citing *Wenward (Canada) Ltd v Dynaturf Co* (1976), 28 CPR (2d) 20 (TMOB).

[9] Based on the above principles and affidavit evidence, the Member found that Sea Tow’s trademarks had been used in Canada during the relevant period but only for some of the services, resulting in the following amended statement of services for each of the registrations:

SEA TOW & Design, registration No. TMA870561 dated February 3, 2014

- (1) Association services, namely, promoting the interests of boaters; educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.
- (3) Marine charting and consulting services.
- (4) Vessel salvage.

SEA TOW, registration No. TMA870562 dated February 3, 2014

- (1) Association services, namely, promoting the interests of boaters; educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.
- (2) Vessel salvage; Marine charting and consulting services.

[10] The Member found that Capt. Frohnhoefer's 2017 affidavit tended to focus more on the offer or provision of services to Canadian members, rather than whether they were performed or available for performance in Canadian waters: 2020 TMOB 48 at paras 13-14. Put another way, the main issue for the Member was not so much the display of the trademarks in connection with the services but rather whether the services were performed or available for performance in Canada, as opposed to available to Canadian members while they were in the United States of America or within US waters.

[11] Because Capt. Frohnhoefer indicated that the towing service includes situations where the member's boat was or is disabled in Canadian waters, the Member viewed such service as supporting the maintenance of the services "vessel salvage" in the registrations: 2020 TMOB 48 at paras 72-73. Regarding the other maintained services, the Member was satisfied Sea Tow's evidence demonstrated the services were available to persons in Canada (electronically or online, such as by using the SEA TOW app) in association with the SEA TOW trademarks.

[12] Regarding the deleted services, on the other hand, the Member was of the view that either there was no evidence demonstrating use of the trademarks with the service, or there was insufficient evidence to conclude the performance or availability for performance of the service in Canada. More specifically, the Member stated, "even in the context of the evidence as a whole, the phrase 'for Canadian members' does not provide a sufficient factual basis to conclude

that these services were available to be performed in Canada or within Canadian waters”: 2020 TMOB 48 at para 46.

IV. New Evidence

[13] On appeal under Subsection 56(1) of the *Trademarks Act* from the Registrar’s decision, the Applicant filed with this Court a second Affidavit of Joseph Frohnhoefer III dated October 22, 2020 as new evidence. Briefly, Capt. Frohnhoefer’s 2020 affidavit evidence covers the following:

- Sea Tow advertised and provided its on-water assistance services to its Canadian members boating in Canadian waters, including towing services, during the relevant period.
- During the relevant period, Sea Tow used, advertised and promoted, and continues to do so, its slogan or trademark “Your Road Service at Sea” in connection with member benefits, including to Canadian members. Such services, and related and ancillary services, include towing (typically to the marina or to the member’s dock), boat recovery (when a boat will not re-start or has become damaged in open water), (typically to assist when a boat has run out of fuel in open water), jump starts (typically at a member’s dock, and includes and included attachment of an external power supply to get a motor started), disentanglement (propellers, nets, and the like), access to vessel captains with local knowledge and navigational assistance, including local charting.
- The exhibits include a sample advertisement from the June 2019 edition of *Island Angler*, a Vancouver fishing guide, described as representative of the manner in which Sea Tow advertised during the relevant period. The SEA TOW trademarks are displayed, together with the slogan YOUR ROAD SERVICE AT SEA and the description “Boat worry-free knowing that on water assistance is just a phone call away” and an invitation to obtain 2 years of Sea Tow Membership. During the hearing before this Court, the Applicant explained that a faint asterisked note toward the bottom of the advertisement reads: “Available only for individual who boat in Canadian waters.”
- The exhibits also include sample invoices issued both during and after the relevant period to members having Canadian addresses. The invoices cover towing services provided by a non-licensee service provider. They show reimbursement paid, to the member who may have paid the service provider, or directly to the service provider, from a specific fund Sea Tow created for this purpose so that in the end there is “no charge” to the member.

The invoices display the words SEA TOW RECIPROCAL TOW FUND in the upper left corner.

V. Issues

[14] Having regard to the foregoing, and having considered the issues Sea Tow articulated in its Memorandum of Fact and Law and at the hearing before me, I find that the following are the relevant issues for the Court's determination:

- A. *Taking into account the new evidence Sea Tow filed, what is the applicable standard of review?*
- B. *Did the Registrar err in concluding that Sea Tow's evidence did not demonstrate use, within the meaning of Sections 4 and 45 of the Trademarks Act, of the trademarks SEA TOW & Design and SEA TOW in Canada during the relevant period in association with the services to be deleted and, consequently, that the registrations will be amended to delete those services?*

VI. Analysis

A. *Applicable Standard of Review*

[15] An appellate standard of review applies where, as in the case before me, there is a statutory right of appeal: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [Vavilov] paras 36-37, citing *Housen v Nikolaisen*, 2002 SCC 33, [2002] 2 SCR 235 [Housen]. *Vavilov* does not displace the previous jurisprudence regarding new evidence filed with the Federal Court on appeal from a decision of the Registrar, but rather necessitates an adjustment: *The Clorox Company of Canada, Ltd. v Chloretec SEC*, 2020 FCA 76 [Clorox] at paras 19-23. The starting point is a consideration of whether any new evidence would have affected the TMOB's decision materially. *Clorox*, above at para 19.

[16] To be considered “material,” the new evidence must be sufficiently substantial and significant and of probative value: *Clorox*, above at para 21, citing respectively *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27 and *Tradition Fine Foods Ltd. v. Groupe Tradition'l Inc.*, 2006 FC 858 at para 58. “[E]vidence that merely supplements or repeats existing evidence will not surpass this threshold”: *Scott Paper Limited v Georgia-Pacific Consumer Products LP*, 2010 FC 478 [*Scott Paper*] at paras 48-49. The test is not whether the new evidence would have changed the Registrar’s mind, but rather whether it would have a material effect on the decision: *Scott Paper*, above, at para 49. In that regard, quality, not quantity, is key: *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27.

[17] Further to Subsection 56(5) of the *Trademarks Act*, a finding of materiality permits the Court to “exercise any discretion vested in the Registrar.” As Justice de Montigny noted in connection with such provision, this entails an appeal *de novo* calling for the application of the correctness standard: *Clorox*, above at para 21, referring to *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65 [*Vavilov*] (and the situations where the presumptive reasonableness standard of review will be rebutted, as summarized at *Vavilov* para 17). In other words, the Court need not defer to the decision maker’s reasoning process; undertaking its own analysis, the Court may decide whether it agrees with the decision maker’s determinations or whether it will substitute its own views: *Dunsmuir v New Brunswick*, 2008 SCC 9 at para 50, [2008] 1 SCR 190.

[18] If the new evidence is not material (or if no new evidence is filed), then this is the point at which *Vavilov* requires an adjustment to the applicable standard: *Clorox*, above at para 22.

Instead of the previous standard of reasonableness, the appellate standard of review applies, with reference to *Housen*. This means questions of fact or mixed fact and law (where there is no extricable question of law) will be assessed for “palpable and overriding error.” Palpable means an obvious error, while an overriding error is one that affects the decision-maker’s conclusion; it is a highly deferential standard of review: *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at paras 61-64. Questions of law, on the other hand, will be assessed for correctness according no deference to the conclusions of the underlying decision maker: *Clorox*, above at para 23; *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 42.

[19] In sum, I must assess the nature, significance, probative value, and reliability of the Applicant’s new evidence, in the context of the record, and determine whether it adds “something of significance” and hence, whether it would have affected the TMOB’s decision materially: *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 at paras 23-26. In other words, would the evidence have enhanced or otherwise clarified the record in a way that might have influenced the Registrar’s conclusions on a finding of fact or exercise of discretion, had it been available at the time of the Decision? I find Capt. Frohnhoefer’s 2020 affidavit somewhat supplementary or repetitive of his earlier affidavit, particularly in respect of towing services. I nonetheless conclude, for the reasons explained below that, on balance, Sea Tow’s new evidence of other on-water assistance services is sufficiently substantial and significant and of probative value such that it would have affected the TMOB’s decision materially, particularly in respect of the services “diving and underwater salvage” and “delivery of fuel and other supplies by boat.”

Thus, my review of the Registrar's decision in this case entails a *de novo* consideration of the record before the TMOB.

[20] In my view, Capt. Frohnhoefer's 2020 affidavit "fills a gap or remedies deficiencies identified by the Registrar": *Kabushiki Kaisha Mitsukan Group Honsha v Sakura-Nakaya Alimentos Ltda*, 2016 FC 20 at para 18. The TMOB Member found "a fair reading" of Capt. Frohnhoefer's 2017 affidavit "as a whole" is that Sea Tow's services in Canada or "within Canadian waters" consist essentially of assistance with towing; if Sea Tow's services include other assistance services in Canadian waters, then the affidavit should have stated so in the body: 2020 TMOB 48 at para 78. Capt. Frohnhoefer's 2020 affidavit addresses this significant gap. His additional, new evidence is critical to assessing the performance or availability for performance of Sea Tow's services in Canada in association with its registered SEA TOW trademarks, and thus, practically, whether the registrations should be amended to the extent found by the Registrar. I turn next to a review of the Registrar's "use" findings, in light of Sea Tow's new evidence, particularly with respect to the services the Registrar identified for deletion.

B. Use of SEA TOW & Design and SEA TOW in Canada During the Relevant Period

(a) Registrations and Services Maintained by the Registrar

[21] Although the Court in a *de novo* appeal may exercise any discretion vested in the Registrar and doing so could entail a consideration of whether the Registrar's decision to maintain the registrations at all was correct, Sea Tow has not challenged this outcome. Further, I find that the Member was not incorrect in concluding the towing services were performed in

Canadian waters during the relevant period in association with the SEA TOW trademarks, as reinforced by Capt. Frohnhoefer's 2020 affidavit, and such use supported the maintenance of the vessel salvage services construed broadly. Thus, I find vessel salvage services are to be retained, and maintenance *per se* of the registrations is not in issue.

[22] Nor has Sea Tow challenged the Member's finding of use of the SEA TOW trademarks with any other of the maintained services. I see no reason to depart from these findings.

[23] Sea Tow takes the position, however, that the qualifying words "membership services, namely," apply to the following services and thus, should be retained in respect of services (1) for both registrations: "educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community." As I explain below, I agree with Sea Tow that the Registrar erred in removing such wording. Further, having considered both of Capt. Frohnhoefer's affidavits, I find the Member was not incorrect to conclude the SEA TOW trademarks were used in Canada, within the meaning of Sections 4 and 45 of the *Trademarks Act*, in association with the following services during the relevant period, and thus, they are to be retained in the registrations, with their more detailed descriptions where applicable: association services; educational services, on-line information services, publications; and marine charting and consulting services, in addition to vessel salvage. To clarify, I find the educational services, on-line information services and publications fall under the more general category of "membership services" and, thus, the qualifying wording "membership services, namely," will be retained.

(b) *Deleted Services No Longer in Issue*

[24] There remains for consideration the deleted services. At the hearing before me, Sea Tow indicated it no longer seeks to maintain the following deleted services: financial services, namely loan financing and commercial and consumer lending services, marina services, marina charting services, communication services, namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products; marina services, namely, floating dockage (listed in both registrations); and marine electrical contracting services and repair and installation of marine electrical apparatus (listed only in registration No. TMA870561 for SEA TOW & Design).

(c) *Remaining Deleted Services – Generally*

[25] This therefore leaves for the Court's determination on this *de novo* appeal the issue of whether to retain the following deleted services in the registrations:

Both Registrations:

membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land,

diving and underwater salvage; marine salvage; delivery of fuel and other supplies by boat

- and -

Registration No. TMA870562 for SEA TOW:

marine, oil, environmental, and hazard services, namely, substance containment, and clean up, and providing equipment for the foregoing

(i) “Membership Services, Namely, ...”

[26] As part of my determination, I also must address the issue of whether the wording “membership services, namely, ...” applies to all of the services (1) that follow such wording or just to “providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services” as found by the Member. Dealing first with this issue, and as mentioned above, I agree with Sea Tow’s position that the wording “membership services, namely, ...” applies to all of the services (1) that follow such wording, for several reasons. A consideration of whether the evidence actually supports the conclusion that the SEA TOW trademarks were used in Canada during the relevant period for the applicable deleted services will follow under separate headings.

[27] First, I note that in the services (1), a semi-colon separates association services and membership services and is the only use of this form of punctuation in all of services (1) in both registrations. In addition, a comma follows the first namely, i.e. “membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide member access to discounted and pre-paid insurance services” but not the other occurrences of namely in the services (1), i.e. “travel services, namely rental car and hotel discount services.”

[28] Second, as noted by the Member, Capt. Frohnhoefer’s 2017 affidavit describes that active SEA TOW members were and are eligible for discounts and special offers at a variety of

locations, including hotels. Further, the sample email advertising to members, including Canadian members, attached as an exhibit to the 2017 affidavit includes discounted car rental services. Thus, a fair reading of the “travel services, namely rental car and hotel discount services” is that such services fall within membership services.

[29] Third, the SEA TOW membership renewal reminder letter attached as an exhibit to Capt. Frohnhoefer’s 2017 affidavit describes that members receive “exclusive” loyalty discounts with affiliate programs, including a discounted marine insurance program.

[30] Fourth, Capt. Frohnhoefer’s 2017 affidavit describes that Sea Tow offered to provide to and perform for Canadian members “spill and environmental clean-up” (i.e. “environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land”). Attached as an exhibit to the affidavit are printouts from the SEA TOW website, including for “Spill & Environmental Clean-Up.” (While I agree these specific services should be construed as falling within the more general category “membership services,” nonetheless, as discussed below, I am not persuaded that the SEA TOW trademarks have been used in Canada with these specific services.)

[31] Fifth, although Sea Tow appears to provide, and during the relevant period did provide, the remaining services (1), that is the educational, online information and publications services, to both members and non-members, there is nothing to prevent Sea Tow from nesting such services solely within “membership services.”

[32] I disagree, however, with Sea Tow's argument that the Member should have taken related and ancillary services into account in support of maintaining the "primary" membership services more broadly or *per se*. According to Sea Tow, the Member improperly parsed the more specific membership services and de-contextualized them by considering them as stand alone services, rather than as membership services (apart from "providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services" which the Member construed as the membership services). Sea Tow further argues that such de-contextualization is the reason the Member did not take related and ancillary services such as towing services into account. Sea Tow relies on the Federal Court of Appeal's recent decision in *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 [*Miller Thomson*] in support of its argument that ancillary or incidental towing services support the retention of membership services *per se* in the SEA TOW registrations.

[33] I do agree that, in the right circumstances, use of a registered trademark in association with ancillary or incidental services could support a conclusion that the trademark is used with the services (or goods) listed in the registration. As Justice Mactavish noted in *Miller Thomson*, the Court in *Orient-Express* held that booking train reservations and tickets through travel agents located in Canada constituted performance of passenger rail services in Canada, within the context of the services described as "travel services, namely railway passenger services": *Miller Thomson*, above at paras 108 (citing *Société nationale des chemins de fer français v Venice Simplon-Orient-Express Inc.*, 2000 CanLII 16547 (FC), 9 C.P.R. (4th) 443, [2000] F.C.J. No. 1897 [*Orient-Express*] at paras 8–10) and 114. In other words, the ancillary or incidental services

supported the specifically described services listed after the general or primary services “travel services.” In that sense, I find the services description that confronted the Court in *Orient-Express* (“travel services, namely ...”) analogous to the services description confronting the Court in the matter before me (“membership services, namely, ...”). I find *Miller Thomson* itself distinguishable, however, insofar as the SEA TOW membership services *per se* are concerned because the registration for WALDORF-ASTORIA covered only “hotel services.” In other words, hotel services were the specific services under consideration, and ancillary or incidental services such as reservation or booking services commonly would be understood to fall within their scope.

[34] To find, on the other hand, as Sea Tow argues that the provision of ancillary or incidental services such as towing services, or more broadly on-water assistance services, support the retention of membership services in the SEA TOW registrations, I would have to conclude, which I cannot, that “membership services” *per se* are stand alone or specific services. They are not described as such in the registrations but rather are bounded by the more specific, limiting services that follow.

[35] Nor was there any evidence, either before the Registrar or this Court, that “membership services” *per se* are sufficiently specific and thus, would have been an acceptable description under Paragraph 30(a) of the *Trademarks Act* as it stood prior to June 17, 2019 when substantial amendments to the *Trademarks Act* came into force. That said, the requirement for specificity has been retained in Section 29 of the new *Trademarks Regulations*, SOR/2018-227, which

reads: “The statement of the goods or services referred to in paragraph 30(2)(a) of the Act must describe each of those goods or services in a manner that identifies a specific good or service.”

[36] I find the requirement for specificity, and the specificity that in fact is present in the statements of services under consideration in the matter before me, would be undermined by permitting Sea Tow to rely on the use of its registered trademarks in association with ancillary or incidental on-water assistance services, such as towing services, to maintain the registration in respect of the general services description “membership services” that, standing alone (that is, without reference to the more specific services), may not be compliant with either old Paragraph 30(a) of the *Trademarks Act* or new Section 29 of the *Trademarks Regulations*. This is especially so when none of the on-water assistance services described by Capt. Frohnhoefer in his affidavits appears to be ancillary or incidental to any of the specific services that follow the words “membership services, namely,” in the services (1). At issue in these Section 45 proceedings is the use of the registered trademarks in association with the more specific services.

[37] Absent further legislative or regulatory amendment to remove the requirement altogether, the need for specificity in the statement of goods or services remains applicable throughout the life of a trademark registration. This is borne out by both previous and current Subsection 41(2) of the *Trademarks Act* which provides that an application to extend the statement of goods or services for which a trademark is registered has the effect of an application for registration of the trademark for such goods or services. In other words, the extension application must comply with old Paragraph 30(a) of the *Trademarks Act* or new Section 29 of the *Trademarks Regulations*.

[38] I recognize there may be circumstances where ancillary or incidental services could support maintaining a description of services (or goods) that precedes “namely” but I find such circumstances are not present in the case before me. Membership services *per se* simply are not described as stand alone or specific services in the SEA TOW registrations nor has Sea Tow demonstrated that they could be. Further, the range of what could be offered as a membership service could be quite varied; hence, the need for specificity. This is to be contrasted with the Member’s conclusion regarding vessel salvage, which is a primary and stand alone or specific service in the SEA TOW registrations. The Member found maintenance of the vessel salvage service was supported by Sea Tow’s provision of the (impliedly ancillary or incidental) towing services that fell within its scope. I therefore also disagree with Sea Tow that the Member misconstrued the test for use under Subsection 4(2) or did not recognize ancillary or incidental services could be considered in construing primary services in the right circumstances. Although the Member did not mention either of the words “ancillary” and “incidental” specifically, I find this is not fatal; further, on a holistic reading of the TMOB decision, I find they are implied as mentioned above.

- (ii) “... providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services”

[39] Capt. Frohnhoefer’s 2017 affidavit describes that during the relevant period, SEA TOW members were, and are, eligible for discounts and special offers at third party locations such as marinas, fuel docks, hotels and others when they presented and present their membership cards. In addition, discounts and special offers were advertised to SEA TOW members during the

relevant period on the SEA TOW website and emails to members, including Canadian members. The affidavit itself contains a screen shot with the heading “National Deals” in connection with a discount on Budget car rentals for SEA TOW members, including Canadian members. The Member was of the view that, notwithstanding any need to ‘show your card’ may not have meant in person, the Budget example “leaves it unclear whether this includes discounted rentals enjoyable in Canada.” Thus, the Member concluded that Sea Tow is “asking the Registrar to make assumptions and speculate as to the nature of the benefits that a person may have enjoyed in Canada during the relevant period.”

[40] Capt. Frohnhoefer’s 2020 affidavit does not address this evidentiary gap found by the Member. That said, although Capt. Frohnhoefer’s 2017 affidavit could have been clearer regarding whether the presenting of the membership card needed to be done in person or could be done online, I note that ambiguity in, or doubt with, the evidence adduced in response to a Section 45 Notice must be resolved in favour of the registered owner: *Fairweather Ltd v Registrar of Trade-marks*, 2006 FC 1248 at para 41 (aff’d for different reasons: 2007 FCA 376); *Trademark Tools Inc v Miller Thomson LLP*, 2016 FC 971 at para 11 (aff’d for different reasons 2017 FCA 98); *Mcdowell v Laverana GmbH & Co KG*, 2016 FC 1276 at para 23. This is especially so given the summary nature of the proceedings and the low threshold of use of the challenged trademark required to be shown.

[41] I also note that the exhibit from which the Budget screen shot in the affidavit was extracted promotes SEA TOW Savings Club and states: “From local bait and tackle shops to worldwide car rental services, **Sea Tow can help you save...**” [Emphasis added.] Another

exhibit involving a December holiday email advertisement to SEA TOW members displaying the SEA TOW trademarks includes **savings** for SEA TOW members on a monthly subscription to Ship Shape TV online access “anywhere in the world, on any device and at any time...”

[Emphasis added.] Further, the sample, redacted membership renewal letter attached as an exhibit to Capt. Frohnhoefer’s 2017 affidavit, and addressed to someone in Mt Hope, Ontario, describes “**exclusive loyalty discounts**” for Sea Tow members, including Sea Insure, a discounted marine insurance program designed specifically for Sea Tow. [Emphasis added.]

[42] On the basis of the above-described exhibits, I am prepared to infer that during the relevant period, Canadian SEA TOW members could obtain in Canada the benefit of discounts and special offers advertised and offered by Sea Tow. The Member in my view focused instead, incorrectly, on the provision of the underlying (discounted) services, such as car rentals, rather than on the provision of discounts, such as for rental cars and hotels. These services thus will be maintained and will read: “membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services.”

- (iii) “...environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land; marine, oil, environmental, and hazard services, namely, substance containment, and clean up, and providing equipment for the foregoing”

[43] Capt. Frohnhoefer’s 2017 affidavit refers to “spill and environmental clean-up” in apparent reference to both the somewhat differently worded descriptions involving

“environmental remediation services” on the one hand (in respect of SEA TOW & Design) and “marine, oil, environmental, and hazard services” on the other hand (in respect of the word mark SEA TOW). I find the exhibit attached to the affidavit regarding such services does not demonstrate that Canadian members could receive any benefits of these services, or that they were available for performance, in Canada or in Canadian waters. References to “national” response contracts and compliance with “state” mandated needs, suggest the provision of “Sea Spill” services in the United States of America. In my view, the Member was not incorrect to find that Sea Tow had not demonstrated use of its SEA TOW trademarks in Canada with these services, nor did Capt. Frohnhoefer’s 2020 affidavit address this finding. I conclude, therefore, that these services will be deleted from Sea Tow’s registrations.

- (iv) “Diving and underwater salvage; marine salvage; delivery of fuel and other supplies by boat”

[44] I find that Capt. Frohnhoefer’s 2020 affidavit addresses the availability of “diving and underwater salvage” and “delivery of fuel and other supplies by boat” services for performance in Canadian waters in response to the Member’s finding that his 2017 affidavit lacked a clear statement to this effect. In his 2020 affidavit, Capt. Frohnhoefer states that Sea Tow consistently and continuously has advertised for, and provided on-water assistance services to its Canadian members boating in Canadian waters, and that such services include “fuel drops (typically to assist when a boat has run out of fuel in open water)” and “disentanglement (propellers, nets and the like).” In my view, disentanglement falls within the scope of diving and underwater salvage, while delivery of fuel and other supplies by boat encompasses fuel drops. I therefore conclude

that the services “diving and underwater salvage” and “delivery of fuel and other supplies by boat” will be maintained in the registrations.

[45] It is not clear in either affidavit, however, what “marine salvage” services entail or that the SEA TOW trademarks have been used in Canada or in Canadian waters in association with such services during the relevant period, or that Canadians could obtain the benefit of these services in Canada. I therefore conclude such services will be deleted from the SEA TOW registrations.

VII. Conclusion

[46] For the above reasons, I find that registration Nos. TMA870561 and TMA870562 for SEA TOW & Design and SEA TOW respectively will be maintained. They will be amended, however, to delete the following services from the statements of services:

SEA TOW & Design, registration No. TMA870561

(1) ... financial services, namely loan financing and commercial and consumer lending services, marina services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land, ..., marina charting services, ..., communication services, namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products.

(2) Marine electrical contracting services and repair and installation of marine electrical apparatus.

(3)

(4) ...; marine salvage; ...; marina services, namely, floating dockage; ...

SEA TOW, registration No. TMA870562

(1) ..., financial services, namely loan financing and commercial and consumer lending services, marina services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land, ..., marina charting services, ..., communication services,

namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products.

(2) Marine, oil, environmental, and hazard services, namely, substance containment, and clean up, and providing equipment for the foregoing; ...; marine salvage; ...; marina services, namely, floating dockage; ...

[47] The amended registrations thus will read:

SEA TOW & Design, registration No. TMA870561

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.

(2) ...

(3) Marine charting and consulting services.

(4) Diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat.

SEA TOW, registration No. TMA870562

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.

(2) diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat; Marine charting and consulting services.

[48] Because the Applicant does not seek any costs of its appeal, no costs are awarded.

JUDGMENT in T-1015-20

THIS COURT'S JUDGMENT is that:

1. The Applicant's appeal under Subsection 56(1) of the *Trademarks Act* is allowed.
2. Registration Nos. TMA870561 and TMA870562 for SEA TOW & Design and SEA TOW will be maintained but the statements of services will amended to delete the following services:

SEA TOW & Design, registration No. TMA870561

- (1) ... financial services, namely loan financing and commercial and consumer lending services, marina services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land, ..., marina charting services, ..., communication services, namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products.
- (2) Marine electrical contracting services and repair and installation of marine electrical apparatus.
- (3)
- (4) ...; marine salvage; ...; marina services, namely, floating dockage; ...

SEA TOW, registration No. TMA870562

- (1) ..., financial services, namely loan financing and commercial and consumer lending services, marina services, environmental remediation services, namely containment and clean-up of spilled hydrocarbons, namely spilled engine oil, diesel fuel and other engine fluids upon the water or land, ..., marina charting services, ..., communication services, namely registration of Maritime Mobile Safety Identity numbers for DSC-VHF radios and marine and boat related products.
- (2) Marine, oil, environmental, and hazard services, namely, substance containment, and clean up, and providing equipment for the foregoing; ...; marine salvage; ...; marina services, namely, floating dockage; ...

3. The amended statements of services therefore will read:

SEA TOW & Design, registration No. TMA870561

- (1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, educational services, namely boating safety

education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.

~~(2) diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat; Marine charting and consulting services~~

~~(2) ...~~

~~(3) Marine charting and consulting services.~~

~~(4) Diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat.~~

SEA TOW, registration No. TMA870562

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.

(2) diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat; Marine charting and consulting services.

4. No costs are awarded.

"Janet M. Fuhrer"

Judge

Annex “A”: Relevant Provisions***Trademarks Act, RSC 1985, c T-13***

<p>When deemed to be used</p> <p>4 (1) A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or 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.</p> <p>Idem</p> <p>(2) A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.</p>	<p>Quand une marque de commerce est réputée employée</p> <p>4 (1) Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.</p> <p>Idem</p> <p>(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l’exécution ou l’annonce de ces services.</p>
<p>Registrar may request evidence of use</p> <p>45 (1) After three years beginning on the day on which a trademark is registered, unless the Registrar sees good reason to the contrary, the Registrar shall, at the written request of any person who pays the prescribed fee — or may, on his or her own initiative — give notice to the registered owner of the trademark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to all the goods or services specified in the registration or to those that may be specified in the notice, whether the trademark was in use in Canada at any time during the three-year period immediately preceding the date of the notice and, if not, the date when it was</p>	<p>Le registraire peut exiger une preuve d’emploi</p> <p>45 (1) Après trois années à compter de la date d’enregistrement d’une marque de commerce, sur demande écrite présentée par une personne qui verse les droits prescrits, le registraire donne au propriétaire inscrit, à moins qu’il ne voie une raison valable à l’effet contraire, un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l’égard de chacun des produits ou de chacun des services que spécifie l’enregistrement ou que l’avis peut spécifier, si la marque de commerce a été employée au Canada à un moment quelconque au cours des trois ans précédant la date de l’avis et, dans la négative, la date où elle a été ainsi employée en dernier et la raison pour laquelle elle ne l’a pas été depuis cette date. Il peut cependant,</p>

last so in use and the reason for the absence of such use since that date.

Form of evidence

(2) The Registrar shall not receive any evidence other than the affidavit or statutory declaration, but may receive representations made in the prescribed manner and within the prescribed time by the registered owner of the trademark or by the person at whose request the notice was given.

Service

(2.1) The registered owner of the trademark shall, in the prescribed manner and within the prescribed time, serve on the person at whose request the notice was given any evidence that the registered owner submits to the Registrar. Those parties shall, in the prescribed manner and within the prescribed time, serve on each other any written representations that they submit to the Registrar.

Failure to serve

(2.2) The Registrar is not required to consider any evidence or written representations that was not served in accordance with subsection (2.1).

Effect of non-use

(3) Where, by reason of the evidence furnished to the Registrar or the failure to furnish any evidence, it appears to the Registrar that a trademark, either with respect to all of the goods or services specified in the registration or with respect to any of those goods or services, was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the

après trois années à compter de la date de l'enregistrement, donner l'avis de sa propre initiative.

Forme de la preuve

(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut recevoir des observations faites — selon les modalités prescrites — par le propriétaire inscrit de la marque de commerce ou par la personne à la demande de laquelle l'avis a été donné.

Signification

(2.1) Le propriétaire inscrit de la marque de commerce signifie, selon les modalités prescrites, à la personne à la demande de laquelle l'avis a été donné, la preuve qu'il présente au registraire, et chacune des parties signifie à l'autre, selon les modalités prescrites, les observations écrites qu'elle présente au registraire.

Absence de signification

(2.2) Le registraire n'est pas tenu d'examiner la preuve ou les observations écrites qui n'ont pas été signifiées conformément au paragraphe (2.1).

Effet du non-usage

(3) Lorsqu'il apparaît au registraire, en raison de la preuve qui lui est fournie ou du défaut de fournir une telle preuve, que la marque de commerce, soit à l'égard de la totalité des produits ou services spécifiés dans l'enregistrement, soit à l'égard de l'un de ces produits ou de l'un de ces services, n'a été employée au Canada à aucun moment au cours des trois ans précédant la date de l'avis et que le défaut d'emploi n'a pas été attribuable à des circonstances spéciales qui le justifient, l'enregistrement de cette marque

trademark is liable to be expunged or amended accordingly.

Notice to owner

(4) When the Registrar reaches a decision whether or not the registration of a trademark ought to be expunged or amended, he shall give notice of his decision with the reasons therefor to the registered owner of the trademark and to the person at whose request the notice referred to in subsection (1) was given.

Action by Registrar

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in the appeal.

Appeal

56 (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.

Procedure

(2) An appeal under subsection (1) shall be made by way of notice of appeal filed with the Registrar and in the Federal Court.

Notice to owner

(3) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trademark that has been referred to by the Registrar in the decision complained of and to every other person who was entitled to notice of the decision.

de commerce est susceptible de radiation ou de modification en conséquence.

Avis au propriétaire

(4) Lorsque le registraire décide ou non de radier ou de modifier l'enregistrement de la marque de commerce, il notifie sa décision, avec les motifs pertinents, au propriétaire inscrit de la marque de commerce et à la personne à la demande de qui l'avis visé au paragraphe (1) a été donné.

Mesures à prendre par le registraire

(5) Le registraire agit en conformité avec sa décision si aucun appel n'en est interjeté dans le délai prévu par la présente loi ou, si un appel est interjeté, il agit en conformité avec le jugement définitif rendu dans cet appel.

Appel

56 (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.

Procédure

(2) L'appel est interjeté au moyen d'un avis d'appel produit au bureau du registraire et à la Cour fédérale.

Avis au propriétaire

(3) L'appelant envoie, dans le délai établi ou accordé par le paragraphe (1), par courrier recommandé, une copie de l'avis au propriétaire inscrit de toute marque de commerce que le registraire a mentionnée dans la décision sur laquelle porte la plainte et à toute autre personne qui avait droit à un avis de cette décision.

Public notice

(4) The Federal Court may direct that public notice of the hearing of an appeal under subsection (1) and of the matters at issue therein be given in such manner as it deems proper.

Additional evidence

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

Avis public

(4) Le tribunal peut ordonner qu'un avis public de l'audition de l'appel et des matières en litige dans cet appel soit donné de la manière qu'il juge opportune.

Preuve additionnelle

(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1015-20

STYLE OF CAUSE: SEA TOW SERVICES INTERNATIONAL, INC. v
TRADEMARK FACTORY INTERNATIONAL INC.

PLACE OF HEARING: HELD BY VIDEOCONFERENCE

DATE OF HEARING: APRIL 21, 2021

JUDGMENT AND REASONS: FUHRER J.

DATED: JUNE 4, 2021

AMENDED **DECEMBER 14, 2021**

APPEARANCES:

R. Scott MacKendrick FOR THE APPLICANT
Tamara Céline Winegust

Kwan T. Loh FOR THE RESPONDENT

SOLICITORS OF RECORD:

R. Scott MacKendrick FOR THE APPLICANT
Tamara Céline Winegust
Bereskin & Parr LLP
Barristers & Solicitors
Toronto, Ontario

Kwan T. Loh FOR THE RESPONDENT
Smart & Biggar LLP
Vancouver, British Columbia