

Federal Court



Cour fédérale

Date: 20221028

Docket: T-690-22

Citation: 2022 FC 1478

Ottawa, Ontario, October 28, 2022

PRESENT: The Honourable Mr. Justice Manson

BETWEEN:

CLARK WILSON LLP

Applicant

and

7299362 CANADA INC.

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] The Applicant, Clark Wilson LLP, appeals under section 56 of the *Trademarks Act*, RSC 1985, c T-13 [the “Act”] from a decision of the Trademarks Opposition Board [the “Board”] dated February 1, 2022, upholding registration of the trademark ALEXA TRANSLATIONS (registration number TMA897557) [the “Mark”] owned by the Respondent, 7299362 Canada Inc., in connection with certain services [the “Decision”].

II. Background

[2] The Respondent operates under the name ALEXA TRANSLATIONS. It is a professional linguistic, cultural competence and localization service provider founded in 2009.

[3] The Respondent's trademark ALEXA TRANSLATIONS was registered on February 2, 2015 in connection with the following goods and services [the "Registered Goods" and the "Registered Services"]:

GOODS:

(1) Downloadable software for language translation; language interpretation machine, namely an electronic device that accepts spoken input from the user, translates that input into one or more languages, and then produces either a written or audible output.

SERVICES:

(1) Translation services.

(2) Language interpretation services.

(3) Consulting services, namely, in the fields of business management, organizational restructuring, corporate finance, law.

(4) Cultural consulting services, namely, training and educating cultural competence on how to conduct business with a diverse workforce or international client, training and educating cultural understanding from the perspective of different cultures and/or other countries.

(5) Web development services.

(6) Notary services.

(7) International document verification services, namely, providing opinions as to the legitimacy of foreign issued documents.

(8) Software as a service (SAAS) provider in the field of language translation; providing telephone call centre and contact centre services.

[4] The Applicant, Clark Wilson LLP, is a law firm that acts as trademark agent to Amazon Technologies, Inc. of the United States of America, which owns several Canadian trademark applications and registrations that include the word ALEXA.

[5] On September 5, 2018, at the request of the Applicant, the Registrar of Trademarks issued a notice under section 45 of the *Act* to the Respondent [the “Notice”]. The Notice required the Respondent to furnish an affidavit showing that it had used the Mark in association with each of the goods and services specified in the registration within the three years immediately preceding the notice and, if not, the date when the Mark was last used and the reason for absence of such use since that date. As a result, the relevant period for showing use in this case is between September 5, 2015 and September 5, 2018.

[6] In response to the Notice, the Respondent submitted an affidavit from Gerjon Kalaci, its Chief Executive Officer, sworn April 4, 2019, together with Exhibits 1 – 30 [the “Kalaci Affidavit”].

[7] At the oral hearing before the Board, both parties made concessions respecting the Registered Goods and the Registered Services. The Respondent conceded that the Kalaci Affidavit did not show use of the Mark in connection with any of the Registered Goods and, likewise, did not show use of the Mark in connection with a portion of Registered Services (8)

described as “providing call centre and contact centre services”. The Applicant conceded that there was use respecting Registered Services (1), (2) and (4).

[8] As a result of these concessions, only the following services were in dispute before the Board:

(3) Consulting services, namely, in the fields of business management, organizational restructuring, corporate finance, law.

(5) Web development services.

(6) Notary services.

(7) International document verification services, namely, providing opinions as to the legitimacy of foreign issued documents.

(8) Software as a service (SAAS) provider in the field of language translation.

[9] In its decision, the Board preserved all of the above services (as well as the other Registered Services that were the subject of the Applicant’s concession).

[10] The Applicant disputes the Board’s findings with respect to the following services [collectively the “Disputed Services”]:

- i. The service under Registered Service (3) identified as “Consulting services, namely, in the [field] of ... corporate finance” [the “Corporate Finance Services”];

- ii. Registered Service (5) identified as “Web development services” [the “Web Development Services”];

- iii. Registered Service (8) identified as “Software as a service (SAAS) provider in the field of language translation” [the “SAAS Translation Services”].

[11] The Applicant seeks the following relief:

- i. Allowing the appeal and directing the Registrar of Trademarks to remove the Disputed Services from the Mark’s registration;

- ii. Costs.

III. Decision Under Review

[12] The Board first considered use in relation to the Corporate Finance Services. Through the Kalaci Affidavit, the Respondent claimed it had provided, offered and advertised consulting services to its clients through its “Integrated Services” offering. These services allegedly included advising clients on how they could cut costs in the set up and management of their own translation department. The Kalaci Affidavit also stated that the Respondent had provided legal opinions on the translation of securities documents.

[13] The Board found that “providing advice to companies on cost-reducing solutions reasonably falls within the ambit of consulting services in the field of corporate finance”. Therefore, it held the Respondent had used the Mark relating to the Corporate Finance Services.

[14] The Board also accepted that the Respondent had used the Mark in connection with the Web Development Services. The Respondent provided evidence that it had used the Mark when:

- i. Advertising “web development” and “web design” on its website.
- ii. Invoicing its clients for helping them develop foreign language versions of their websites.
- iii. Communicating with a client about translating JSON computer files. This translation appears to involve working with some type of programming language.

[15] Based on this evidence, the Board found that the Respondent’s use of the Mark went beyond mere translation of website copy and held the Respondent had used the Mark in connection with the Web Development Services.

[16] As well, the Board accepted that the Respondent had used the Mark when providing SAAS Translation Services. It based this finding on the Respondent’s use of a third-party software called Plunet. Through Plunet, the Respondent’s clients could, after logging in, submit and monitor their translation requests.

[17] The Kalaci Affidavit includes an exhibit showing an interface, bearing the ALEXA TRANSLATIONS mark, where a client could view their outstanding requests and price quotes, and orders as well as submit new requests. The Board found that the Respondent's clients benefitted from using the tool as they could monitor the progress of their requests.

IV. Issues

- A. *What is the appropriate standard of review?*
- B. *Did the Board err in law?*
 - (1) Did the Board err by failing to determine expressly the ordinary commercial meaning of the Disputed Services?
 - (2) Did the Board err by taking the Respondent's statements at "face value"?
- C. *Did the Board err in its factual findings that the Respondent established use with respect to the Disputed Services?*

V. Analysis

- A. *What is the appropriate standard of review?*

[18] For a statutory appeal under subsection 56(1) of the *Act*, the applicable standard of review are the appellate standards outlined in *Housen v Nikolaisen*, 2002 SCC 33 [*Housen*] [*Canada (Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paragraph 37].

[19] For questions of law and questions of mixed fact and law where a legal question is readily extricable, the standard of review will be one of correctness [*Housen* at paragraphs 8 and 27]. For questions of fact and true questions of mixed fact and law, the standard will be whether the decision-maker committed a palpable and overriding error [*Housen* at paragraphs 10 and 28].

[20] The palpable and overriding error standard is a highly deferential one. A palpable error is one that is “obvious” or “plain to see” and an overriding error is one that changes the outcome of the case [*Housen* at paragraph 5; *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at paragraph 64].

B. *Did the Board err in law?*

- (1) Did the Board err by failing to determine the ordinary commercial meaning of the Disputed Services?

[21] Proceedings under section 45 of the *Act* are summary in nature. Upon receiving a section 45 notice, the owner of the subject registered trademark must show that they have used the mark within the three years immediately preceding the notice or provide the last date the mark was used along with an explanation for the lack of use. Such a proceeding is an expeditious administrative procedure to clear “deadwood” – obsolete or outdated trademarks – from the trademarks register [*Miller Thomson v Hilton Worldwide*, 2020 FCA 134 [*Hilton Worldwide*] at paragraph 9].

[22] According to paragraph 30(2)(a) of the *Act*, successful trademark registration applications must contain a statement in ordinary commercial terms of the goods or services for which the

trademark is to be registered. In light of this, the Federal Court of Appeal stated in *Hilton Worldwide* at paragraph 85:

Before it can be determined whether a particular service is performed in Canada, however, it must first be determined which activities are encompassed within the service in question, in light of the ordinary commercial meaning of the term. It is only once the scope of the services identified in the registration has been identified that the analysis can shift to whether these services have been performed in this country.

[23] Relying on this passage from *Hilton Worldwide*, the Applicant argues that the Board erred by failing to determine the ordinary commercial meaning of each of the Disputed Services before determining whether the Respondent had established use in connection with said services.

[24] The Respondent disagrees with the Applicant on both procedural and substantive grounds. First, the Respondent argues that the Applicant is improperly challenging the definition of the Disputed Services for the first time on appeal. Second, the Respondent argues that the Applicant takes an expansive view of *Hilton Worldwide*, which, according to the Respondent, places no obligation on the Board to state expressly the ordinary commercial meaning of each service before determining use.

[25] I disagree with the Respondent's procedural argument; the Applicant is not improperly raising an issue for the first time. On appeal, the Applicant is claiming, essentially, that the Board omitted a necessary part of the legal test for determining trademark use by failing to define the relevant services in ordinary commercial terms. There is nothing in the applicable law that would prevent a court from intervening on appeal where an incorrect legal test has been applied to the central issue raised below.

[26] Moreover, in its submissions to the Board, the Applicant did, at several points, contest that the Respondent's evidence showed use within the applicable definition for a range of services. For instance, the Applicant argued that translating content that appeared on websites was not 'web development services'.

[27] However, I do agree with the Respondent's substantive argument; *Hilton Worldwide* places no obligation on the Board to define explicitly each service in ordinary commercial terms. Rather, it stands merely for the idea that, because a mark is registered for a service stated in ordinary commercial terms, use of a mark must be determined in that light.

[28] In *Hilton Worldwide*, the central dispute was whether the respondent hotel chain had used its mark in connection with "hotel services". While the respondent did not operate physical hotels in Canada, they offered several ancillary services, such as the ability to make online bookings at foreign hotels from within Canada. The Court of Appeal did not endeavour to provide a comprehensive definition of "hotel services". Instead, the analysis focussed on whether the specific services that the respondent offered fell within the ordinary commercial meaning of "hotel services".

[29] That is all that is required from the Board and there is no basis to find that the Board failed to do so.

[30] While evidence that is truncated in nature is often filed and relied upon by a registered owner in section 45 proceedings, that evidence must nevertheless establish the requisite *prima facie* evidence of use for each of the listed goods and services in a trademark registration.

[31] That said, section 45 proceedings are not intended to resolve contentious issues between competing commercial parties [*Hilton Worldwide* at paragraph 9]. If an interested person wishes to challenge more rigorously the registration of a trademark, they may choose to proceed through an expungement proceeding under section 57 of the *Act*.

(2) Did the Board err by taking the Respondent's statements at "face value"?

[32] The Applicant argues that the Board lowered the burden of proof by taking statements from the Kalaci Affidavit at "face value".

[33] Again, section 45 proceedings are expedited, summary proceedings. The Respondent bears the evidentiary burden in the section 45 context. Although this burden is not a heavy one, statements that merely claim the Mark was used will not suffice, but statements describing *how* the Mark was used often will [*Central Transport, Inc v Mantha & Associates*, [1995] FCJ No 1544 (CA) at paragraph 3].

[34] The Kalaci Affidavit includes the following statements, supported by evidence, about how the Respondent used the Mark:

- i. Corporate Finance Services: The Respondent provided cost-saving solutions to its clients, including advice on eliminating overhead costs associated with in-house translating and project management departments, and translated securities documents.
- ii. Web Development Services: The Respondent assisted various companies with “web development and software development projects” and advertised these services on its website.
- iii. SAAS Translation Services: Through an online translation management tool called Plunet, the Respondent allowed its clients to “log on to the system, submit their translation request and monitor their progress.”

[35] These statements go beyond bald assertions of use and the Board committed no error in law by accepting them.

C. *Did the Board err in its factual findings that the Respondent established use with respect to the Disputed Services?*

[36] While the definition of “use” in the trademark context is a question of law entitled to no deference on appeal, determinations of use that require the weighing of evidence and determining fact are can be reviewed only under the highly deferential overriding and palpable standard [*Hilton Worldwide* at paragraph 118].

[37] The Respondent argues that, to its knowledge, it is unprecedented for there to be a finding of overriding and palpable error of the Board's decision in a section 45 appeal in the absence of new evidence, save for a case where the Board disregarded the relevant time period [*Alliance Laundry System LLC v Whirlpool Canada LP*, 2015 FCA 232].

[38] However, in *Hilton Worldwide*, the Court of Appeal upheld this Court's finding that the Board had erred in its interpretation of the scope of "hotel services" [*Hilton Worldwide* at paragraph 96]. *Hilton Worldwide* was decided after *Vavilov* and the *Housen* appellate standards of review were applied [*Hilton Worldwide* at paragraphs 39 to 42].

[39] The Board committed no overriding and palpable error in its determinations about the use of the Mark in connection with the Web Development Services and the SAAS Translation Services. There was sufficient evidence to support the Board's findings with respect to these services.

[40] However, I find that the Board erred when finding that the Respondent used the Mark in connection with the Corporate Finance Services, because it counselled "companies on cost-reducing solutions".

[41] This error is "palpable" or obvious. While services in the section 45 context are to be construed broadly, the term "corporate finance" cannot be so broad as to encompass anything related to business and money. At some level, the provision of virtually any commercially viable service from one business to another would be expected to improve the recipient's bottom line in

some way. The cost savings that would result from the Respondent's services are the consequence of the services and not the content. This kind of service cannot reasonably be considered consulting services in the field of corporate finance.

[42] Additionally, the error is "overriding" because it was the sole reason the Board preserved the Mark's registration for the Corporate Finance Services.

VI. Conclusion

[43] For the reasons above, I grant the application with respect to the Corporate Finance Services, and dismiss the application with respect to the Web Development Services and the SAAS Translation Services.

[44] Given the divided success, no costs are awarded.

JUDGMENT in T-690-22

THIS COURT'S JUDGMENT is that:

1. The appeal is allowed with respect to the service registered as “Consulting services, namely in the [field] of ... corporate finance” in trademark registration TMA897557, which is hereby struck from the registration.
2. The appeal is otherwise dismissed.
3. No costs are awarded.

"Michael D. Manson"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-690-22

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