

Federal Court



Cour fédérale

Date: 20170731

Docket: T-1357-16

Citation: 2017 FC 734

Ottawa, Ontario, July 31, 2017

PRESENT: The Honourable Mr. Justice Manson

BETWEEN:

AT&T INTELLECTUAL PROPERTY II, L.P.

Applicant

and

LECOURS, HÉBERT AVOCATS INC.

Respondent

JUDGMENT AND REASONS

[1] This is an appeal under sections 56(1) and 59 of the *Trade-marks Act*, RSC 1985, c T-13, and Rule 300 of the *Federal Courts Rules*, SOR/98-106, from the decision of the Registrar of Trademarks, dated June 7, 2016 (the “Decision”), which held that Registration No. TMA 673,815 (the “Registration”) for the GO PHONE trademark (the “GO PHONE Mark”) is to be expunged pursuant to section 45 of the *Trade-marks Act*.

I. Background

[2] The Applicant is AT&T Intellectual Property II, LP (“AT&T IP” or the “Applicant”). AT&T IP is a subsidiary of AT&T Inc., a holding company which holds directly or indirectly all of the AT&T companies and entities carrying on business in the world, including AT&T IP and AT&T Mobility Services LLC (collectively, “AT&T”). AT&T IP is the owner of the GO PHONE Mark and the Registration, in Canada.

[3] The Respondent is Lecours, Hébert Avocats Inc. (“Lecours” or the “Respondent”).

A. *The GO PHONE Mark*

[4] As described by AT&T IP, the services used in association with the GO PHONE Mark are prepaid telecommunications services, with a variety of payment plans. These plans have no annual contract and customers can purchase time/minutes online at the *att.com* website. The plans also include International Long Distance Packages, and allow roaming.

[5] On April 9, 2014, the Registrar issued a notice under section 45 of the *Trade-marks Act* to AT&T Wireless Services Inc., the then registered owner of the GO PHONE Mark (the “Notice”). Following the issuance of the Notice, the Registrar recorded a series of changes of name and title for the Registration, which are not at issue in this appeal, resulting in AT&T IP becoming the owner of the GO PHONE Mark. The relevant period for demonstrating use of the GO PHONE Mark is between April 9, 2011 and April 9, 2014 (the “Relevant Period”).

[6] On November 18, 2014, AT&T IP voluntarily amended the Registration to delete the goods set out therein. As a result, the Decision was made based on the amended registration, which covers the following services:

Telecommunications services, namely electronic transmission of voice, data, images, audio, video, signals, software, information, and messages, wireless voice messaging services, paging services, and facsimile transmission services for others; electronic audio, and/or audiovisual voice messaging services, namely the recording, storage and subsequent transmission of audio and/or audiovisual voice messages in digital format.

(collectively, “the GO PHONE Services” or the “Services”)

B. *The Decision of the Registrar*

[7] The hearing officer on behalf of the Registrar (the “Hearing Officer”) held that AT&T IP had not provided sufficient facts from which she could determine that, during the Relevant Period, the GO PHONE Mark was in use in Canada in association with each of the Services, within the meaning of sections 4(2) and 45 of the *Trade-marks Act*. She found that there were significant ambiguities in the affidavit supporting AT&T IP’s arguments (i.e., the First Thomas Affidavit), and that it was not clear whether Canadian customers were able to purchase and obtain the GO PHONE Services without having to leave Canada.

[8] The Hearing Officer also noted the following definitions of the term “roam”/“roaming”:

Roam: [...] 4. *intr.* I (of a cellphone user) move from one geographic area to another without losing phone service. *Oxford Canadian Dictionary, Second Edition*

Roam: [...] 3. to use a cellular phone outside one’s local calling area – *roaming charges*. *Merriam-Webster*

Roaming: A facility which may be offered by public access services whereby subscribers to a certain service are able to make and/or receive calls to/from facilities belonging to another service provider.

Travelling with your wireless phone outside your local calling area is called “roaming” ... your wireless phone will always let you know when you’re roaming—either an indicator will light up or the word “ROAM” will display on your phone’s screen.

TERMIUM Plus (Government of Canada’s terminology and linguistic database, Translation Bureau).

[9] Based on these definitions, the Hearing Officer found that it was apparent from the evidence that the GO PHONE Services were targeted to customers in the U.S., not customers in Canada. She decided that the availability of the Services, if any, in Canada would have been only through the roaming services, and that it was unclear whether and to what extent each and every one of the Services was performed or available to be performed in Canada through the roaming services. For example, she stated that it was not clear that the “electronic transmission of software” would be captured by the roaming services.

[10] Further, the Hearing Officer was not satisfied that AT&T IP had demonstrated use of the GO PHONE Mark in association with the Services, even if she accepted that each of the Services had been performed through roaming. She stated that “the evidence, at most, shows use or display of the Mark in the mere *promotion and advertisement* of the Services”, and found that there was no indication that AT&T IP was prepared to offer any of the Services in Canada to Canadian customers, without those customers having to first leave Canada to purchase the Services in the U.S.

II. Issue on Appeal

[11] The Parties agree that, in light of the new evidence admitted on appeal, which includes the Second Thomas Affidavit, the Levin Affidavit, and the Coleman Affidavit, the standard of review to be applied is correctness (*Molson Breweries v John Labatt Ltd* (2000), 5 CPR (4th) 180 (CA)). Therefore, the only issue in this appeal is whether AT&T IP has filed sufficient evidence showing use, as defined by sections 2 and 4 of the *Trade-marks Act*, within the Relevant Period, to maintain the registration of the GO PHONE Mark.

III. Analysis

[12] Section 45 of the *Trade-marks Act* is a housekeeping measure that is intended to rid “deadwood” from the Register. The evidentiary threshold necessary to demonstrate use of the trademark in question, on appeal, is low and the appellant needs only to show use, not examples of all uses. Further, the case law has established that an affidavit that provides sufficient evidence will usually meet the evidentiary requirement of use during the relevant period (*Supershuttle International Inc v Fetherstonhaugh & Co*, 2015 FC 1259 at para 38).

[13] The evidence must show a degree of current or contemporaneous use with the Registrar’s notice. Use which takes place subsequent to the notice is admissible to establish continuity of use and to rebut allegations of token sales, not to prove use of a trade mark at the time of the notice (*Boutiques Progolff Inc v Canada (Registrar of Trade Marks)* (1993), 54 CPR (3d) 451). In the case of trademarks displayed on websites, “use” requires not only the display of the trademark in

advertising services but also the ability to make those services available in Canada (*Unicast SA v South Asian Broadcasting Corp*, 2014 FC 295 at para 27 [*Unicast*]).

[14] However, the service available in Canada does not have to be the primary service, since the *Trade-marks Act* makes no distinction between primary, incidental, or ancillary services; therefore, “as long as some members of the public, consumers or purchasers, receive a benefit from the activity, it is a service” (*TSA Stores, Inc v Canada (Registrar of Trade Marks)*, 2011 FC 273 at para 17 [*TSA*]). In *TSA*, Justice Sandra Simpson found that the “Help Me Choose Gear” service on TSA’s website provided sufficient information and guidance about products, such that visiting the website was “akin to visiting the bricks and mortar store and benefiting from a discussion with a knowledgeable sales person”, and held it to be an ancillary retail store service (*TSA* at para 19).

A. *Position of the Parties*

[15] AT&T IP argues that there are unique aspects to the GO PHONE business that must be taken into account when assessing whether the Services were available in Canada and “used” in conjunction with the GO PHONE Mark:

- the Services are pre-paid and there is no typical invoice;
- the Services can be accessed via an AT&T phone device or a device which has been enabled to use the GO PHONE Services through insertion of a GO PHONE Sim Card;
- the user experience is primarily through the phone device or through the website, myprepaidrefill.com (“paygonline”);
- all payment messages go to the phone device directly via SMS text messaging; and
- once the customer has a subscription, all marketing promoting ongoing continuation of the GO PHONE Services goes directly to that customer, on the phone device.

[16] AT&T IP further asserts that the nature of roaming must be understood in order to assess use. AT&T has roaming arrangements with various other telecommunications companies that enable AT&T to provide the Services in places where AT&T does not have network coverage: e.g., Canada and Mexico. However, although AT&T is not providing the network to the ultimate consumers, while they are roaming, the Services are available in Canada because of AT&T's roaming arrangements through its GO PHONE roaming arrangements.

[17] AT&T IP submits that the GO PHONE Mark was used in relation to all of the Services during the Relevant Period and that all of the Services were available in Canada. It also contends that, although AT&T itself did not and still does not sell the phone devices or the GO PHONE Sim Card products in Canada, they were and are currently available for sale in the U.S. During the Relevant Period, GO PHONE Sim Cards were available on e-Bay and they are currently available in Canada through Amazon.com.

[18] During the Relevant Period, once a consumer purchased a GO PHONE Sim Card, they could activate it in Canada and use the roaming network. Consumers who had the phone device or GO PHONE Sim Card could refill their minutes through the paygonline website (the Levin Affidavit, as confirmed in the Second Thomas Affidavit for the Relevant Period). AT&T IP also asserts that Canadian customers could have used AT&T's Customer Care services, where AT&T representatives would refer to the GO PHONE Mark during telephone interactions, to refill their GO PHONE Services during the Relevant Period.

[19] AT&T IP argues that their normal course of business regarding the GO PHONE products was to send confirmatory texts and emails in lieu of traditional bills and invoices. As such, they do not have documentary evidence of bills and invoices from the Relevant Period. It also states that the normal course of business was for AT&T to send promotional materials directly to a subscriber's phone device. Additionally, AT&T hosted advertisements and promotions on the paygonline website and on the GO PHONE Services sections of att.com, where the GO PHONE Mark was displayed prominently. AT&T submits that, during the Relevant Period, approximately three to four thousand unique Canadian visitors viewed the GO PHONE Services section of the AT&T website per month. The paygonline website has, since at least 2010, hosted the account information for GO PHONE users and has been capable of processing GO PHONE refill transactions between AT&T and the customer.

[20] AT&T IP also asserts that there are currently more than 4,600 prepaid active or suspended subscribers with a Canadian email address. However, because of its record keeping practices, AT&T does not have evidence of the number of subscribers during the Relevant Period. AT&T IP submits that it is reasonable to infer that there were Canadian subscribers during the Relevant Period, because during that time there were 99,451 orders processed using Canadian issued credit cards. Of those purchases, approximately 15% were ongoing subscriptions. AT&T IP also supplied statistics (as set out in the two Thomas Affidavits) showing network usage in Canada by both Americans and Canadians during the relevant time (the "Call Data").

[21] Finally, AT&T adduced evidence showing that it was possible, in 2016, to purchase and activate a GO PHONE Sim Card in Canada, without having to be in the U.S. at any time. This process required the customer (i.e., Mr. Levin) to provide AT&T with a U.S. zip code and a U.S. address. However, there is evidence indicating that this address did not have to be Mr. Levin's home address. After completing the activation, the Mr. Levin was given a U.S. GO PHONE number and received an AT&T Free Message reading "Welcome to GoPhone!" Mr. Thomas in the Second Thomas Affidavit confirms that this service was available to Canadians in Canada throughout the Relevant Period, April 2011 through April 2014. He was not cross-examined on that affidavit.

[22] The Respondent argues that the services offered in Canada are merely ancillary to the Services offered by AT&T in the U.S. It submits that roaming arrangements, by definition, are services that are ancillary to the Services available in the U.S. on AT&T's home network, and suggests the use of the terms "home network" and "visited network" are indicative of this accessory nature. Additionally, because the roaming arrangements are not apparent to the customer, the GO PHONE Mark is not being used when the customer is benefiting from AT&T roaming arrangements in Canada, because the customer only sees the trademark of the roaming network provider. Further, the Respondent asserts that, because the rate plans require that 50% of the GO PHONE rate plan be used in the U.S., the Services cannot be performed solely in Canada. The Respondent also notes that there is evidence, in the form of forum posts, suggesting that some of the Services (i.e., data roaming) were not available in Canada, during the Relevant Period. It contends that this, plus the fact that a customer can only obtain a U.S. phone number, shows that any use of the Services in Canada is ancillary.

[23] The Respondent also submits that, even if the Services were performed in Canada, there is nothing that establishes performance in association with the GO PHONE Mark. The Respondent contests the portrayal of the facts submitted in the Levin Affidavit and the Colman Affidavit, since the date of purchase of both of the described GO PHONE Sim Cards was in 2016, which is outside of the Relevant Period. Moreover, Mr. Levin had to supply a U.S. address, which the Respondent submits should be interpreted as a requirement of U.S. residence, in order to activate the Services. The Respondent argues that use of the online refill service at the paygonline website is does not constitute use of the GO PHONE Mark

[24] The Respondent asserts that AT&T IP has provided neither documentary evidence of sales in Canada nor promotional and advertisement materials for Canada from the Relevant Period. The Respondent states that AT&T IP's submissions regarding use of the GO PHONE Mark in association with advertisement is, therefore, highly speculative and unsubstantiated. Additionally, the Respondent suggests that in the absence of concrete evidence, it is reasonable to conclude that the records of Canadian email addresses and Canadian issued credit cards is due to purchase of the GO PHONE Services by Canadians who are in the U.S. The Respondent similarly contends that any use in Canada is attributable to use by Americans visiting Canada.

B. *The GO PHONE Services*

[25] Modern telecommunication services are increasingly global. The ability to access telecommunications services for a reasonable price outside of one's home network is increasingly in demand and customers want the option of continuous delivery of service from one country to another on the same phone device. The Services, as listed in the Register, are not

dependent on the network that hosts them and, in my opinion, whether or not the Services were provided directly on AT&T's network or via a roaming arrangement, whereby AT&T has arranged for its customers to use another company's network, is not determinative.

[26] Despite the customer complaint regarding trouble accessing data roaming while in Canada, based upon the list of Services, the evidence before the Court of rate plans and roaming costs, and the statements in the Second Thomas Affidavit regarding AT&T's operations, I see no reason to conclude the Services were not available to Canadians in Canada via roaming, during the Relevant Period. The Hearing Officer raised the particular concern that it was not clear that the "electronic transmission of software" would be captured by the roaming services. Mr. Thomas states in the Second Thomas Affidavit that the uploading of mobile apps, which was an available service, includes the transmission of software. Moreover, the evidence shows that data roaming was available in Canada, although there may have been additional steps to activate it.

[27] There is no distinction in the *Trade-marks Act* between primary and ancillary services; however, I find that the ability to access the Services, for at least 50% of the rate plan, through a roaming arrangement, is not merely an ancillary service to the Services on the AT&T home network. I find that the GO PHONE Services were available in Canada during the Relevant Period, as demonstrated through the evidence of the Second Thomas Affidavit. I find this evidence to be both credible and trust worthy, as it is based on his personal knowledge during the Relevant Period.

[28] Both the Levin and Coleman Affidavits addressed the purchase of the GO PHONE Sim Card and the initial activation of the GO PHONE Services from Canada. I agree with the Respondent that evidence of purchases in 2016 are not relevant to the question of whether the Services were available to Canadians during the Relevant Period. However, other evidence shows that a Canadian customer, having set up their GO PHONE account, could repurchase the GO PHONE Services from Canada on the paygonline website or via the GO PHONE Customer Care services, during the Relevant Period (the Second Thomas Affidavit, Exhibit 7). The GO PHONE Mark is clearly displayed on the paygonline site (the Second Thomas Affidavit, Exhibit 2) and Mr. Thomas attests to the fact that the GO PHONE Customer Care representatives answer the phone with reference to the GO PHONE Mark, and send emails and SMS text messages using the GO PHONE Mark.

[29] In my opinion, whether or not Canadians had to purchase the hardware required to set up a GO PHONE account in the U.S., during the Relevant Period, does not address the question of whether the GO PHONE Services were available for purchase in Canada. Since they are prepaid, the GO PHONE Services must be repurchased from time to time either through the paygonline website or through GO PHONE Customer Care. AT&T IP provided sufficient evidence demonstrating that Canadian customers could make these subsequent purchases of the GO PHONE Services from Canada. Further, the GO PHONE Mark was displayed and/or referenced during these transactions, because customers needed to log into their GO PHONE accounts to make the purchases (the Second Thomas Affidavit, Exhibit 1).

[30] The GO PHONE plans were also advertised, and available to Canadians, on AT&T's press website (Applicant's Record at 90 and 100). There is evidence that the rate plan that included the roaming GO PHONE Services was advertised directly to any Canadian AT&T customers who already had a GO PHONE rate plan and were looking to change plans (the Second Thomas Affidavit, Exhibit 7).

[31] The facts in this case are distinguishable from those in *Boutique Limité Inc v Limco Investments, Inc*, [1998] FCJ No 1419 [*Boutique*]. In *Boutique*, the Federal Court of Appeal found that the evidence adduced was insufficient to show that Limco had performed services in Canada sufficient to justify a registration for "retail women's clothing store services", and that their sales to Canadians were not in the normal course of trade. Here, it is clear that AT&T was making the GO PHONE Services available to anyone who had the proper hardware, including Canadians who had purchased AT&T phones in the U.S. or GO PHONE Sim Cards through third parties online. The normal course of trade for AT&T regarding the GO PHONE Services is advertising and retail of the Services primarily through the internet. As such, any sales to Canadians are via AT&T's normal course of trade. Further, although AT&T requests a U.S. postal code to initially activate the Services, the evidence shows that this does not have to be the customer's postal code.

[32] The Respondent argues that there is insufficient evidence showing use in Canada, during the Relevant Period, because it is unclear whether the transactions using Canadian issued credit cards were actually made from Canada. In the absence of invoices, the Respondent suggests that it is an equally likely scenario that these were purchases made by Canadians while in the U.S.

The Respondent also asserts that all of the use of the Services in Canada could have been use by travelling Americans, since Americans are the main market for the GO PHONE Services.

Further, the Respondent submits that the numbers provided in the Second Thomas Affidavit regarding Call Data (i.e., subscriber count, number of calls, and total minutes of use in Canada during the Relevant Period) and Canadian issued credit card transactions merely state use, and do not show use.

[33] Invoices are not necessary to show use in a section 45 proceeding (*Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184 [*Diamant*]). Additionally, there is a distinction between affidavits stating use and supplying facts from which a conclusion of “use” can be drawn (*Diamant* at paras 8 to 9). I find that the Second Thomas Affidavit does the latter. As such, while the Respondent’s hypotheticals could be true, based upon the Call Data and the number of transactions made using Canadian issued credit cards (i.e., 99,451 transactions), I find that it is reasonable to infer that, on a balance of probabilities, at least some of the calls made in Canada were made by Canadians. Further, Exhibit 7 of the Second Thomas Affidavit shows that the Howard Forum users Whitecapsfan, who states that he works in Victoria, and disco65, who uses a Canadian issued credit card, successfully used calling and text messaging on their GO PHONE enabled devices while in Canada during the Relevant Period.

[34] As discussed above, the evidentiary threshold necessary to demonstrate use of the trademark in question is low. Moreover, while explicit evidence is preferred, the Court can draw inferences of use from the evidence as a whole (*Eclipse International Fashions Canada Inc v Shapiro Cohen*, 2005 FCA 64 at para 7). Therefore, based on the written materials before the

Court and arguments made by the Parties at the hearing, I find that the GO PHONE Mark was used during the Relevant Period, in a manner that satisfies section 4 of the *Trade-marks Act*.

[35] Consequently, I find that the Hearing Officer erred in holding that the GO PHONE Mark as set out in the Registration was not in use during the Relevant Period. The appeal is granted and the Decision is set aside.

IV. Costs

[36] The Parties made informal submissions as to costs. The Applicant submitted that \$15,000 would be a reasonable estimate, while the Respondent submitted that the normal Tariff should apply. Without proper support, I cannot accept the Applicant's submission as a reasonable amount.

[37] I therefore award costs assessed at Column III of Tariff B to the Applicant.

JUDGMENT in T-1357-16

THIS COURT'S JUDGMENT is that

1. The appeal is granted;
2. The decision of the Registrar, dated June 7, 2016, is set aside;
3. Costs are payable by the Respondent to the Applicant, assessed at Column III of Tariff B.

"Michael D. Manson"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1357-16

STYLE OF CAUSE: AT & T INTELLECTUAL PROPERTY II, L.P. V
LECOURS, HEBERT AVOCATS INC

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: JULY 24, 2017

JUDGMENT AND REASONS: MANSON J.

DATED: JULY 31, 2017

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