

Federal Court of Appeal



Cour d'appel fédérale

Date: 20200909

**Dockets: A-325-18
A-369-18**

Citation: 2020 FCA 134

**CORAM: WEBB J.A.
NEAR J.A.
MACTAVISH J.A.**

BETWEEN:

MILLER THOMSON LLP

Appellant

and

HILTON WORLDWIDE HOLDING LLP

Respondent

Heard by online video conference hosted by the Registry on June 5, 2020.

Judgment delivered at Ottawa, Ontario, on September 9, 2020.

REASONS FOR JUDGMENT BY:

MACTAVISH J.A.

CONCURRED IN BY:

**WEBB J.A.
NEAR J.A.**

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REASONS FOR JUDGMENT

MACTAVISH J.A.

[1] The Waldorf Astoria is a well-known luxury hotel located in New York City. There are numerous other Waldorf Astoria hotels elsewhere in the United States and in major cities around the world. There has, however, never been a “bricks and mortar” Waldorf Astoria hotel anywhere in Canada.

[2] The respondent Hilton Worldwide Holding LLP is the owner of the WALDORF ASTORIA trademark, which is registered in Canada for use in association with “hotel services”.

[3] The principal issue raised by this appeal is whether Hilton can establish “use” of the WALDORF ASTORIA trademark in Canada for the purposes of section 45 of the *Trademarks Act* in the absence of a “bricks and mortar” hotel operating under that name in this country.

[4] For the reasons that follow, I have concluded that the Federal Court did not err (in reasons cited as 2018 FC 895) in finding that Hilton had established use of the WALDORF ASTORIA mark in Canada. Consequently, I would dismiss the appeal.

I. Statutory Context

[5] Before considering the facts of this case, it is helpful to start by having regard to the nature of proceedings under section 45 of the *Trademarks Act*, R.S.C. 1985, c. T-13 (the Act).

[6] Unlike other forms of intellectual property, use of a trademark is essential, and is fundamental to trademark rights: *HomeAway.com, Inc. v. Hrdlicka*, 2012 FC 1467, [2012] F.C.J. No. 1665 at paras. 11–12. As the Supreme Court of Canada noted in *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at para. 5, “in trade-marks the watchword is ‘use it or lose it’”. Indeed, the statutory definition of “trademark” in section 2 of the Act is “a sign or combination of signs that is used or proposed to be used by a person for the purpose of

distinguishing or so as to distinguish their goods or services from those of others [...]” [emphasis added].

[7] In accordance with subsection 4(2) of the Act, a trademark will be deemed to be used in association with services “if it is used or displayed in the performance or advertising of those services”. That said, the mere advertising of services in Canada will not constitute use in Canada in association with a service. Some aspect of the services must be performed or delivered in Canada: *Porter v. Don the Beachcomber*, [1966] Ex.C.R 982, 48 C.P.R. 280 at para. 17; *Marineland Inc. v. Marine Wonderland and Animal Park Ltd.*, [1974] 2 FC 558.

[8] While foreign trademark owners can register their marks in Canada and thereby enjoy the benefits of exclusivity, maintenance of a registration depends on the use of the mark in Canada.

[9] Section 45 of the Act provides a summary procedure for clearing the Register of Trademarks of registrations for marks that have fallen into disuse: *Sport Maska Inc. v Bauer Hockey Corp.*, 2016 FCA 44, [2016] 4 F.C.R. 3 at para. 55. The section 45 process has been described as one for removing “deadwood” from the Register: *Boutiques Progolff Inc. v. Canada (Registrar of Trade Marks)*, 164 N.R. 264, 54 C.P.R. (3d) 451. It is not intended to resolve contentious issues between competing commercial interests. Such issues are resolved through expungement proceedings under section 57 of the Act: *Moosehead Breweries Ltd. v. Molson Cos. Ltd. et al.* (1985), 11 C.P.R. (3d) 208 at 210, 63 N.R. 140 at 141.

[10] The threshold for establishing “use” in a section 45 proceeding is quite low: *Woods Canada Ltd. v. Lang Michener*, [1996] F.C.J. No. 1701, 71 C.P.R. (3d) 477 (F.C.T.D.). Evidentiary overkill is, moreover, not required: *Union Electric Supply Co. Ltd. v. Registrar of Trade Marks*, [1982] 2 F.C. 263 (1982), 63 C.P.R. (2d) 56 (F.C.T.D.). That said, sufficient facts must still be adduced to allow the Registrar of Trademarks (the Registrar) to find use of a trademark in association with each of the registered services during the relevant period.

[11] Subsection 45(1) of the Act authorizes the Registrar, either on her own initiative or in response to a request made by a third party, to issue a notice requiring that the owner of a registered trademark show use of the mark in Canada in the three years immediately preceding the date of the notice (the relevant period). In accordance with subsections 45(3) and (5) of the Act, a trademark registration may be expunged if the owner fails to show use in Canada within the relevant period, or the existence of “special circumstances” justifying the non-use of the mark.

[12] Pursuant to subsection 56(1) of the Act, an appeal lies to the Federal Court from a decision of the Registrar in a section 45 proceeding, and additional evidence may be filed on the appeal in accordance with subsection 56(5) of the Act.

II. Background

[13] The first Waldorf Astoria hotel opened in New York City in the 1930s. The hotel was acquired by Hilton Hotels Corporation in 1949, and it is currently owned by the respondent Hilton Worldwide Holding LLP (Hilton), a successor to Hilton Hotels Corporation.

[14] Hilton claims to have used the WALDORF ASTORIA mark (the Mark) in Canada in association with “hotel services” since at least 1988. It is the owner of the WALDORF ASTORIA trademark (Registration No. TMA 337,529), which is registered for use in association with “hotel services”.

[15] The appellant, Miller Thomson, is a law firm representing a client engaged in the hotel business. This client has outstanding applications to register trademarks for “WALDORF”, “THE WALDORF”, “WALDORF HOTEL” and other, similar names. Hilton has been actively opposing these applications.

[16] At Miller Thomson’s request, the Registrar issued a notice to Hilton pursuant to section 45 of the Act, requiring that it demonstrate use of the Mark in Canada in association with “hotel services” during the relevant period, which, in this case, was between October 23, 2011 and October 23, 2014. If Hilton was unable to demonstrate such use, it was required to identify the date on which the Mark was last in use, as well as the reasons for its subsequent non-use.

III. The Evidence before the Registrar

[17] In response to the section 45 notice, Hilton provided the Registrar with an affidavit from Christian Eriksen. Mr. Eriksen describes himself as Counsel, Brands & Intellectual Property for Hilton Worldwide, Inc. According to Mr. Eriksen, Hilton (or its predecessor in title) has used the WALDORF ASTORIA mark in Canada since at least 1988 in association with “hotel services, specifically hotel reservation, booking and payment services and hotel management and development services”.

[18] Mr. Eriksen stated in his affidavit that the term “hotel services” is understood in the hotel industry to include “reservation services, booking and payment services, and access to hotel rooms”. He observed that hotels “could not operate unless customers were able to reserve, book and pay for rooms in advance of their stay”, that reservation, booking and payment services are “integral to the provision of hotel services”, and that the cost of providing these services and other ancillary services is incorporated into the room rate.

[19] Mr. Eriksen explained that Canadian customers can make hotel reservations at Waldorf Astoria hotels in a number of different ways. This includes through travel agent booking systems such as Expedia and Travelocity, as well as through Hilton’s own centralized online reservation system, where the Mark is displayed at the time of booking and payment and on the email sent to customers confirming their reservations. Mr. Eriksen also provided evidence as to the number of reservations made by customers with Canadian addresses who then stayed at Waldorf Astoria hotels, and the revenue generated by those stays.

[20] According to Mr. Eriksen, customers can secure their hotel reservations by providing a deposit at the time of booking, or they can obtain a discounted rate by making a non-refundable payment at the time of booking. Customers can also join Hilton's "HILTON HHONORS" loyalty program. Amongst other benefits, program members can earn points at hotels within the Hilton Group's portfolio, including Waldorf Astoria hotels. These points can be redeemed for stays at hotels in the Hilton Group, including at hotels located in Canada. There were in excess of 400,000 Canadians enrolled in the HILTON HHONORS loyalty program during the relevant period.

[21] Finally, Mr. Eriksen discussed Hilton's plans for the construction of a Waldorf Astoria hotel in Montreal, and the reasons why that hotel was never built. He also confirmed Hilton's ongoing interest in developing a Waldorf Astoria hotel in Canada.

IV. The Registrar's Decision

[22] A delegate of the Registrar concluded that the absence of a "bricks and mortar" Waldorf Astoria hotel in Canada was fatal to Hilton's claim that it had used the Mark in Canada in association with "hotel services" during the relevant period. The Registrar also found that Hilton had not established that there were "special circumstances" that would excuse its non-use of the Mark in this country during that period. Consequently, the Registrar ordered that the WALDORF ASTORIA Mark be expunged from the Register.

[23] In finding that Hilton had not established use of the Mark in Canada, the Registrar relied on the reasoning in *Stikeman Elliott LLP v. Millennium & Copthorne International Limited*, 2015 TMOB 231, [2015] T.M.O.B. No. 5231 [*M Hotel*]. The mark at issue in *M Hotel* was registered for use in association with “hotel services and hotel reservation services”. The Registrar concluded in that case that the registration for “hotel services” should be expunged, as there was no physical M Hotel located in Canada during the relevant period and the owner of the mark had not established that it performed, or was able to perform, hotel services in Canada during the relevant period. The Registrar did, however, maintain the registration for “hotel reservation services”.

[24] In this case, the Registrar found that in ordinary commercial terms, “‘booking’, ‘planning’ and ‘reservation’ services are not ‘hotel services’”. The Registrar found that if a customer had to leave Canada to enjoy the service, it was not a “hotel service” performed in Canada. Citing the Registrar’s earlier decision in *Maillis v. Mirage Resorts Inc.*, 2012 TMOB 220, 107 C.P.R. (4th) 298, the Registrar stated that it was “contrary to common sense to equate the ability to make hotel reservations or other bookings with the operation of a hotel”. The Registrar further found that even if a loyalty program could be enjoyed in or from Canada, it was not a “hotel service”.

[25] Thus, while customers may be able to book hotel rooms at Waldorf Astoria hotels from within Canada, the Registrar concluded that the performance of Hilton’s “hotel services” could only be completed by customers travelling outside of Canada. As a result, no use of the Mark in Canada in association with “hotel services” had been established.

[26] The Registrar was also not persuaded that there were “special circumstances” that would excuse Hilton’s non-use of the Mark during the relevant period. While Hilton had entered into an agreement to build a Waldorf Astoria hotel in Montreal, this did not materialize due to the economic downturn in 2008. The Registrar found that this did not constitute the type of “special circumstances” required by the case law to excuse non-use of a trademark, and that, in any event, Hilton had not demonstrated why it had not built or operated a Waldorf Astoria hotel in Canada at any time since 1988, when its trademark was registered. This conclusion was upheld by the Federal Court, and Miller Thomson does not challenge the finding with respect to “special circumstances” in this appeal.

V. The Federal Court’s Decision

[27] Hilton appealed the Registrar’s decision to the Federal Court through the statutory appeal mechanism provided for in subsection 56(1) of the Act. As it was entitled to do, Hilton submitted additional evidence in support of the appeal in the form of a further affidavit from Mr. Eriksen, as well as an affidavit from Linda Elford. Ms. Elford is a trademark searcher and her evidence was directed at the state of the “Wares and Services Manual” maintained by the Canadian Intellectual Property Office (the Manual).

[28] The Federal Court observed that, in determining whether an appellant has established use of a trademark, the Court must conduct a *de novo* review of a Registrar’s decision where additional evidence is adduced on the appeal that would have materially affected that decision: *Mattel*, above at paras. 35, 37; *John Labatt Ltd. v. Molson Breweries*, [2000] 3 F.C. 145, 252

N.R. 91 at para. 29 (C.A.), leave to appeal to SCC refused, 27839 (14 September 2000). Where, however, the Registrar's findings of fact or treatment of issues are not affected by the new evidence, the reasonableness standard of review applies.

[29] The Federal Court next considered whether a hotel owner could establish "use" of a trademark without the presence of a "bricks and mortar" hotel in Canada.

[30] Citing the decision in *Kraft Ltd. v. Registrar of Trade Marks* (1984), 1 C.P.R. (3d) 457, [1984] 2 FC 874 (T.D.), the Federal Court noted that the concept of "services" is to be liberally interpreted, and that "services" may include those that are "incidental" or "ancillary" to the primary service identified in the registration.

[31] After reviewing the evolving jurisprudence regarding the "use" of trademarks in the era of the internet, the Federal Court observed that it was essential that some aspect of the registered service be offered directly to Canadians or be performed in Canada. People must, moreover, be able to derive a tangible, meaningful benefit from the use of a mark in association with the registered service in Canada in order to establish use of the mark in this country. The Court further noted that determining whether use in Canada had been established required a case-by-case assessment, involving an analysis of the scope of the services referred to in the trademark registration, and of the nature of the benefits that are delivered to people physically present in Canada.

[32] The Federal Court concluded that the Registrar had committed a number of errors in this case. The Court found that she had failed to consider the only evidence that had been submitted with respect to the ordinary commercial understanding of the term “hotel services”, and that she had failed to follow binding authority establishing that the scope of services includes primary, incidental and ancillary services. The Court also found that the Registrar erred in applying the current version of the Manual to interpret the meaning of a registration dating from 1988. Finally, the Court found that the Registrar had erred by failing to consider the actual words used in the registration itself.

[33] Consequently, the Federal Court allowed Hilton’s appeal, set aside the Registrar’s decision and maintained the Mark’s registration on the basis that Hilton established use of the Mark in Canada during the relevant period. The Court also awarded Hilton \$9,000 for legal fees and \$6,600 for disbursements.

VI. Issues

[34] The Federal Court’s decision on the merits is the subject of this appeal. The Court’s costs award was the subject of a separate appeal by Miller Thomson, and the two appeals have been consolidated by order of this Court.

[35] The consolidated appeal raises a number of issues, including whether the Federal Court erred in:

1. Its application of the standard of review;

2. Finding that there had been use of the WALDORF ASTORIA mark in Canada during the relevant period; and
3. Fixing the amount of costs in Hilton's favour.

[36] Hilton has cross-appealed, submitting that in the event that this Court were to determine that it had not established use of the WALDORF ASTORIA mark in Canada in association with "hotel services", it should be permitted to amend its trademark registration to cover "hotel services, namely hotel reservation services", which would more properly reflect the actual activities carried on in Canada. The Federal Court had found that it was unnecessary to address this issue in light of its finding that Hilton had indeed established use of the Mark in this country.

[37] Because I have concluded that the Federal Court did not err in finding that Hilton had established use of the WALDORF ASTORIA mark in Canada, it is not necessary to address Hilton's cross-appeal.

VII. The Standard of Review to be Applied to the Federal Court's Decision by this Court

[38] Before considering the issues raised by Miller Thomson, it is first necessary to identify the standards of review that this Court must apply in examining the Federal Court's decision.

[39] Prior to the Supreme Court of Canada's decision in *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65, 441 D.L.R. (4th) 1, appeals to the Federal Court from decisions of the Registrar of Trademarks were treated as applications for judicial review,

notwithstanding the fact that they are described as “appeals” in subsection 56(1) of the *Trademarks Act*. Consequently, in reviewing decisions of the Federal Court in cases such as this, this Court followed the approach articulated by the Supreme Court in *Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, [2013] 2 S.C.R. 559 at paras. 45–47.

[40] That is, this Court would first consider whether the Federal Court had properly identified the standard of review applicable to the questions at issue, and it would then determine whether the Federal Court had correctly applied that standard.

[41] This has changed as a result of the Supreme Court’s decision in *Vavilov*. There, the Supreme Court held that where Parliament has provided that parties may appeal from an administrative decision to a court, it has subjected the administrative regime to appellate oversight. As a result, regardless of whether there was material new evidence before the Federal Court that could have affected the Registrar’s decision, this Court must now scrutinize the Federal Court’s decision on the appellate basis: *The Clorox Company of Canada, Ltd. v. Chloretec S.E.C.*, 2020 FCA 76, 172 C.P.R. (4th) 351. This requires that the Court apply the standards of review articulated in cases such as *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235; and *Vavilov*, above at para. 36.

[42] The standard of review to be applied to questions of law is thus correctness. Findings of fact and inferences of fact are to be reviewed on the basis of palpable and overriding error. Findings of mixed fact and law are to be reviewed on the same deferential standard unless an

extricable legal error can be demonstrated, in which case the error is subject to review on the correctness standard.

[43] This then takes us to Miller Thomson's first issue, which relates to the standard of review that was applied by the Federal Court in reviewing the Registrar's decision in this case.

VIII. Did the Federal Court Err in its Application of the Standard of Review in this Case?

[44] *Vavilov* has also had an impact on the standards of review to be applied by the Federal Court in proceedings under subsection 56(1) of the Act, given that such proceedings are now to be treated as appeals, rather than as applications for judicial review.

[45] Prior to *Vavilov*, the standards of review identified in cases such as *Mattel*, above at paras. 35–39, and *John Labatt*, above at paras. 23–29, were to be applied by the Federal Court in appeals from the Registrar of Trademarks. In accordance with this jurisprudence, the Registrar's findings of fact and exercise of discretion were subject to review on the reasonableness standard. The Court could, however, engage in a *de novo* review of a Registrar's decision if it found that additional evidence presented on the appeal would have materially affected the Registrar's findings of fact or the exercise of discretion: *John Labatt*, above at para. 29.

[46] As the Federal Court's decision in this case pre-dated the Supreme Court's decision in *Vavilov*, the *Mattel* and *John Labatt* standards were the standards of review that were applied by the Federal Court in considering Hilton's appeal.

[47] The requirement that the Federal Court conduct a correctness review with respect to issues for which there is material new evidence before it has not changed as a result of the *Vavilov* decision: *Clorox*, above at para. 21. In such cases, the Court is still entitled to substitute its opinion for that of the Registrar.

[48] Where the standard of review applicable to Registrar's decisions has changed as a result of *Vavilov* is where there is no new evidence before the Federal Court that would materially have affected the decision under appeal: *Clorox*, above at para. 22. The standards of review to be applied by the Federal Court in such cases are the appellate standards of correctness and palpable and overriding error that were prescribed by the Supreme Court in *Housen: Clorox*, above at paras. 22–23.

[49] Notwithstanding the change in the law, I do not understand Miller Thomson to take issue with the Federal Court's identification of the applicable standards of review in this case. I also do not understand it to be arguing that the result would have been different had the Federal Court applied the *Vavilov* standard of palpable and overriding error rather than the *Mattel* standard of reasonableness to issues of fact and mixed fact and law. Miller Thomson submits rather that the Federal Court did not apply the deferential standard of review correctly in assessing the materiality of the new evidence adduced by Hilton on the appeal.

[50] Insofar as Mr. Eriksen's second affidavit is concerned, Miller Thomson submits that it is impossible to determine which standard of review was applied by the Federal Court to which

issue. It also contends that, in any event, there was nothing in Mr. Eriksen's second affidavit that would have materially affected the Registrar's decision.

[51] Miller Thomson also says that the Federal Court did not address whether Ms. Elford's affidavit would have materially affected the Registrar's decision and that, in any event, the Registrar's comments with respect to the hotel-related services listed in the Manual were made in *obiter*. Miller Thomson further contends that there was nothing in Ms. Elford's affidavit that could have affected the Registrar's decision in any way.

[52] I cannot accept Miller Thomson's submissions.

[53] Material new evidence is evidence that is "sufficiently substantial and significant" and "of probative value": *Clorox*, above at para. 21, citing *Vivat Holdings Ltd. v. Levi Strauss & Co.*, 2005 FC 707, 276 F.T.R. 40 at para. 27, and *Tradition Fine Foods Ltd. v. Groupe Tradition'l Inc.*, 2006 FC 858, 296 F.T.R. 216 (Eng.) at para. 58.

[54] A question as to the materiality of new evidence is a question of mixed fact and law. As a result, findings of this nature will stand in the absence of a palpable and overriding error or an extricable error of law: *Clorox*, above at para. 19, citing *Monster Cable Products, Inc. v. Monster Daddy, LLC*, 2013 FCA 137, 445 N.R. 379 at para. 4.

[55] It is clear from paragraphs 10–13 of the Federal Court's decision that it understood the relevance that new evidence has for the standard of review in an appeal from a section 45

decision. The Federal Court also understood the need for it to address the nature, significance, probative value and reliability of that evidence in identifying the appropriate standard of review to be applied to the Registrar's decision.

[56] After discussing the new evidence that had been adduced by Hilton the Court concluded at paragraph 27 of its reasons that the standard of review to be applied on this appeal was "correctness in relation to the issues addressed by the new evidence", and that it would otherwise apply the standard of reasonableness in its review of the Registrar's decision.

[57] Insofar as Ms. Elford's evidence is concerned, she is an experienced trademark searcher whose evidence was directed at the state of the Manual at various times. This Manual lists the types of services that will be accepted for inclusion in trademark registrations. Ms. Elford's affidavit also addressed her understanding of the practice that was followed with respect to additions to and deletions from the Manual.

[58] Ms. Elford stated in her affidavit that she had been asked by Hilton's counsel to locate the oldest possible copy of the Manual. She was also asked to search for the terms "hotel services", "hotel reservation services", "reservation services", "booking services", and "management of hotels" in that version of the Manual.

[59] Ms. Elford stated that the earliest version of the Manual that she could locate was one dated January 18, 2006. This Manual listed "hotel services" and "management of hotels" as

acceptable services, but it did not contain the terms “hotel reservation services”, “reservation services” or “booking services”.

[60] Ms. Elford further asserted that although she was unable to locate an earlier copy of the Manual, in her 45 years of experience, she did not recall ever seeing a term added to the Manual, that was subsequently removed, and then re-added. Accordingly, she did not believe that the terms “hotel reservation services”, “reservation services” or “booking of hotels” were listed in any edition of the Manual prior to January 18, 2006.

[61] The Registrar had referred to the current version of the Manual in considering whether the term “hotel services” includes services such as “reservation services”. In concluding that this was not the case, the Registrar noted that the Manual “expressly provides for the terms ‘hotel services’ and ‘hotels’ as pre-approved terms, separate from other hotel related services like ‘hotel reservations’, ‘hotel room booking services’, ‘hotel management’, and ‘hotel management for others’”. While the Registrar’s comments with respect to the Manual were prefaced by the phrase “[as] an aside”, the discussion with respect to the state of the Manual clearly formed part of her analysis of the issue of use, and was not merely *obiter*.

[62] Ms. Elford’s evidence was directed to this issue. While Hilton’s WALDORF ASTORIA mark was registered in Canada in 1988, Ms. Elford’s evidence suggests that the Manual in effect at the time of registration did not include “hotel reservation services, reservation services and booking of hotels”.

[63] The Federal Court found that Ms. Elford's evidence with respect to the state of the Manual was not expert evidence, but was simply a statement of fact as to matters within her personal knowledge. Insofar as her statement regarding her personal knowledge of the practice of the Trademarks Office with respect to additions to the Manual was concerned, the Court found that this was a statement of fact that was admissible on the appeal, but that it was of limited probative value. To the extent that Ms. Elford purported to provide opinion evidence, or that Hilton sought to rely on her evidence as support for propositions that went beyond these factual statements, the Court found that her evidence was not admissible.

[64] The Federal Court specifically addressed the materiality of Ms. Elford's evidence at paragraph 24 of its reasons. It found her affidavit to present "evidence which is both admissible and probative" to the extent that it referred to the copy of the Manual that was in Ms. Elford's possession, and her personal knowledge about additions to the Manual. The Court noted that evidence with respect to earlier versions of the Manual was material as it "could have prevented the Registrar from erring by referring to the current version".

[65] The Court further observed that Ms. Elford's evidence was relevant to what the Court identified as being "the key issue in this case"—namely whether use of the Mark had been demonstrated in association with "hotel services", or whether it was necessary to specify "hotel reservation services" in the trademark registration. At paragraph 73 of its reasons the Federal Court found that the Registrar had erred "in applying the current version of the Manual to interpret the meaning of a registration dating from 1988".

[66] It is clear from this that the Federal Court understood that the standard of review applicable to the Manual issue depended on whether Ms. Elford's evidence was admissible and probative, and whether it could have affected the Registrar's decision. The Federal Court clearly accepted that this was the case with respect to certain identified portions of her evidence, and that the Registrar had erred in relying on terms that were added to the Manual after the Mark had been registered to interpret the meaning of the services in question. Miller Thomson has not established that the Court erred in this regard insofar as the application of the standard of review is concerned.

[67] The Federal Court's reasons are less clear with respect to the impact of the evidence contained in Mr. Eriksen's second affidavit. The Court noted that this affidavit provided better copies of certain exhibits that had been attached to Mr. Eriksen's original affidavit, specifically screen shots of various pages from the Hilton website. The Court found that nothing turned on the quality of the copies of the original exhibits, and that this portion of Mr. Eriksen's second affidavit was repetitive and thus would not affect the standard of review.

[68] The Court then observed that Mr. Eriksen's second affidavit also provided information regarding the relationship between the various corporate entities within the Hilton group of companies, as well as additional information with respect to the operation of Hilton's hotel reservation systems in Canada. The Court stated that "[t]his information supplements that which was contained in his original affidavit and is of some probative value, as will be explained below".

[69] The Federal Court returned to Mr. Eriksen's second affidavit at paragraph 94 of its reasons. There it stated that this affidavit "clarified [that] the reservations system is operated by Hilton Reservations Worldwide on behalf of the Hilton chain of companies, including the Waldorf Astoria", and that "[t]he Waldorf Astoria trademark appears on the web site at the time of making the booking and payment, as well as on e-mail confirmations sent to customers".

[70] While it would have been helpful, there is no express discussion in the Federal Court's reasons as to the significance that the evidence in Mr. Eriksen's second affidavit (apart from the screen shots) had for the standard of review, beyond its statement at paragraph 94 and its comment that this evidence was of "some probative value". In contrast to the Court's finding that Ms. Elford's evidence was relevant as it "could have prevented the Registrar from erring by referring to the current version", there is no similar suggestion in the Federal Court's reasons that the evidence contained in Mr. Eriksen's second affidavit could have affected the Registrar's decision.

[71] This, coupled with the fact that the Federal Court clearly understood the implications that new evidence can have for the standard of review in a section 45 appeal, leads to the inference that the Court did not find Mr. Eriksen's new evidence to have been sufficiently probative as to permit a *de novo* consideration of the issue. Indeed, as will be seen later, the Federal Court expressly found certain aspects of the Registrar's decision to have been unreasonable, not incorrect. No error has thus been demonstrated in this regard.

[72] This then takes us to the central issue in this appeal, which is whether the Federal Court erred in finding that there had been use of the WALDORF ASTORIA mark in Canada during the relevant period.

IX. Did the Federal Court Err in Finding that there had been Use of the WALDORF ASTORIA Mark in Canada?

[73] Miller Thomson asserts that the Federal Court made several errors in finding that there had been use of the WALDORF ASTORIA mark in Canada during the relevant period, including misstating the relevant statutory test, and misinterpreting the term “hotel services”. The Federal Court further erred, Miller Thomson says, in finding that use of a mark with respect to services that are ancillary to the registered services is sufficient to establish use of a mark in Canada for the purposes of section 45 of the *Trademarks Act*.

a) Did the Federal Court Misstate the Applicable Statutory Test?

[74] As noted, Miller Thomson submits that the Federal Court misstated the test for “use” of a mark in association with services under subsection 4(2) of the Act. This provision deems a mark to be “used in association with services if it is used or displayed in the performance or advertising of those services”.

[75] According to Miller Thomson, the Federal Court improperly conflated the question of whether Hilton had demonstrated use of the WALDORF ASTORIA mark in Canada with the question of whether the WALDORF ASTORIA mark enjoyed a reputation in Canada. It submits

that whether or not the WALDORF ASTORIA mark distinguished any Hilton hotel services from hotel or other services of others was not in issue in this case. However, Miller Thomson contends that the Federal Court stated that an analysis based on distinctiveness was “the approach [it would] apply in considering the scope of use in the context of hotel services”.

[76] I do not accept this submission. When the comments at paragraph 72 of the Federal Court’s reasons are read in context, it appears that what the Court was referring to was the need to consider the question of use from both the perspective of the owner of the trademark and of the consumer, and not whether the Mark was distinctive.

[77] Miller Thomson also asserts that the Federal Court found that an ordinary customer making a binding contract for the reservation of a hotel room and receiving a discounted room rate as well as loyalty points for the booking would conclude that they were receiving an aspect of “hotel services” in Canada, or services that were ancillary to their hotel stay. However, the statutory test is not whether someone received an aspect of the registered services; it is whether the registered services were performed in Canada.

[78] Miller Thomson further submits that the question is whether the registered services were performed in Canada “as those registered services would be understood in ordinary commercial terms”. Rather than applying this test, Miller Thomson submits that the Federal Court asked whether “hotel services” included booking services, and whether persons in Canada benefit from those services.

[79] In support of this contention, Miller Thomson notes that the Federal Court identified the issues before it as being whether Hilton had established:

(a) that the scope of the term ‘hotel services’ in ordinary commercial use at the relevant time (per s. 30 of the Act) encompassed reservation and booking services; and

(b) that persons in Canada benefitted from these services during the relevant period.

[80] Miller Thomson submits that the correct question that the Federal Court was required to ask was “[d]id any of the activities at issue constitute the performance of ‘hotel services’ in Canada as that term would be understood in ordinary commercial terms?”.

[81] Findings by the Registrar as to the meaning of the term “use” for the purposes of section 45 of the Act are subject to review on the correctness standard: *Cosmetic Warriors Limited. v. Riches, McKenzie & Herbert LLP*, 2019 FCA 48, [2019] 3 F.C.R. 125 at paras. 16–17. The Federal Court was thus entitled to determine whether the Registrar’s decision with respect to the meaning of “use” was correct. This Court is also entitled to apply the correctness standard to the Federal Court’s findings on this issue.

[82] It is evident from paragraph 35 of the Federal Court’s reasons that it was aware that the issue was whether Hilton had established that some aspect of “hotel services” were performed or delivered in Canada. There, the Court observed that subsection 4(2) of the Act deems a mark to be used in association with “services” if it is used or displayed in the performance or advertising of those services. The Court went on in the same paragraph to expressly state that use will not be

established where no aspect of the services themselves are performed or delivered in Canada:
citing *Don the Beachcomber*, above, and *Marineland*, above.

[83] Similarly, after reviewing the relevant authorities on the question of “use”, the Federal Court observed at paragraph 56 of its reasons that “the concept of performing or delivering services to Canadians underlies all of these authorities”. The Court went on in that paragraph to note that “the concept of performing services is key”. At paragraph 76 of its reasons, the Federal Court concluded that reservation or booking services “would commonly be understood to be included in the scope of the term ‘hotel services’, as part of the ordinary expectation of what is involved in the performance of hotel services”.

[84] It is apparent from these statements that the Federal Court correctly understood the test for “use” for the purposes of the section 45 analysis, and no error has been established by Miller Thomson in this regard.

b) The Ordinary Commercial Understanding of the Term “Hotel Services”

[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.

[86] Miller Thomson notes that, in accordance with section 30 of the Act, the test for “use” of a mark in association with services is whether the registered services were performed in Canada “as those registered services would be understood in ordinary commercial terms”. It takes issue with the Federal Court’s finding that the term “hotel services” “naturally includes a series of related things, some of which can only be delivered at the physical hotel, but some of which are naturally now able to be ‘performed’ (from the owner’s perspective), or ‘enjoyed’ (from the customer’s perspective) in Canada”.

[87] Miller Thomson contends that there was no evidence before the Registrar or before the Federal Court that making a hotel reservation was considered by anyone to be the performance of hotel services. Consequently, it submits that the Federal Court erred by substituting its view for that of the Registrar on this point. I cannot accept Miller Thomson’s argument.

[88] The Registrar concluded that the average consumer would expect there to be a physical hotel where “hotel services” are offered in Canada. Based upon what she called a “common sense” understanding of the term “hotel services”, the Registrar found that the ability to make a reservation at a hotel, or to participate in a loyalty program, did not equate with the operation of a hotel. The Registrar further found that, in the absence of a bricks and mortar Waldorf Astoria hotel in Canada, the WALDORF ASTORIA mark had not been used in this country for the purposes of sections 4 and 45 of the *Trademarks Act*.

[89] In considering whether any of the activities carried out by Hilton constituted the performance of “hotel services” in Canada, the Federal Court found that the Registrar had erred

in asking the wrong question. The question was not whether one could equate the ability to make hotel reservations or other bookings with the operation of a hotel, as Hilton was seeking to demonstrate use of its Mark in association with “hotel services”, not the “operation of a hotel”. The Federal Court agreed that a bricks and mortar hotel located and operated in Canada would indeed be required where the registered service was the operation of a hotel.

[90] However, the Federal Court stated that the correct question in this case was what the scope was of the term “hotel services” in ordinary commercial usage, understood both from the perspective of the consumer and the trademark owner. Borrowing language used by the Registrar, the Court asked whether it would be “contrary to common sense to find that an ordinary customer making a binding contract for the reservation of a hotel room, and receiving a discounted room rate as well as loyalty points for the booking, is receiving ‘hotel services’ in Canada, where this transaction is completed by a person in Canada”.

[91] The Federal Court concluded that the term “hotel services” “naturally includes a series of related things, some of which can only be delivered at the physical hotel, but some of which are naturally now able to be ‘performed’ (from the owner’s perspective), or ‘enjoyed’ (from the customer’s perspective) in Canada”. The Court went on to find that it did not “strain the ordinary understanding of the term to find that ‘hotel services’ in 1998 [*sic*] and during the relevant period here, would include registration [*sic*] services”. This was especially so “where — as here — the entire transaction can occur on-line, from within Canada, and where Canadians can take a number of benefits from this contract, over and above the eventual enjoyment of their actual stay in the hotel”.

[92] As noted, Miller Thomson asserts that there was no evidence before either the Registrar or the Federal Court that the making of a hotel reservation was considered by anyone to be the performance of “hotel services”. The Federal Court thus erred in law, Miller Thomson says, by substituting its own view for that of the Registrar without any evidence to support that view.

[93] Contrary to Miller Thomson’s submission, however, there was indeed evidence before the Registrar with respect to the ordinary commercial meaning of the term “hotel services”, at least from the perspective of the owner of the mark. As noted earlier, Mr. Eriksen expressly stated in his first affidavit that the term “hotel services” was customarily understood in the hotel industry to include “reservation services, booking and payment services, and access to hotel rooms”. Mr. Eriksen further stated that hotels “could not operate unless customers were able to reserve, book and pay for rooms in advance of their stay”, that reservation, booking and payment services were “integral to the provision of hotel services”, and that the cost of providing these services and other ancillary services is incorporated into the room rate.

[94] While the Registrar recited Mr. Eriksen’s evidence on this point in her lengthy description of the evidence adduced by Hilton, she made no reference to this evidence in her analysis. Rather than addressing Mr. Eriksen’s uncontradicted evidence as to the meaning of “hotel services” head-on, explaining why she did not accept it, the Registrar relied instead on what she called a “common sense” understanding of the term, finding the ability to make a reservation at a hotel, or to participate in a loyalty program, did not equate with “hotel services”.

[95] It is true that first instance decision-makers such as the Registrar are presumed to have considered all of the evidence before them. Indeed, as this Court observed in *Mahjoub v. Canada (Citizenship and Immigration)*, 2017 FCA 157, [2018] 2 F.C.R. 344 at para. 67, leave to appeal to SCC refused, 37793 (17 May 2018), these decision-makers “benefit from a rebuttable presumption that they considered and assessed all of the material placed before them”: at paras. 66–67; *Housen*, above at para. 46.

[96] It is also true that as there was no additional evidence before the Federal Court as to the meaning of the term “hotel services”, it was required to accord deference to this aspect of the Registrar’s decision. The Federal Court clearly understood this to be the case, as its finding was that it was “not reasonable to rely on an asserted ‘common sense’ interpretation of the scope of a service, without any reference to the only evidence specifically on that point that was before the Registrar” [emphasis added].

[97] Section 30 of the *Trademarks Act* requires that an application for the registration of a trademark include a statement, not in “ordinary terms”, but in “ordinary commercial terms” of the goods or services in association with which the trademark is being used or is to be used.

[98] The ordinary commercial meaning of the term “hotel services” was central to the question of whether Hilton had established use of the WALDORF ASTORIA mark in Canada in association with such services. In these circumstances, the Federal Court did not err in finding that the failure of the Registrar to acknowledge or come to grips with the only direct evidence

before her as to the ordinary commercial meaning of the term “hotel services” was a material omission that warranted the Court’s intervention.

[99] As will be explained further on in these reasons, I am also not persuaded that the Federal Court erred in finding that the term “hotel services” includes ancillary services such as reservation and payment services, in addition to access to hotel rooms. Before considering this issue, however, it is first necessary to address the Registrar’s reliance on the Manual to interpret the term “hotel services”.

c) The Use of the Current Version of the Manual to Interpret the Meaning of a Registration Dating from 1988

[100] The Registrar relied in part on the version of the Manual that was in effect at the time that she rendered her decision in 2017 in making her finding with respect to the ordinary commercial meaning of the term “hotel services”. The Registrar further noted that this version of the Manual included “hotel services” and “hotels” as pre-approved terms, as well as terms for other hotel-related services such as “hotel reservations”, “hotel room booking services”, “hotel management” and “hotel management services”.

[101] The Registrar observed that the Manual thus expressly differentiated between “hotel services” and “hotels” and other hotel-related services such as “hotel reservations”, “hotel room booking services”, “hotel management” and “hotel management services”.

[102] However, Ms. Elford's evidence established that the 2006 version of the Manual did not include terms such as "hotel reservation services" or "booking services", but did include the terms "hotel services" and "management of hotels". It is, moreover, a logical inference that terms such as "hotel reservation services" or "booking services" did not appear in versions of the Manual that were issued before 2006.

[103] In *Levi Strauss & Co. v. Canada (Registrar of Trade-Marks)*, 2006 FC 654, [2006] F.C.J. No. 840 (QL), the Federal Court observed that the meaning of terms used in trademark registrations can evolve over time. This is especially so where, as here, there have been rapid developments in online commerce that can undoubtedly have an impact on the ordinary commercial understanding of a term by both the trademark owner and the customer.

[104] As the Federal Court observed in this case, while applicants are not bound to follow the precise wording of the Manual, Hilton cannot be faulted for using a pre-approved term that was found in the Manual at the time that the Mark was registered in 1988. I agree with the Federal Court that it was an error for the Registrar to interpret the scope of a registration from the pre-internet era in light of the wording of the current version of the Manual.

d) "Services" Include Primary, Incidental and Ancillary Services

[105] As discussed, Miller Thomson submits that the ordinary understanding of the term "hotel services" involves the provision of a hotel room as the primary service. Consequently, Hilton had to show that it had used the WALDORF ASTORIA mark in the provision of hotel rooms in

Canada, and not in the performance of something that was incidental or ancillary to “hotel services”. Miller Thomson says that the Federal Court thus erred in finding that there were other, ancillary or incidental services such as reservation or booking services that would be commonly understood as being within the scope of “hotel services”.

[106] In coming to this conclusion, Miller Thomson submits that the Federal Court misinterpreted the jurisprudence to the effect that registered services may be ancillary to the sale of goods. The Federal Court further erred, Miller Thomson says, in finding that use of a mark on services that are ancillary to registered services is sufficient to establish “use” for the purpose of section 45 of the Act. According to Miller Thomson, Hilton had to show that it had used the WALDORF ASTORIA mark in the performance of “hotel services” in Canada (i.e. the provision of a hotel room), and not in the performance of something that was incidental or ancillary to “hotel services”.

[107] The term “services” is not defined in the *Trademarks Act*. The meaning of the term has, however, been considered in the case law, which has determined that the term should be liberally construed, and that each case should be decided on its own facts: *TSA Stores Inc. v. Registrar of Trademarks*, 2011 FC 273, 91 C.P.R. (4th) 324 at para. 16, citing *Kraft Ltd.*, above at paras. 8–9; *Supershuttle International, Inc. v. Fetherstonhaugh & Co.*, 2015 FC 1259, [2015] F.C.J. No. 1544 at para. 39. Indeed, Miller Thomson acknowledged at the hearing that determining whether there has been use of a mark in Canada is largely a fact-driven exercise.

[108] The jurisprudence further recognizes that the *Trademarks Act* does not distinguish between primary and incidental or ancillary services. As long as some members of the public, consumers or purchasers, receive a benefit from the activity in question, it is a service: *Kraft*, above at para. 9; *Société nationale des chemins de fer français v. Venice Simplon-Orient-Express Inc.*, 9 C.P.R. (4th) 443, [2000] F.C.J. No. 1897 at paras. 8–10.

[109] Indeed, one of the main issues to be determined in *Orient-Express* was whether the expression “travel services, namely railway passenger service” ought to be given a narrow interpretation only involving the “operation of a train”, or a broader interpretation that would include “any ancillary services or activities conducted with respect to the transport of passengers by train and of which the operation of a train is merely one aspect”. Favoring the broader interpretation, the Federal Court held that the services in question included “ancillary services or activities conducted with respect to the transport of passengers by train”, and that “the performance in Canada by a travel agency of booking, reservation and ticketing services constituted the performance in Canada of such services by the registrant”: at para. 10.

[110] In a similar vein, in *Borden Ladner Gervais LLP v. Westcoast Hotels Inc.*, [2006] T.M.O.B. No. 5, 53 C.P.R. (4th) 361 at 367, the Registrar found that use of the WESTCOAST mark with hotel reservation services and loyalty program services constituted the performance of “hotel services”. See also *Dollar General Corporation v. 2900319 Canada Inc.*, 2018 FC 778, 157 C.P.R. (4th) 318.

[111] Miller Thomson notes that *Kraft* involved the use of a mark in association with the sale of goods, and that certain services that were found to be incidental or ancillary to the sale of the goods in question. There is no jurisprudence from this Court, Miller Thomson says, holding that providing a service that is incidental or ancillary to a registered service is performance of the registered service itself.

[112] There is, however, jurisprudence from both the Registrar and the Federal Court holding that providing a service that is incidental or ancillary to a registered service can be considered to be performance of the registered service itself.

[113] For example, the marks at issue in *TSA Stores Inc.* were registered for use in association with various types of retail store services. Noting that the *Trademarks Act* does not distinguish between primary, incidental and ancillary services, the Federal Court concluded that as long as some members of the public, consumers or purchasers, receive a benefit from the activity in this country, it will be deemed to be a service. While there were no “bricks and mortar” TSA stores in Canada, the Federal Court nevertheless found that the company’s website provided Canadian customers with a significant volume of information and guidance regarding a vast array of products, which was of benefit to them. As the marks in question appeared on the company’s website in connection with these ancillary services, the Court was satisfied that there was evidence of use of the marks in Canada in association with retail store services.

[114] Similarly, the question for determination in *Orient-Express* was whether train ticketing and train reservation services that were performed by travel agents in Canada for railway tickets

that could only be used outside of Canada constituted the performance in Canada of “travel services, namely railway passenger services” by the registrant. After noting that the term “services” was not defined in the Act and that the Act did not distinguish between primary and incidental or ancillary services, the Federal Court agreed with the Registrar’s conclusion that “as long as some members of the public, some consumers or purchasers receive a benefit from the activity, it is a service”: above at para. 8. The Court thus found that booking train reservations and tickets through travel agents located in Canada constituted performance of passenger rail services in this country: at para. 10.

[115] This jurisprudence thus establishes that as long as some consumers, purchasers or members of the public in Canada receive a material benefit from the activity in issue, it will amount to the performance of the service in this country.

[116] In light of this, I am not persuaded that the Federal Court erred in finding that the term “hotel services” included other, incidental or ancillary services such as reservation or payment services. The question remains, however, as to whether some members of the public, consumers or purchasers receive a material benefit in Canada from these incidental or ancillary activities sufficient to constitute “use” of the WALDORF ASTORIA mark in this country.

e) Do Hilton’s Activities Constitute the Performance of Hotel Services in Canada?

[117] This then takes us to what the Federal Court identified as the “core question” in this case, namely whether Hilton had established that persons in Canada derived a tangible material benefit

from Hilton’s “hotel services” during the relevant period. That is, whether at least some of Hilton’s “hotel services” were performed in Canada.

[118] As noted earlier, while a finding as to the meaning of the term “use” is subject to review on the correctness standard, the determination as to whether a particular mark has been used in association with specified services is largely factual in nature: *Gesco Industries, Inc. v. Sim & McBurney*, [2000] F.C.J. No. 1766, 195 D.L.R. (4th) 239 at paras. 5 and 11. Use of a mark in relation to a service must thus be determined on a case-by-case basis: *Express File Inc. v. HRB Royalty Inc.*, 2005 FC 542, 39 C.P.R. (4th) 59 at para. 23; *Supershuttle*, above at para. 41.

[119] Indeed, counsel for Miller Thomson acknowledged at the hearing of this appeal that the question as to whether use of a mark had been established for the purposes of section 45 of the Act was “at its heart” a question of fact.

[120] Having concluded that the Federal Court did not err in its identification of the applicable legal test, the question then is whether it committed a palpable and overriding error in applying that test to the facts of this case. “Palpable and overriding error” is a highly deferential standard that authorizes appellate intervention only where an error is both obvious and determinative of the outcome: *Salomon v. Matte-Thompson*, 2019 SCC 14, 432 D.L.R. (4th) 1, at para. 33; *Mahjoub*, above at paras. 61–75.

[121] The Registrar largely based her analysis of the question of use on an earlier Registrar’s decision in *M Hotel*, above. *M Hotel* was a section 45 proceeding that also involved the use of a

trademark in association with a hotel that was not located in Canada. The mark in issue in *M Hotel* was registered for use in association with “hotel services and hotel reservation services”. The Registrar found that the mark had been used in Canada with respect to “hotel reservation services”, but not with respect to “hotel services”.

[122] In arriving at this finding, the Registrar observed in *M Hotel* that, unlike the retail services at issue in cases like *TSA Stores Inc.*, a hotel cannot be operated over the internet. It was in *M Hotel* that the statement was originally made that it was “contrary to common sense to equate the ability to make hotel reservations or other bookings with the operation of a hotel”: at para. 38.

[123] While acknowledging in this case that “academically and linguistically speaking ‘hotel services’ could be interpreted more broadly”, the Registrar was unable to find that the decision in *M Hotel* was wrong in finding that neither booking and reservation services nor loyalty programs were “hotel services”. Consequently, the Registrar found that as customers could not enjoy Hilton’s “hotel services” without first leaving Canada, use of the WALDORF ASTORIA mark in this country had not been established.

[124] The Federal Court stated that a key question in determining whether use of a trademark in Canada for services had been established is whether people in this country can derive some benefit from the provision of the services in question. The Court further found that the Registrar had erred by failing to focus on the particular facts of this case, and by relying on the *M Hotel* decision, which, the Court said “involved a different factual substratum”.

[125] The Federal Court found that the evidence in this case established that there were several benefits that were available to people in Canada, over and above their eventual enjoyment of their stay in a “bricks and mortar” Waldorf Astoria hotel. There were, moreover, a large number of people in this country who had taken advantage of such benefits. Referring to evidence in Mr. Eriksen’s first affidavit, the Court found that people in Canada would see the WALDORF ASTORIA mark when they visited the Hilton website, and that they could book reservations in several ways—either directly with the hotel over the internet, through a third-party service provider, or via a Canadian toll-free number. The Mark would also appear on the e-mails sent to customers confirming their reservations.

[126] The Federal Court also had regard to Mr. Eriksen’s evidence that 41,000 people with addresses in Canada had stayed at Waldorf Astoria hotels during the relevant period, generating approximately \$50 million in revenue. Some 1,300 people from Canada had received a discounted room rate during the relevant period in exchange for paying up-front for their hotel reservation. These individuals also received e-mail confirmation of their booking displaying the WALDORF ASTORIA mark. In addition, individuals enrolled in the Hilton loyalty program would receive points for each booking, which they could redeem for stays or other benefits at hotels located in Canada or elsewhere.

[127] The Federal Court found that this evidence demonstrated the nature and extent of the benefits that were received by people in Canada, and that the existence of these benefits distinguished this case from many of the decisions cited by the Registrar, including the *M Hotel* decision on which she primarily relied.

[128] The Federal Court concluded that the Registrar had erred by failing to examine the nature of the benefits that are received by people in Canada in association with the delivery of the “hotel services” in this country. In particular, she did not refer to the evidence that Hilton was in direct contact with the customers in Canada, and that some customers entered into binding contractual arrangements by pre-paying for rooms in Canada in exchange for a discounted room rate. Nor did she refer to the fact that members of the Hilton loyalty program would receive points that they could then apply towards hotel stays, or other benefits that they could receive in Canada.

[129] Based on these facts, the Federal Court concluded that people in Canada received material benefits in this country from the delivery of Hilton’s hotel services. It was therefore satisfied that use of the WALDORF ASTORIA mark had been established, and the Registrar’s decision striking the Mark from the Registry was set aside.

[130] Subject to my comments below with respect to Hilton’s loyalty program, Miller Thomson has not established that the Federal Court committed a palpable and overriding error in making these findings. It was open to the Court to find, based on the evidence before it, that the ability to reserve a particular type of hotel room at a specific Waldorf Astoria hotel in a particular location for a specified (and potentially discounted) price constituted a material benefit to the Canadian customer.

[131] Insofar as the *M Hotel* decision is concerned, the Registrar found that given the plain meaning of the statement of services, and in light of the evidence furnished in that case,

“reservation services” were not “hotel services”. The Registrar further found that the registration should not be maintained simply because the service that was actually available in Canada was only tangentially related to “hotel services”.

[132] In contrast, the evidence in this case is that reservation, booking or payment services are not “tangentially related” to “hotel services”. Mr. Eriksen was clear that hotels simply could not operate unless customers were able to reserve, book and pay for hotels rooms in advance of their stay. The uncontradicted evidence before the Registrar was that such services were not “tangentially related” to “hotel services”, but were in fact “integral to the provision of hotel services”.

[133] I am, however, satisfied that the Federal Court erred with respect to the benefits that are ostensibly received by individuals in Canada through the HILTON HHONORS loyalty program. The Court found that people in Canada who were enrolled in the Hilton loyalty program would receive points for each booking at Waldorf Astoria properties, which they could then redeem for stays or other benefits at hotels located in Canada or elsewhere. The Court specifically found that these transactions were completed entirely within Canada.

[134] Information with respect to the HILTON HHONORS loyalty program was found in Mr. Eriksen’s first affidavit. While he provided a general overview of the operation of the loyalty program, nowhere does he state that loyalty points are earned at the time that a hotel room is booked, rather than at the time that the guest actually stays at a Waldorf Astoria hotel. There was

simply no evidence one way or the other in the record before the Federal Court with respect to this question.

[135] While this error was “palpable” in as much as it was obvious, it was not “overriding” as the error was not determinative of the outcome of the case: *Salomon v. Matte-Thompson*, above at para. 33. This is because there are other material benefits that are enjoyed by individuals in Canada that constitute performance of “hotel services” in this country, which are sufficient to amount to “use” of the WALDORF ASTORIA mark for the purposes of section 45 of the Act.

[136] That said, Canadians can enroll in the HILTON HHONORS loyalty program from within Canada, as more than 400,000 individuals had done during the relevant period. The WALDORF ASTORIA mark is displayed on the enrollment documents. Program members can earn loyalty points from stays at Hilton properties both in Canada and abroad, and they can use those points for stays at Hilton properties in this country and elsewhere. That is clearly a benefit that can be enjoyed by Canadians in Canada.

[137] It is true that there are decisions that would arguably support Miller Thomson’s position. For example, in *Motel 6 Inc. v. No. 6 Motel Ltd.* (1981), 127 D.L.R. (3d) 267, [1982] 1 F.C. 638 (F.C.T.D.), the Federal Court found that in the absence of “bricks and mortar” motels in this country, the plaintiff had not established use of its “Motel 6” trademark in Canada in association with “motel services”.

[138] In coming to this conclusion, the Court found that correspondence or communication over the telephone with customers, prospective customers or their agents in Canada for the sole purpose of receiving and confirming reservations for motel accommodation in the United States did not constitute use of the mark in Canada in association with “motel services”. According to the Federal Court in that case, there had to be at the very least a business facility of some kind in Canada in such circumstances.

[139] Not only are the facts of the present case somewhat distinguishable from those in *Motel 6*, it also bears noting that *Motel 6* was not a section 45 case, but rather addressed the issue of use of the plaintiff’s mark in the context of a section 57 expungement proceeding. Given its summary nature, the onus on a trademark owner is lighter in a section 45 case than in an expungement proceeding: *Cinnabon, Inc. v. Yoo-Hoo of Florida Corp.*, [1998] 4 F.C. 569, (1998) 82 C.P.R. (3d) 513 at para. 29 (F.C.A.); *Woods Canada Ltd.*, above at para. 9.

[140] The Court’s comments in *Motel 6* must also be considered in light of the situation that existed in the early 1980s. The internet was in its infancy at that time, and was not available to the general public in the way that it is now. There was also no concept of online commerce when the definition of “use” was introduced into the *Trademarks Act* in 1953, and that definition has remained substantially the same since that time.

[141] As was noted earlier, the meaning of terms used in trademark registrations can evolve over time. This is especially so where, as here, there have been significant technological advancements that have radically changed the manner in which services are offered to

consumers: David Bowden & Junyi Chen, “Canadian Trademark Law and ‘Use’ in the Computer and Internet Age” (2017) 33 C.I.P.R. 49 at 50–51.

[142] The requirements for “use” under section 45 of the Act must adapt to accord with 21st century commercial practices. That said, as one knowledgeable commentator has suggested, a precise and exhaustive definition of trademark use is not only impossible, but is also not necessarily desirable. This is because “it may easily become too rigid and/or obsolete in a rapidly changing world where every day new ways of sales, marketing and commerce are developed and applied”: Bojan Pretnar, “Use and Non-Use in Trade Mark Law” in Jeremy Phillips & Ilanah Simon, eds., *Trade Mark Use* (Oxford: Oxford University Press, 2005) 11 at 27; cited with approval in *Cosmetic Warriors*, above at para. 23.

[143] Nevertheless, as the Federal Court observed in *Unicast SA v. South Asian Broadcasting Corporation*, 2014 FC 295, 122 C.P.R. (4th) 409, the concept of “use” cannot be completely open-ended. *Unicast* involved the display of a trademark on the website of a radio station located outside of Canada, which could be accessed by Canadians over the internet. The Federal Court found that this was insufficient to support the use of the mark in Canada in association with various forms of radio communication services.

[144] As the Federal Court observed, were it otherwise, any foreign trademark holder could obtain the expungement of a *bona fide* Canadian trademark based on previous use of a mark over the internet, even if the foreign trademark owner had no nexus to Canada and no physical

presence in this country: *Unicast*, above at para. 47. While this is a legitimate concern, that is not this case.

[145] In this case, the Federal Court was alive to the concern articulated in *Unicast*, specifically citing that decision as authority for the proposition that “the concept of performing services is key”, and that “it is essential that some aspect of the services must be offered directly to Canadians or performed in Canada”. On the evidence before it, the Court was nevertheless satisfied that some aspects of “hotel services” were performed in Canada, and that Canadians could receive a meaningful benefit in this country from those services.

[146] Ultimately, cases such as this often turn on the quality of the evidence provided by the trademark owner. However, just as a precise and exhaustive definition of trademark use is neither possible nor desirable, it is also not possible to identify all of the types of evidence that may be required to establish use of a mark on the internet in association with a particular class of services.

[147] That said, bare assertions of use will not be enough, and the mere display of a mark on a website from outside of Canada will not suffice to establish use of the mark in this country in association with registered services. Moreover, the ability of individuals in Canada to passively view content on a foreign website will be insufficient to constitute use of a mark in this country. There must, at a minimum, be a sufficient degree of interactivity between trademark owner and Canadian consumer to amount to use of a mark in Canada in conjunction with services over the internet.

[148] Evidence with respect to website metrics such as the number of times that a website displaying a mark has been accessed by people in Canada may, in some cases, assist in establishing use of the mark in this country. So too may evidence with respect to the number of Canadians who have availed themselves of the online services offered in conjunction with the mark, as well as sales figures with respect to value of the registered services that have been provided to Canadian consumers over the internet.

[149] Indeed, the Federal Court suggested in *Unicast* that the trademark owner in that case could potentially have shown prior use of its mark in Canada if it had provided sufficient evidence that Canadians had actually used its streaming services: above at paras. 69–70.

[150] Evidence showing that the content offered by the website is stored on servers located in Canada may also be persuasive, as may evidence showing that consumers in Canada are targeted with advertising. Similarly, evidence that prices are listed in Canadian dollars or other indicators demonstrating that the website is directed to Canadian customers may also satisfy the requirements of sections 4 and 45 of the Act: *Lapointe Rosenstein LLP v. West Seal Inc.*, 2012 TMOB 114, 103 C.P.R. (4th) 136, at para. 27; *Dollar General Corporation*, above at para. 27.

[151] There may be other considerations specific to the industry or sector in which the trademark owner operates that may require a particular type of evidence to establish use of a mark in Canada in association with specific services. An example of this is found in *Unicast*, which, as noted earlier, involved a mark used in association with radio broadcasts over the internet. This form of communication is regulated by the *Broadcasting Act*, S.C. 1991, c. 11, and

evidence that the requirements of that legislation had been satisfied may have been of assistance in establishing use of the mark at issue in Canada in that case.

[152] However, as was noted earlier, every case will turn on its own individual facts, and evidence that is relevant in one case may not be relevant in another. Ultimately, the question in each case will be whether the trademark owner has provided evidence that establishes that people in this country can derive a material benefit from services that are performed in this country.

X. The Costs Appeal

[153] Having allowed Hilton's appeal, the Federal Court (in reasons cited as 2018 FC 1111) awarded Hilton costs of \$15,600.00. This was comprised of legal fees of \$9,000.00 and disbursements of \$6,600.00.

[154] Hilton had sought costs on a lump sum basis in the amount of \$49,696.75, as well as disbursements of \$6,608.21. It asserted that this represented approximately 50% of the legal fees that it had actually incurred, and 100% of its disbursements.

[155] In the alternative, Hilton sought costs at the upper end of Column V of Tariff B of the *Federal Courts Rules* (S.O.R./98-106), with an allowance for second counsel at the Federal Court hearing, in the amount of \$18,600, plus 100% of its disbursements, for a total of \$25,208.21. Hilton also noted that its legal fees, calculated at the upper end of Column III of Tariff B would amount to \$10,600.00.

[156] Miller Thomson opposed Hilton's request, submitting that Hilton was seeking an award of costs that was more than ten times higher than any previous costs award by the Federal Court in an appeal under section 45 of the *Trademarks Act*. While the case may have been important to Hilton, Miller Thomson submitted that that it was no more complex than any other section 45 appeal.

[157] The Federal Court considered the parties' submissions, as well as the complexity of the proceeding and the fact that the case involved "sophisticated commercial parties that clearly ha[d] the means to pay for the legal choices they make". It nevertheless found that Hilton "ha[d] not demonstrated why its circumstances warrant[ed] an award of costs higher than those prescribed by Column III of Tariff B".

[158] Having stated that it would calculate costs based on the mid-point of Column III of Tariff B, Miller Thomson argues that the Federal Court then erred by calculating costs on a different basis. According to Miller Thomson, costs in accordance with the mid-point of Column III of Tariff B would have resulted in Hilton receiving an award in the amount of \$5,208.00, exclusive of disbursements, rather than the \$9,000.00 that it was awarded. Miller Thomson further submits that the Federal Court erred in law by failing to conduct a reasonableness analysis of the disbursements that Hilton had claimed, and that, in any event, Hilton had not provided information that would have allowed for a determination of the reasonableness of those disbursements.

[159] An award of costs is “quintessentially discretionary”: *Nolan v. Kerry (Canada) Inc.*, 2009 SCC 39, [2009] 2 S.C.R. 678 at para. 126. Appellate courts should only interfere with costs awards on appeal if the court below “made an error in principle or if the costs award is plainly wrong”: *Sun Indalex Finance, LLC v. United Steelworkers*, 2013 SCC 6, [2013] 1 S.C.R. 271 at para. 247, citing *Hamilton v. Open Window Bakery Ltd.*, 2004 SCC 9, [2004] 1 S.C.R. 303 at para. 27.

[160] This Court’s decision in *Hospira Healthcare Corporation v. Kennedy Institute of Rheumatology*, 2016 FCA 215, [2017] 1 F.C.R. 331, confirms that the standard of review applicable on appeals of discretionary decisions of the Federal Court is that articulated by the Supreme Court in *Housen*, above. That is, palpable and overriding error in respect of findings of fact and mixed fact and law, and correctness with respect to extricable questions of law.

[161] Insofar as the \$9,000.00 awarded to Hilton on account of legal fees is concerned, Hilton had sought fees in the amounts of \$49,696.75, representing half of the fees it had actually incurred in relation to the Federal Court proceeding. This amount was supported by an affidavit from a law clerk with Hilton’s counsel’s firm that confirmed the amount of fees that had been billed to Hilton for the Federal Court proceeding. In the alternative, Hilton sought \$18,600.00 for fees, calculated in accordance with the upper end of Column V of Tariff B. Hilton further advised that its fees, calculated at the upper end of Column III of Tariff B, would amount to \$10,600.00. An award of \$9,000.00 for fees was thus calculated at something below the upper end of Column III of Tariff B.

[162] The calculation of fees in accordance with a particular column in Tariff B is, moreover, not an exact science. Determining the precise “mid-point” of Column III can be difficult because subsection 2(2) of Tariff B prohibits allocating a number of units that includes a fraction, with the result that the number of units allocated to a particular service may be rounded up or rounded down to a whole number. For example, the range of units under Column III of Tariff B for “preparation and filing of a contested motion” is between 4 and 7 units. The mid-point of this range would thus be 5.5 units, which could be rounded down to 5 units, or rounded up to 6 units.

[163] The Federal Court was well aware of the complexity of this case, and it stated that “[f]or the sake of simplicity”, it was awarding Hilton \$9,000.00 for legal fees, specifically stating that this amount had been calculated at the mid-point of Column III of Tariff B. In these circumstances, Miller Thomson has not persuaded me that the Federal Court erred in principle or was plainly wrong or that it calculated its costs award for fees based on something other than the mid-point of Column III of Tariff B.

[164] Insofar as the award of \$6,600.00 for disbursements is concerned, it is true that Hilton did not provide a detailed breakdown of the disbursements that had been incurred on its behalf in association with this case. However, as this Court observed in *Nova Chemicals Corp. v. Dow Chemical Co.*, 2017 FCA 25, 276 A.C.W.S. (3d) 298, the evidentiary record before a trial judge asked to award lump sum costs does not have to provide “a level of detail akin to that which would be required in an assessment conducted by an assessment officer unfamiliar with the proceeding”: at para. 15. This Court went on to observe that it would “defeat the purpose of a

lump sum, to save time and costs to the parties that would have otherwise resulted from the assessment process”.

[165] While more information with respect to the disbursements would certainly have been helpful, the law clerk’s affidavit that was provided by Hilton affirms that disbursements of \$6,602.21 were incurred in connection with the appeal to the Federal Court. On its face, this is not an excessive amount for a proceeding of this nature, and in light of the law clerk’s evidence confirming that the disbursements were in fact incurred, I am not persuaded that the Federal Court erred in principle or that it was plainly wrong in making its award with respect to disbursements.

XI. Conclusion

[166] Given my conclusion that the Federal Court did not err in finding there to have been use of the WALDORF ASTORIA mark in Canada during the relevant period or in making its award of costs in Hilton’s favor, I would dismiss the consolidated appeal. In accordance with the agreement of the parties, I would grant Hilton costs of the consolidated appeal fixed in the amount of \$5,000.00, inclusive of disbursements and GST.

XII. The Cross-Appeal

[167] Having dismissed Miller Thomson's main appeal it is unnecessary to deal with the issues raised in Hilton's cross-appeal with respect to the amendment of the Register. I would therefore dismiss the cross-appeal, without costs.

"Anne L. Mactavish"

J.A.

"I agree
Wyman W. Webb J.A."

"I agree
D. G. Near J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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CONCURRED IN BY: WEBB J.A.
LASKIN J.A.

DATED: SEPTEMBER 9, 2020

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