

“Special Circumstances” Save Expungement of a Trademark

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The decision of the Trademarks Opposition Board (the “Board”) in Life Maid Right - 2799232 Ontario Inc. and Maid Right, LLC (2022 TMOB 104),¹ Maid Right, LLC¹ (“Maid Right”) serves to highlight the importance to a franchisor of documenting efforts to launch the franchise system. Specifically, the Board, because of the unique circumstances in which Maid Right found itself, agreed to maintain the franchisor's trademark notwithstanding that there was no evidence that the associated services had been offered to the Canadian public.

FACTS

In April 2018, Maid Right acquired various assets associated with the Maid Right cleaning services franchise system including the trademark registration MAID RIGHT (the “Trademark”). Summary cancellation proceedings were commenced against the Trademark in December 2020.

To maintain the registration, Maid Right was required to provide evidence of the use of the Trademark in Canada during the 3-year period prior to the cancellation proceeding which included the period between December 2017 and April 2018, during which Maid Right was not the owner of the Trademark.

The Board could not find any evidence of the use of the Trademark in association with the services in Canada during the 3-years prior to the cancellation proceeding. Given the foregoing conclusion, it was thus up to Maid Right to establish that there were “special circumstances” which would otherwise justify the non-use. Absent Maid Right establishing that there were “special circumstances” justifying the non-use, the Trademark would be expunged.

WHAT CONSTITUTES “SPECIAL CIRCUMSTANCES”

Whether or not “special circumstances” exist which would otherwise justify non-use of a trademark by a registrant are determined by reference to the following three criteria: (i) the period during which a registrant had not used the trademark; (ii) whether the reasons for non-use were within the control of the registrant; and (iii) whether the registrant seriously intended to resume use of the trademark within a short period of time.

¹ Life Maid Right - 2799232 Ontario Inc. and Maid Right, LLC, 2022 TMOB 104 (CanLII) (<https://canlii.ca/t/jpnfb>)

WHAT EVIDENCE DID MAID RIGHT PRESENT TO DEMONSTRATE “SPECIAL CIRCUMSTANCES”

Maid Right was able to demonstrate that:

- (i) because of its qualification process and the significant investment required, there was a limited pool of potential individuals who could potentially become Maid Right franchisees;
- (ii) Maid Right had an extensive training program involving 40 hours of initial training, 80 hours of online training, 36 hours of classroom training and 4 hours of field training which meant that it would take time for a franchisee to become fully trained and commence operating the Maid Right franchise system;
- (iii) Maid Right had expended significant management time and incurred expense in preparing a franchise disclosure document to comply with provincial franchise legislation in Ontario and Alberta. Further, the Board acknowledged that the process between the delivery of a franchise disclosure document and having franchisees execute franchise agreements, was a somewhat slow one;
- (iv) although it had made efforts to recruit franchisees during the years 2019 to 2020 (prior to COVID), this effort only resulted in Maid Right executing one franchise agreement (ultimately this franchisee decided not to proceed); and
- (v) these challenges were magnified because of the COVID pandemic.

The cumulative effect of the foregoing evidence was that Maid Right was able to establish that it had, in good faith, attempted to commence the Maid Right franchise system during the 3-year period prior to the cancellation hearing, and that its failure to do so were for reasons which were not within Maid Right’s control.

Finally, the Board also did not include the period from December 2017 to April 2018 in its determination of the 3-year period, finding that it would be too burdensome on the current owner of a trademark to obtain evidence as to use from a previous owner. Hence the Board determined that the period of non-use ran for only 32 months to December 11, 2020.

CONCLUSION

It is now taking up to approximately 4 years to obtain a trademark registration. It is therefore incumbent upon franchisors to ensure that they satisfy the criteria for registration through the registration process. It is critical for franchisors to ensure that they are documenting their efforts to both establish and to offer the goods and/or services which comprise their franchise system in Canada. Further, in describing the goods and services for which the trademark is to be used, consideration should be given to including language which includes providing information to franchisees via a .ca website, as well as having a .ca website which displayed the Trademark.