

The Medium

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Trade-Mark Rights: Across the Border & on the Web

By [Richard Stobbe](#)

Here are three concepts that are not new: trade-marks, borders and the internet. But the courts are still trying to work out how to handle the three when they collide, as they did in the case of *HomeAway.com, Inc. v. Hrdlicka*. In this interesting dispute, two parties – an American company and a Canadian man – clashed over ownership of the trade-mark VRBO. Some of our readers may be familiar with this as the brand of a popular vacation property rental site.

HomeAway.com, through its predecessor VRBO.com Inc. commenced using the VRBO mark in the US in 1996. Mr. Hrdlicka, a Canadian, filed an application for registration of VRBO as a trade-mark in Canada on September 2, 2009. At the time the Canadian application was filed, no actual use was claimed. The application was based on “proposed use”. A declaration as to use of the trade-mark in Canada was filed on June 28, 2010 but there was no evidence of any actual use of the mark by Mr. Hrdlicka. The VRBO mark matured to a registered trade-mark on June 28, 2010.

HomeAway.com, as owner of the VRBO brand in the United States, came to Canada to contest this registration. The central question was whether a Canadian registered trade-mark should be “expunged” (or cancelled) on the basis of the use of the mark online. Homeaway.com did not have any Canadian retail presence, nor did they appear to conduct any print advertising or other “traditional” advertising here.

The evidence showed that prior to September 2, 2009 (the date of Mr. Hrdlicka’s application) HomeAway.com was advertising to and doing business with Canadians and was displaying the trade-mark VRBO to Canadians online. Homeaway.com could not rely on the “making known” provisions of the *Trade-marks Act*, which refer to advertising by “any printed publication circulated in Canada” or “radio broadcasts ordinarily received in Canada”. However, Mr. Justice Hughes was convinced that use of the trade-mark online was sufficient to establish “use” of the mark by HomeAway.com in Canada. As Justice Hughes wrote: “...a trade-mark which appears on a computer screen website in Canada, regardless where the information may have originated from or be stored, constitutes for *Trade-Marks Act* purposes, use and advertising in Canada.” As a result, since the use by HomeAway.com predated the filing date of Mr. Hrdlicka’s application, and Mr. Hrdlicka’s trade-mark registration for VRBO was cancelled.

What can we take away from this case? There are several important points to remember:

1. An unregistered mark used from a U.S.-based website can defeat a Canadian registered trade-mark;
2. Any trade-mark that is displayed in Canada online (to use the words of the Court, any trade-mark that “appears on a computer screen website in Canada”) can be considered to be “used” as a trade-mark in Canada. This means that trade-mark screening searches must take into account not only the marks on the register, but also *any* mark displayed in Canada online regardless of where the website or online content originates. Just think about how many marks that will capture!
3. Justice Hughes in his judgement correctly reinforced the point that trade-mark rights do not flow from registration but from use. It is use which creates rights to a trade-mark and entitles the owner to registration. Registration merely serves to confirm ownership on the register, as established through use. Without use, the registration must fall. That is what occurred in this case.

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