

September 23, 2014

Case Summary: *Ottawa Athletic Club Inc. v The Athletic Club Group Inc.*¹

Ottawa Athletic Club Inc v The Athletic Club Group Inc, 2014 FC 672.

By Paul Braunovan

A recent decision of the Federal Court of Canada has given some trade-mark owners pause for concern. On July 9, 2014 Justice Russell from the Federal Court ordered to have The Athletic Club trademark struck from the trademark registry. Justice Russell also prohibited the fitness club from using the trademark altogether, venturing off in uncharted trademark territory.

The plaintiff, the Ottawa Athletic Club (“OAC”) has been operating a fitness facility in Ottawa as far back as 1976. It made an application under s. 57 of the *Trademark Act* (“Act”) to have the respondent’s registered trademark, The Athletic Club & Design, expunged from the registry. The Athletic Club has been operating training facilities in various cities throughout Ontario for over 15 years, having opened its doors for the first time in 1997 in London, Ontario. The Athletic Club’s trademark consisted of the words “The Athletic Club” in fanciful font centered in a black oval with a white line on the contour.

In the Federal Court proceeding, the OAC did not succeed in proving confusion with its own trademark but was successful in proving that The Athletic Club trademark was clearly descriptive under s. 12(1)(b) of the Act and that it represented the name of a service, infringing s. 12(1)(c) of the Act. In fact, the court concluded that the design features of the trademark were minimal and were not sufficient to make the trademark distinctive in a way that would take the trademark outside the prohibition of s. 12(1)(c).

Nevertheless, what stands out in the decision is the court’s application of s. 10 of the Act. The Court was faced with the following question: had the words “athletic club” by ordinary bona fide commercial usage become prohibited in Canada before the Athletic Club began using them as part of its trademark. If this was the case, the only remedy, in Justice Russell’s opinion, would be to issue a permanent injunction forbidding the club to use the trademark, since s. 10 of the Act stated that “no person shall adopt” such a trade-mark. Justice Russell concluded that the words “athletic club” were in fact a designator mark in Canada before the club began to use them as part of its trademark.

Even though the designator mark is seen in various athletic club trademarks, such other marks typically contained other distinctive wording or design elements. Since the designator mark “athletic club” so dominates the Athletic Club trademark, the Court concluded that it was likely to be mistaken for the prohibited mark, such that s. 10 of the Act applies. More importantly, the fact that the owner of the registered trademark has

¹ Contributions from Paul Braunovan, lawyer and trademark agent at Perley-Robertson, Hill & McDougall LLP and Josée Ménard, student-at-law at Perley-Robertson, Hill & McDougall LLP, Ottawa, Ontario, 2014.



PERLEY-ROBERTSON,
HILL & MCDUGALL LLP/s.r.l.

disclaimed the words ATHLETIC CLUB upon registration of the prohibited mark have no relevance when assessing whether or not the trademark is prohibited by s. 10 of the Act. Rather, when assessing whether one had a legal right to adopt the trademark in the first place, the trademark must be considered as a whole.

The end result of the proceeding is that The Athletic Club is now prohibited from using its (formerly registered) trademark. This case is a reminder that even registered trademarks are subject to attack and therefore owners of suggestive (and possibly descriptive) trade-marks should tread carefully in light of the prohibition in s. 10. A Notice of Appeal has been filed by The Athletic Club.

Paul Braunovan is a lawyer and trade-mark agent in our Intellectual Property Law Group. Paul can be reached at 613.566.2834 or pbraunovan@perlaw.ca. To view his bio, please [click here](#).