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A B.C. billionaire bought up Hudson's Bay leases. Her plan to rename them New Bay carries legal risk

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A billionaire mall owner's deal to buy more than a dozen of the Bay's leases did not include rights to its brands or trademarks.

ISABELLA FALSETTI/THE GLOBE AND MAIL

A billionaire B.C. mall owner who is seeking to acquire up to 28 Hudson's Bay store leases is likely to run into trademark issues if she moves forward with a plan to launch department stores called "New Bay," experts say.

Weihong Liu, chairwoman of Nanaimo, B.C.-based real estate investment company Central Walk, struck a deal with Hudson's Bay Co. last month to acquire the leases through an affiliate company, Ruby Liu Commercial Investment Corp., pending agreements with landlords and court approval. Ms. Liu plans to launch "modern department stores" in those spaces, according to a news release issued by Central Walk on the day the deal was announced.

Ms. Liu has been vocal on Chinese social-media platform RedNote about her plans to revitalize the Bay. The same week that the deal for the leases was made public, she appeared in social-media posts holding up a printout with a logo that featured a ruby and the words "New Bay."

But the deal for the leases did not include the rights to Hudson's Bay's brands or trademarks. Those assets went to Canadian Tire Corp. CTC-A-T (/investing/markets/stocks/CTC-A-T/) +0.29% ▲ in a \$30-million deal that received court approval last week.

The intellectual property that Canadian Tire is acquiring includes several brand names, trademarks and logos, including Hudson's Bay, The Bay and HBC.

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"I think that there would be significant issues if she were to go ahead with 'The New Bay,' " said Sanjukta Tole, a trademark lawyer with Dickinson Wright LLP. "They're very similar."

Canada's Trademarks Act prohibits directing the public's attention to a business, or to goods or services, "in such a way as to cause or be likely to cause confusion" with the business, goods or services of another person or company.

"The 'New Bay' would certainly fall under a confusingly similar trademark," said trademark lawyer Ashlee Froese, adding that it could also fall under provisions in the law against depreciation of goodwill related to a trademark.

Those marks have real value to businesses, Ms. Froese said – demonstrated by the price tag on Canadian Tire's deal. "There's a reason why a customer will go to this company over this company, because they have some kind of emotional connection with the brand," she said.

Central Walk CEO Linda Qin declined to comment on the plans, or whether there have been any discussions with Canadian Tire about the trademarks.

To determine whether trademarks or trade names are confusing, the Trademarks Act considers the "inherent distinctiveness" and how well known the original trademark is, how long it has been in use, the nature of the goods or services it relates to and the degree of resemblance between trademarks.





Canadian Tire, which acquired the department store's intellectual property, has not yet provided details on how it intends to use it.

COLE BURSTON/THE GLOBE AND MAIL

The Bay is a particularly clear case of a highly distinctive trademark, considering how long the stores have been in operation, and the fact that the history of the Hudson's Bay Co. dates back to 1670, said David Durand, a lawyer who specializes in intellectual property and trademark registrations.

"What they're buying is 355 years of history," Mr. Durand said of the Canadian Tire deal. "Over that period of time, we have an extensive amount of goodwill and intellectual property."

"I don't think there's one Canadian that doesn't know what Hudson's Bay is," Mr. Durand added.

Canadian Tire did not respond to a request for comment on Ms. Liu's discussion of launching a "New Bay," whether the company would consider licensing any of the brand names to other parties, or how it plans to protect the trademarks it is acquiring in the HBC deal.

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Canadian Tire has not yet provided details on how it intends to use the intellectual property in the acquisition. The retailer could decide to launch new product lines under the Bay's private-label brands, such as Distinctly Home and Hudson North; to design new products featuring the Bay's well-known multicoloured stripe pattern; and to use The Bay or Hudson's Bay branding in sections of its stores selling certain goods.

Legal experts say how Canadian Tire uses the brands will be important: In order to hold on to a trademark, companies need to use it or lose it. If a trademark registration is more than three years old, it can be removed for non-use, if someone challenges that registration and the brand owner cannot produce evidence of its use. That gives Canadian Tire a grace period, since the demise of Hudson's Bay is

relatively recent and its most prominent trademarks were in active use until the stores closed their doors permanently.

"As an acquirer, there's a certain continuity of the use of the of the trademarks that they're acquiring, that will be very important," Mr. Durand said.

There is also the possibility that Ms. Liu's talk of a "New Bay" goes no further than a bit of social-media bluster, intended to drum up public interest in the new stores that she plans to open.

In a recent post on LinkedIn, Central Walk chief executive officer Linda Qin wrote about a recent trip to Toronto during which the team hired 10 former Hudson's Bay employees. Her post featured a photo of a storefront, digitally edited with a sign featuring the same ruby logo, but the name "Ruby Liu" instead of "New Bay."

"Send us your resume if you would like to work with us. We welcome vendors and suppliers as well," Ms. Qin wrote.

The story contains a warning for brand owners about potential misuse of marks, lawyer Ms. Tole said.

"Somebody who is starting a new business should definitely do an availability search and get an opinion on whether or not adopting a new mark would in any way infringe somebody else's rights," Ms. Tole said. "Do your homework before you proceed, because it can be very expensive to undo something."

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