

Federal Court



Cour fédérale

Date: 20160926

Docket: T-409-16

Citation: 2016 FC 1085

Ottawa, Ontario, September 26, 2016

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

**HERTZ SYSTEM, INC., HERTZ CANADA
EQUIPMENT RENTAL PARTNERSHIP,
MATTHEWS EQUIPMENT LIMITED AND
HERTZ EQUIPMENT RENTAL CORPORATION**

Plaintiffs/Defendants to Counterclaim

and

HERC EQUIPMENT RENTALS

Defendant/Plaintiff by Counterclaim

ORDER AND REASONS

[1] The Defendant/Plaintiff by Counterclaim [HERC] moves against the Plaintiffs/
Defendants to Counterclaim [HERTZ] for:

1. An interim and/or interlocutory injunction restraining the Plaintiffs, and each of them individually, as well as their parent, subsidiary and affiliated companies, officers, directors, employees, agents, licensees, successors, assigns, and any others over whom the Plaintiffs exercise lawful authority or with whom the Plaintiffs act in concert, until trial or other disposition of this action, from directly or indirectly:

(a) adopting and using any trademarks that are confusingly similar to any of HERC Trademarks (as defined below);

(b) directing public attention to their business, goods, and/or services in such a way as to cause or be likely to cause confusion in Canada between the business, goods, and/or services of the Plaintiffs and those of the Defendant, contrary to s. 7(b) of the *Trade-marks Act*; and

(c) displaying, advertising, using or adopting as a trademark, the word HERC, or any other mark design incorporating the word HERC, or which is confusingly similar thereto in any manner likely to lead to the mistaken inference that the Plaintiffs' business, goods, and/or services are or have been authorized, endorsed, sponsored, or approved by the Defendant, or are commercially associated with the Defendant in connection with the sale, distribution, advertising, or promotion of the Defendant's business, goods, and/or services in Canada.

[2] On March 8, 2016, HERTZ commenced this action seeking, among other things, a declaration that it is the owner of three registered Canadian trademarks: HERTZ, HERTZ EQUIPMENT RENTAL, and HERC 360 & Design. HERTZ refers to these marks in its pleading as the "HERC Trademarks" however, in these reasons I shall refer to them as the HERTZ Trademarks. HERTZ is also seeking a declaration that HERC's use in Hamilton and

Mississauga of HERC [the HERC Trademark] in connection with the rental of equipment is confusing with and infringes the HERTZ Trademarks.

[3] On April 19, 2016, HERC filed its defence and launched a counterclaim against HERTZ. It seeks a declaration that it is the owner of the HERC Trademark as described in the Counterclaim and seeks an injunction preventing HERTZ using that mark.

[4] There is little dispute regarding the facts. Although both parties filed a substantial amount of materials, I have concluded that this motion may be determined with reference to little of it.

[5] HERC operates a construction and industrial equipment rental business in Hamilton (the original location) and Mississauga. The acronym HERC stands for Hamilton Equipment Rental Centre. HERC presented evidence that it has used the word “HERC” to identify itself since 2000.

[6] HERC and HERTZ have had business dealings for about 15 years, without objection by HERTZ to the use of HERC in the Defendant’s business name. They have business operations close to each other on the same street.

[7] In March 2014, HERTZ announced its plan to make its equipment rental business a stand-alone business (from its vehicle rental business) and further announced that this stand-

alone business would be known as Herc Rentals. I accept that this would have come to the attention of HERC.

[8] By letter from its solicitors dated November 11, 2014, HERC indicated that it intended to oppose and/or seek the expungement of the HERC 360 & Design Trademark. It took no further action until after HERTZ commenced this action.

[9] In July of this year HERTZ sent letters to its Canadian customers, including HERC, that provide as follows:

As a highly valued supplier of Hertz Equipment Rental Corporation, we want to advise you that as of June 10, 2016, we have changed our name in the United States to Herc Rentals Inc.

In Canada, we will continue to do business as Hertz Equipment Rental Corporation. [emphasis added]

[10] In *RJR-MacDonald Inc v Canada (Attorney General)*, [1994] 1 SCR 311, 111 DLR (4th) 385 the Supreme Court of Canada approved the test for an interim or interlocutory injunction as stated by the House of Lords in *American Cyanamid Co v Ethicon Ltd*, [1975] RPC 513. To succeed in this motion HERC must establish on the balance of probabilities:

- a. A serious issue to be tried;
- b. That it will suffer irreparable harm if the injunction is not granted; and
- c. That the balance of convenience favours the granting of an injunction.

[11] As HERC notes, it is established that these factors are interrelated and should not be assessed in isolation from one another: *Movel Restaurants Ltd v EAT at Le Marché Inc* (1994), 59 CPR (3d) 73 at 77, 89 FTR 72 (FCTD).

[12] It is also the case, as HERTZ notes, that in the case of an interim injunction, this Court has held that the moving party must establish that sufficient urgency exists to require the injunction: See *Pfizer Ireland Pharmaceuticals v Lilly ICOS LLC*, 2003 FC 1278, 29 CPR (4th) 466 (FC), and *Laboratoires Servier v Apotex Inc*, 2006 FC 1443 at para 17, 57 CPR (4th) 245.

[13] I am not persuaded that any urgency exists that would warrant granting this interim injunction even if HERC had persuaded me (and it has not) that it met the tri-partite test for the issuance of an injunction.

[14] HERC submits that this is a blatant case of HERTZ adopting the Herc name while knowing of its use by the Defendant. It says that both parties supply the same goods and services, to the same customers, in the same market, and that “mass confusion is inevitable.”

[15] I note that there is very little direct evidence of confusion provided by HERC notwithstanding the adoption of the Herc name by the Plaintiffs has been known for many months. I further note that there is no evidence of even one lost sale or rental as a result. Most importantly, the letter from HERTZ advising that the Herc name will be used by it only in the United States of America and not Canada, strongly supports that confusion in Canada is unlikely.

[16] I am also not persuaded that HERC has shown that it will suffer irreparable harm if an injunction is not granted. Evidence of harm must be clear and not speculative, and it must be harm that cannot be quantified in monetary terms or which cannot be cured. HERC asks the Court to infer irreparable harm to its goodwill and reputation from the actions of HERTZ. I am unable to do so; particularly in light of the evidence that HERTZ will not be identifying itself as Herc in Canada. For the same reason, I am unable to find that the possibility of loss is other than mere speculation and conjecture.

[17] I am also not persuaded that the balance of convenience rests with HERC given its dilatory conduct. I agree with the submission made by HERTZ that those who seek an interim injunctive remedy must act promptly. HERC has known of the issue with HERTZ adopting the Herc name for many months and did nothing until this action was commenced.

[18] For these reasons, the motion will be dismissed.

[19] I advised the parties that it is my view that this claim and counterclaim ought to be case managed; they agreed. Accordingly, an order will issue referring this matter to the Chief Justice for the appointment of a case-management judge.

ORDER

THIS COURT ORDERS that the Defendant's motion is dismissed, with costs to the Plaintiffs in the cause; and the matter is referred to the Chief Justice for the appointment of a case-management judge.

“Russel W. Zinn”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-409-16

STYLE OF CAUSE: HERTZ SYSTEM, INC ET AL v HERC EQUIPMENT RENTALS

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: JULY 12, 2016

ORDER AND REASONS: ZINN J.

DATED: SEPTEMBER 26, 2016

APPEARANCES:

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