

Federal Court



Cour fédérale

**Date: 20171010**

**Docket: T-2040-16**

**Citation: 2017 FC 898**

**Ottawa, Ontario, October 10, 2017**

**PRESENT: The Honourable Mr. Justice Locke**

**BETWEEN:**

**EAB TOOL COMPANY INC.**

**Applicant**

**and**

**NORSKE TOOLS LTD.**

**Respondent**

**JUDGMENT AND REASONS**

I. Overview

[1] This is an application by EAB Tool Company Inc. (EAB) seeking a declaration that the respondent, Norske Tools Ltd. (Norske) has:

1. Infringed a number of EAB's trade-mark registrations, contrary to s. 20 of the *Trade-Marks Act*, RSC 1985, c T-13 [the *Act*].
2. Made a false or misleading statement tending to discredit the business, goods or services of EAB, contrary to s. 7(a) of the *Act*.

3. Directed public attention to its goods, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time it commenced so to direct attention to them, between its goods, services or business and the goods, services or business of EAB, contrary to s. 7(b) of the *Act*.
4. Made use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to the character, quality, quantity or composition of the goods or services, contrary to s. 7(d)(i) of the *Act*.

[2] EAB also seeks an injunction restraining Norske from further such activities, as well as damages or profits, as EAB may elect, and costs.

[3] EAB's trade-mark registrations in issue, referred to as the EXCHANGE-A-BLADE registrations, are the following:

No.	Trade-Mark	Date of Registration	Goods/Services	Claims
TMA324393	EXCHANGE-A-BLADE word mark	March 6, 1987	Goods: remanufactured and resharpened circular saw blades, router bits and drill bits  Services: remanufacturing circular saw blades; reconditioning and remanufacturing of saw blades, router bits and drill bits	Used in Canada since at least as early as June 2, 1982

No.	Trade-Mark	Date of Registration	Goods/Services	Claims
TMA332620		October 2, 1987	Services: remanufacturing circular saw blades	Used in Canada since at least as early as October 13, 1982
TMA394637		February 28, 1992	Goods: remanufactured and resharpened circular saw blades, router bits and drill bits  Services: reconditioning and remanufacturing of saw blades, router bits and drill bits	Used in Canada since at least as early as June 1987
TMA791580		February 24, 2011	Goods: exchangeable saw blades, exchangeable router bits and exchangeable blades for hole saws and reciprocating saws  Services: remanufacturing and	Used in Canada since at least as early as October 2008

No.	Trade-Mark	Date of Registration	Goods/Services	Claims
			reconditioning of saw blades, router bits and blades for hole saws and reciprocating saws; recycling of used metal tool accessories	
TMA954537		November 7, 2016	Goods: power-operated tools and accessories for power operated tools, namely, circular saw blades, hole saw blades, power saw blades, power drill bits, router bits, abrasive wheels for power-operated grinders, power-operated screwdriver bits, power jigsaw blades, reciprocating blades for power tools; hand-operated tools, namely, hand saw blades; screwdriver bits; hand tools, namely, ratchet wrenches and screwdrivers; exchangeable saw blades, exchangeable	Used in Canada since at least as early as April 2014

No.	Trade-Mark	Date of Registration	Goods/Services	Claims
			router bits, exchangeable blades for hole saws and reciprocating saws  Services: remanufacturing and reconditioning of saw blades, router bits and blades for hole saws and reciprocating saws; recycling of used metal tool accessories	

[4] Norske argues that EAB is not entitled to any of the relief it seeks. Norske requests that the application be dismissed with costs.

## II. Background

[5] The story of EAB's business started in 1976, when its president Robert Forbes learned of a business run in the United States by Leo Trudgeon under the trade-mark TRADE-A-BLADE. As part of its business, Mr. Trudgeon's company, Sibkis Trade-A-Blade, Inc. (Sibkis), sold saw blades to customers on the understanding that customers could return the blades when they became dull to trade in for a sharpened blade, receiving a credit on the cost of the new or refurbished saw blade.

[6] Mr. Forbes' company at the time, Angus Marketing Ltd. (Angus), became the Canadian distributor of TRADE-A-BLADE saw blades for Sibkis. Angus obtained accounts with British Columbia and Alberta hardware stores that would stock the TRADE-A-BLADE saw blades on consignment and sell them to customers. Customers could thereafter trade a dull saw blade for a new or refurbished one, and get a trade-in credit. Angus would visit each of its accounts in Canada periodically to re-stock them with refurbished saw blades purchased from Sibkis, and pick up the dull saw blades that had been traded in. Mr. Forbes would then take the dull saw blades to Sibkis in the United States to be refurbished. During such visits, Mr. Forbes would also pick up new or refurbished blades to stock Angus's hardware store accounts.

[7] By 1978, the relationship between Mr. Forbes and Mr. Trudgeon and their respective companies had terminated. Mr. Forbes had found another provider of new saw blades and decided to establish his own saw blade refurbishing facility. Mr. Trudgeon agreed to relieve Angus of its contractual obligations on the condition that Mr. Forbes would stop using the TRADE-A-BLADE mark in Canada. Angus stopped being the Canadian distributor for Sibkis, but Mr. Forbes did not sign a draft agreement that Mr. Trudgeon proposed concerning the discontinuation of use of the TRADE-A-BLADE mark. In September 1979, Mr. Forbes incorporated a new company, Canadian Trade-A-Blade Ltd. (now the applicant EAB), and continued to use, through that company, the TRADE-A-BLADE mark.

[8] In 1980, Sibkis registered the trade-mark TRADE-A-BLADE in Canada in association with circular saw blades and informed Mr. Forbes of the registration. In 1981, Canadian Trade-A-Blade Ltd. changed its corporate name to Canadian Exchange-A-Blade Ltd. In 1982, Canadian Exchange-A-Blade Ltd. stopped using the trade-mark TRADE-A-BLADE and began selling its

goods and providing its services under the trade-mark EXCHANGE-A-BLADE. Mr. Forbes acknowledged in cross-examination that his company adopted the EXCHANGE-A-BLADE mark in order to distinguish itself from TRADE-A-BLADE.

[9] Thereafter, no saw blades were sold in Canada under the TRADE-A-BLADE mark by Sibkis or otherwise until October 2016 (some 34 years later), when Norske began using it. Sibkis' Canadian trade-mark registration for TRADE-A-BLADE was expunged for non-renewal in 1996.

[10] From 1982 onwards, Mr. Forbes' EXCHANGE-A-BLADE business grew steadily. In March 2013, Canadian Exchange-A-Blade Ltd. changed its corporate name to EAB Tool Company Inc., and has maintained this name ever since.

[11] Norske was incorporated in November 2015, and by December 2015 it had purchased the assets of Sibkis, including the United States trade-mark rights to TRADE-A-BLADE. Norske is in the business of manufacturing and distributing power tool accessories. Notably, Norske distributes its products to home improvement retailers and hardware retailers. Norske began selling its products in association with the TRADE-A-BLADE on October 13, 2016. Its products include circular saw blades, hole saws, diamond blades, oscillating tools, reciprocating blades, router bits, and bits. Norske also offers a loyalty incentive program where customers can return used products in exchange for new TRADE-A-BLADE branded products at a discount rate. The parties agree that, other than the difference in their trade-marks, their respective businesses are essentially the same for the purposes of this case. Norske's products sold under the TRADE-A-BLADE trade-mark also bear the label THE ORIGINAL EXCHANGE SYSTEM.

[12] Norske has applied for registration of two trade-marks:

No.	Trade-Mark	Date of Application	Goods / Services	Claims
1,765,241	TRADE-A-BLADE word mark	January 27, 2016	Blades, namely, saw blades, diamond blades, oscillating blades; saws, namely, diamond hole saws, bi-metal hole saws, carbide tipped hole saws, jig and reciprocating saws; bits, namely, tile and masonry drill bits, router bits, auger and spade bits	Proposed use in Canada
1,768,577	TRADE-A-BLADE THE ORIGINAL EXCHANGE SYSTEM & DESIGN: 	February 19, 2016	Blades, namely, saw blades, diamond blades, oscillating blades; saws, namely, diamond hole saws, bi-metal hole saws, carbide tipped hole saws, jig and reciprocating saws; bits, namely, tile and masonry drill bits,	Proposed use in Canada

No.	Trade-Mark	Date of Application	Goods / Services	Claims
			router bits, auger and spade bits	

[13] Both of these trade-mark applications are currently the subject of opposition proceedings by EAB.

[14] Norske entered the market in October 2016 in a RONA Building Supplies store in Elora, Ontario.

[15] Some of the principals and other employees of Norske are former employees of EAB. For example, Robert Johnston, Norske's Vice President and General Manager, was formerly EAB's General Manager.

### III. Witnesses

[16] EAB submitted affidavits from two witnesses: its president, Robert Forbes, and its Vice President of Sales, Danny Wight.

[17] Mr. Forbes provided a history of the use and registration of EAB's EXCHANGE-A-BLADE trade-mark, including figures for sales and advertising. He also described Norske's use of its TRADE-A-BLADE trade-mark. Mr. Forbes also produced several examples of the parties' respective goods bearing the relevant trade-marks. Mr. Forbes provided details concerning customers that EAB had recently lost to Norske. He also cited tests that had been performed on

Norske's products. Finally, Mr. Forbes provided details of EAB's history with some of Norske's employees and owners.

[18] Mr. Wight's affidavit describes a visit to the RONA Building Supplies store in Elora, Ontario shortly after it began stocking Norske's TRADE-A-BLADE products. He describes the products he saw and how Norske's blade exchange system works.

[19] Norske submitted five affidavits:

1. Sibkis' owner, Leo Trudgeon;
2. Charles Westrik, co-owner of the RONA Building Supplies store in Elora, Ontario;
3. Norske's Vice President and General Manager, Robert Johnston;
4. David Russell, former distributor of EXCHANGE-A-BLADE and TRADE-A-BLADE branded goods; and
5. Laurie Jaegge, a trade-mark assistant with Norske's law firm.

[20] Mr. Trudgeon describes the early history of the TRADE-A-BLADE brand, and his dealings with Mr. Forbes at that time.

[21] Mr. Westrik's affidavit responds to Mr. Forbes' description of an interaction they had about customers' impressions of the parties' respective brands.

[22] Mr. Johnston's affidavit provides some background on Norske, including its TRADE-A-BLADE brand. Mr. Johnston also describes EAB's rebranding in 2012, and responds to Mr. Forbes' discussion of EAB's history with some of Norske's employees and owners.

[23] Mr. Russell describes his work in the 1970s and 1980s with Mr. Forbes, and Laurie Jaegge provides information concerning registrations and applications to register TRADE-A-BLADE trade-marks.

#### IV. Analysis

##### A. *Trade-mark infringement under s. 20*

[24] Section 20 of the *Act* provides as follows:

#### **Infringement**

**20 (1)** The right of the owner of a registered trade-mark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who

(a) sells, distributes or advertises any goods or services in association with a confusing trade-mark or trade-name;

(b) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any goods in association with a confusing trade-mark or trade-name, for the purpose of their sale or distribution;

(c) sells, offers for sale or distributes any label or packaging, in any form, bearing a trade-mark or trade-name, if

#### **Violation**

**20 (1)** Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne qui est non admise à l'employer selon la présente loi et qui :

a) soit vend, distribue ou annonce des produits ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion;

b) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des produits, en vue de leur vente ou de leur distribution et en liaison avec une marque de commerce ou un nom commercial créant de la confusion;

c) soit vend, offre en vente ou distribue des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un

- (i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trade-mark, and
- (ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trade-mark or trade-name; or
- (d) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any label or packaging, in any form, bearing a trade-mark or trade-name, for the purpose of its sale or distribution or for the purpose of the sale, distribution or advertisement of goods or services in association with it, if
- (i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trade-mark, and
- nom commercial alors que :
- (i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,
- (ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion;
- d) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial, en vue de leur vente ou de leur distribution ou en vue de la vente, de la distribution ou de l'annonce de produits ou services en liaison avec ceux-ci, alors que :
- (i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,

(ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trade-mark or trade-name.

(ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion.

[25] The validity of EAB's registered trade-marks in issue is not in dispute. Accordingly, the only question in dispute as regards the issue of trade-mark infringement is whether EAB has established that Norske's trade-marks are confusing with EAB's.

[26] Section 6 of the *Act* provides the following guidance on the issue of confusion:

**When mark or name confusing**

**6 (1)** For the purposes of this Act, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

**Idem**

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area

**Quand une marque ou un nom crée de la confusion**

**6 (1)** Pour l'application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l'emploi de la marque de commerce ou du nom commercial en premier lieu mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.

**Idem**

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des

would be likely to lead to the inference that the goods or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

**Idem**

(3) The use of a trade-mark causes confusion with a trade-name if the use of both the trade-mark and trade-name in the same area would be likely to lead to the inference that the goods or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

**Idem**

(4) The use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to lead to the inference that the goods or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased,

deux marques de commerce dans la même région serait susceptible de faire conclure que les produits liés à ces marques de commerce sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces produits ou ces services soient ou non de la même catégorie générale.

**Idem**

(3) L'emploi d'une marque de commerce crée de la confusion avec un nom commercial, lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les produits liés à cette marque et les produits liés à l'entreprise poursuivie sous ce nom sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à cette marque et les services liés à l'entreprise poursuivie sous ce nom sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale.

**Idem**

(4) L'emploi d'un nom commercial crée de la confusion avec une marque de commerce, lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les produits liés à l'entreprise poursuivie sous ce nom et les produits liés à cette marque sont fabriqués, vendus, donnés à bail ou loués, ou que

hired or performed by the same person, whether or not the goods or services are of the same general class.

les services liés à l'entreprise poursuivie sous ce nom et les services liés à cette marque sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale.

### **What to be considered**

**(5)** In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

**(a)** the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;

**(b)** the length of time the trade-marks or trade-names have been in use;

**(c)** the nature of the goods, services or business;

**(d)** the nature of the trade; and

**(e)** the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

### **Éléments d'appréciation**

**(5)** En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

**a)** le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;

**b)** la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;

**c)** le genre de produits, services ou entreprises;

**d)** la nature du commerce;

**e)** le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[27] Of key importance in s. 6 of the *Act* is the list of factors to be considered, as listed in subsection (5). I address each of these factors in turn below.

[28] As stated in *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20:

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [mark], at a time when he or she has no more than an imperfect recollection of the [prior] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

[29] In this case, comparing the parties' respective word marks may be sufficient to assess confusion because they are the closest to one another. If Norske's TRADE-A-BLADE mark is not likely to cause confusion with EAB's EXCHANGE-A-BLADE word mark, it is unnecessary to consider other EAB marks which are less similar to Norske's mark. Conversely, if Norske's mark is found to be likely to cause confusion with EAB's EXCHANGE-A-BLADE word mark, then there is infringement and it is unnecessary to test resemblance of its trade-mark with other EAB marks. This approach was followed by the Supreme Court of Canada (SCC) in *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*] at para 61.

- (1) The inherent distinctiveness of the trade-marks and the extent to which they have become known

[30] EAB acknowledges that neither EXCHANGE-A-BLADE nor TRADE-A-BLADE is inherently particularly distinctive. Indeed, each trade-mark describes the parties' business model in a nutshell. These trade-marks are therefore entitled to only a narrow ambit of protection, such that even small differences between the marks will be sufficient to diminish the likelihood of confusion, and a certain amount of confusion may be inevitable without sanction: *Boston Pizza International Inc v Boston Chicken Inc*, 2001 FCT 1024 at para 66.

[31] However, EAB argues that, through extensive use and advertising over the past 35 years and without TRADE-A-BLADE on the market, its EXCHANGE-A-BLADE mark became well-known and hence acquired a high degree of distinctiveness. EAB cites figures for sales and advertising since the 1990s which confirm the extent of its use and advertising.

[32] I accept that the EXCHANGE-A-BLADE mark has acquired some distinctiveness over the years. In my view, this acquired distinctiveness is sufficient to balance the negative effect of the mark's lack of inherent distinctiveness, but is not sufficient to make distinctiveness a consideration that weighs in EAB's favour. I find that this factor is neutral.

(2) The length of time the trade-marks have been in use

[33] This factor clearly favours EAB. It has used its EXCHANGE-A-BLADE mark consistently for 35 years, whereas Norske began using its TRADE-A-BLADE mark only in 2016.

[34] Norske argues that the roots of its TRADE-A-BLADE mark date back to the 1970s, before the conception of EAB's EXCHANGE-A-BLADE mark. However, it would be inappropriate to take into account the early use of the TRADE-A-BLADE mark when considering the length of time the trade-marks have been in use. After use of the TRADE-A-BLADE mark in Canada for a few years, it was not used by anyone from 1982 to 2016. In my view, that clearly constitutes a complete and enduring disappearance of the mark from the Canadian market. For the purposes of this analysis, it is as if the TRADE-A-BLADE mark was never on the market until 2016.

(3) The nature of the goods, services or business

[35] The parties agree that their respective goods, services and businesses are essentially the same. Accordingly, this factor favours a finding of likelihood of confusion.

(4) The nature of the trade

[36] The nature of the parties' respective businesses is likewise essentially the same, as are the channels of trade in which the parties' respective goods travel. This factor favours a finding of likelihood of confusion.

[37] Norske argues two issues in favour of a conclusion that this factor does not favour likelihood of confusion. First, Norske asserts that goods of different suppliers are displayed separately in hardware stores. In my view, the evidence to support this assertion is weak. Second, Norske argues that, due to the many different types of saw blades that are available for many different sawing tasks, a purchaser must pay careful attention when selecting a saw blade, and thus confusion is less likely. I disagree. In my view, a saw blade is an inexpensive type of item that is purchased regularly by customers who are generally professionals. There are a limited number of different types of saw blades, purchasers tend to be familiar with these different types, and the specifications for each are clearly identified, such that a purchaser would have no difficulty identifying the desired blade.

(5) The degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them

[38] At paragraph 49 of its decision in *Masterpiece*, the SCC had this to say about this factor:

In applying the s. 6(5) factors to the question of confusion, the trial judge conducted his analysis in the order of the criteria set forth in s. 6(5), concluding with a consideration of the resemblance between the marks. While it is no error of law to do so, the degree of resemblance, although the last factor listed in s. 6(5), is the statutory factor that is often likely to have the greatest effect on the confusion analysis. As Professor Vaver points out, if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion. The other factors become significant only once the marks are found to be identical or very similar. As a result, it has been suggested that a consideration of resemblance is where most confusion analyses should start.

[Citations omitted.]

[39] Though I have indeed conducted my confusion analysis in the order the criteria are set forth in s. 6(5) of the *Act*, I recognize that the factor of degree of resemblance may be, and in this case is, the most important.

[40] *Masterpiece* also states that comparison of trade-marks can be approached by considering only those characteristics that define the relevant trade-marks or trade-names; it is only these elements that will allow consumers to distinguish between the two trade-marks or between the trade-mark and the trade-name: para 61.

[41] EAB notes the commonality of the “A-BLADE” portion of both of the parties’ trade-marks. EAB also notes that the only difference between the EXCHANGE-A-BLADE and TRADE-A-BLADE marks (EXCHANGE vs. TRADE) concerns words that are synonyms. Moreover, EAB points out that recent changes to its corporate logo and colour schemes have no effect on whether Norske’s activities are likely to cause confusion with EAB’s registration for the EXCHANGE-A-BLADE word mark, which is independent of any particular design.

[42] For its part, Norske notes that the difference between the parties' marks is in the first word, which is considered important in assessing distinctiveness: *Masterpiece* at para 63, *Conde Nast Publications Inc v Union des éditions modernes* (1979), 46 CPR (2d) 183 (FCTD), at 188. Norske also notes that the first words of the parties' mark, EXCHANGE and TRADE, look and sound different. While that is true, I agree with EAB that these words are synonyms, such that the ideas suggested by these two marks (which is also a consideration under s. 6(5)(e) of the *Act*) are similar.

[43] Norske also notes that its applications to register the TRADE-A-BLADE word mark and design were both approved by an examiner at the Trade-marks Office who presumably saw no confusing similarity between them and EAB's EXCHANGE-A-BLADE trade-mark registrations. The same argument can be made based on three of EAB's EXCHANGE-A-BLADE trade-mark registrations having been obtained at a time during which Sibkis' registration for the TRADE-A-BLADE trade-mark remained in force.

[44] EAB points out that there is no evidence that any examiner at the Trade-marks Office actually considered these marks against one another. In any case, the conclusion of an examiner can be no more than persuasive. It is not binding on this Court.

[45] Though the EXCHANGE-A-BLADE and TRADE-A-BLADE marks are similar in the ideas they suggest, my view is that the difference between them is significant considering the low ambit of protection to which such inherently non-distinctive marks are entitled, especially since the difference is at the beginning of the mark. I am also persuaded by the fact that, on multiple occasions, the Trade-marks Office has found no confusion between these marks.

(6) Surrounding circumstances

[46] Norske argues that one important surrounding circumstance is the absence of any evidence of actual confusion. It relies on the decision of the Federal Court of Appeal in *Marlboro Canada Limited v Philip Morris Products SA*, 2012 FCA 201 [*Marlboro*], for this argument. Though *Marlboro* does indeed address this issue at para 59, it is important to note that the Court there was concerned with the absence of actual confusion “over a long period of time”. That is a key distinction in this case since the parties’ marks had co-existed for only about one month when the present application was commenced, and about three months when EAB’s evidence was prepared. The absence of evidence of actual confusion over such a short period is not telling.

[47] The applicable principle on this point was expressed by the SCC in *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 55:

Evidence of actual confusion would be a relevant “surrounding circumstance” but is not necessary even where trade-marks are shown to have operated in the same market area for ten years. Nevertheless, as discussed below, an adverse inference *may* be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified.

[Original emphasis; citations omitted.]

[48] Norske also notes that, not only is there no evidence of actual confusion, there is actually evidence of the absence of confusion. Even though Mr. Forbes’ affidavit referred to information obtained from Charles Westrik, co-owner of the RONA Building Supplies store in Elora, Ontario, suggesting that his customers might be confused by the switch to TRADE-A-BLADE

goods, Mr. Westrik himself denied this suggestion, and confirmed his view that his customers recognized that TRADE-A-BLADE and EXCHANGE-A-BLADE are distinct brands.

[49] EAB argues that a surrounding circumstance is Norske's "carefully orchestrated plan to emulate [EAB's] product line, packaging, credit system and hire its employees to gain access to [EAB's] customers." As noted by Norske, the evidence to support this argument is weak, as is the jurisprudential support. Though Norske acknowledges that it does employ some former EAB employees, and that its business model is similar to EAB's, it argues that these activities are not improper. I agree that there is nothing inherently improper in emulating a successful business model or in hiring away a competitor's employees.

(7) Conclusion on trade-mark infringement

[50] In the paragraphs above, I have concluded that the factor of inherent distinctiveness and extent of making known is neutral, and that the factors of (i) length of time of use, (ii) nature of the goods, service and business, and (iii) nature of the trade, all favour a conclusion of likelihood of confusion. Among the factors listed in s. 6(5) of the *Act*, only the degree of resemblance favours a conclusion of non-confusion.

[51] I am swayed by the limited evidence of likelihood of confusion. Though EAB need not prove any instances of actual infringement, it does nevertheless bear the burden of establishing the likelihood of confusion. Taking into account the factors identified in s. 6(5) of the *Act*, and considering the surrounding circumstances, I am not convinced that the requirements of any of ss. 6(1) to 6(4) are met. I am not convinced that the use of both marks in the same area would lead to the inference that the goods or services associated therewith come from the same source.

In my view, the nature of the trade is such that purchasers of the parties' respective products are knowledgeable and unlikely to be confused.

[52] I am also influenced by the fact that EAB itself, through its president, Mr. Forbes, adopted the EXCHANGE-A-BLADE mark specifically so as to distinguish EAB's business from TRADE-A-BLADE. I understand that TRADE-A-BLADE and EXCHANGE-A-BLADE never co-existed at the time that the latter mark was adopted, but EAB apparently saw the marks as not confusing with one another at that time.

[53] Based on my conclusion that the TRADE-A-BLADE mark is not likely to be confused with the EXCHANGE-A-BLADE mark, I conclude that Norske has not infringed EAB's trademarks.

B. *False or misleading statement, per s. 7(a)*

[54] Paragraph 7(a) of the *Act* provides as follows:

**Prohibitions**

7 No person shall  
(a) make a false or misleading statement tending to discredit the business, goods or services of a competitor

**Interdictions**

7 Nul ne peut :  
a) faire une déclaration fausse ou trompeuse tendant à discréditer l'entreprise, les produits ou les services d'un concurrent

[55] The parties agree that the essential elements to establish a claim under s. 7(a) are set out by the SCC in *S & S Industries Inc v Rowell*, [1966] SCR 419 at 424:

1. A false and misleading statement;
2. Tending to discredit the business, [goods] or services of a competitor; and

3. Resulting damage.

[56] Notably, it is not necessary to establish that the false or misleading statement was made with malice or knowledge of its falsity, but it is necessary to show the tendency of that statement to discredit and damage caused thereby.

[57] EAB argues that the phrase “THE ORIGINAL EXCHANGE SYSTEM” used by Norske in association with its goods is false and misleading and tends to discredit the business, goods or services of EAB by suggesting that EAB was not the first to offer a blade exchange system in Canada.

[58] Norske counters EAB’s argument by noting that Norske gets its rights from Sibkis, which was the owner of the blade exchange system that Angus brought to Canada as a distributor back in the 1970s. Norske notes that such early use of the TRADE-A-BLADE system in Canada was on behalf of Sibkis. On this basis, Norske argues that its blade exchange system is indeed the original.

[59] Norske also argues that EAB cannot claim to have any rights in the blade exchange system as it existed in the 1970s because EAB was not incorporated until after the early relationship between Sibkis and Angus had ended. Hence, it is not false or misleading to suggest that EAB’s blade exchange system is not the original.

[60] Finally, Norske argues that, even if the other essential elements of a violation of s. 7(a) of the *Act* are present, EAB still has not proved any resulting damages.

[61] In my view, Norske cannot truthfully claim to be THE ORIGINAL EXCHANGE SYSTEM. The principal reason for this view is that the TRADE-A-BLADE mark with which

Norske claims its association was abandoned for several decades. Moreover, during this period, EAB (which was incorporated in 1979) built up its EXCHANGE-A-BLADE mark, as well as its blade exchange business. I agree with EAB that the phrase “THE ORIGINAL EXCHANGE SYSTEM” used by Norske falsely suggests that EAB was not the first on the market with a blade exchange system. Moreover, with such a huge gap in time during which neither Norske nor Sibkis did anything in Canada, it is disingenuous for Norske to claim to be THE ORIGINAL EXCHANGE SYSTEM.

[62] I do not accept Norske’s argument that EAB cannot claim to be the first on the market with a blade exchange system since it was Angus (not EAB) which was originally on the market. EAB (under its original name, Canadian Trade-A-Blade Ltd.) was clearly the successor of the business begun by Angus. It appears that there was no gap in time between the business begun by Angus and that continued by EAB. Also, even though the early use of the TRADE-A-BLADE mark in Canada was as a distributor for Sibkis, the face of the business in Canada was always Mr. Forbes. Sibkis had no presence in Canada except by virtue of Angus and Mr. Forbes. It is also notable that Mr. Forbes’ companies used the TRADE-A-BLADE mark in Canada on their own account (not as a distributor) for about four years before switching to EXCHANGE-A-BLADE. In truth, EAB’s EXCHANGE-A-BLADE system is the original blade exchange system in Canada.

[63] For the foregoing reasons, I conclude that Norske’s use of the phrase “THE ORIGINAL EXCHANGE SYSTEM” is false and misleading.

[64] I turn now to the questions of (i) whether Norske’s use of the phrase “THE ORIGINAL EXCHANGE SYSTEM” tends to discredit the business, goods and services of EAB, and (ii)

Norske's argument concerning the dearth of evidence of resulting damage. EAB's evidence on damages is found in Mr. Forbes' affidavit. There, he lists 17 customers that, to the best of his knowledge, EAB had lost in Canada between about October 19, 2016, when Norske entered the market, and January 4, 2017. Mr. Forbes' affidavit also indicates sales figures to those customers in the preceding year. But, during cross-examination, Mr. Forbes made some important admissions concerning this evidence. Key among these was that Mr. Forbes' information concerning lost customers was based on hearsay provided by EAB's Vice President of Sales, Danny Wight. Norske argues that this hearsay evidence is inadmissible since Mr. Wight was available to give this evidence himself. In addition, Mr. Forbes admitted that his evidence concerning sales figures was also hearsay. The figures were prepared by his accounting people but without any supporting documentation. Also notable are Mr. Forbes' admissions that EAB has several thousand customers in North America, and that customers are occasionally lost for a variety of reasons.

[65] EAB does not dispute that the detailed evidence provided in Mr. Forbes' affidavit concerning lost customers and sales is hearsay. However, EAB responds that this can only limit the amount of damages, not eliminate damages entirely. EAB argues that some amount of damages can be presumed from Norske's activities (*Oakley, Inc v Doe* (2000), 193 FTR 42, 8 CPR (4th) 506 (FCTD) at paras 7-8), and the fact that the evidence in issue may be hearsay does not counter that. EAB argues that the evidence of record is sufficient to show that it has suffered some amount of damages, and that the precise amount of an award should be determined in a reference to be ordered in this decision.

[66] I agree with Norske that most of EAB's evidence concerning lost customers and sales is inadmissible hearsay. Based on the admissible evidence, the only customer that EAB has established that it lost to Norske is the RONA Building Supplies store in Elora, Ontario. I am prepared to accept that the loss of even one customer has caused some amount of damage to EAB. However, EAB's claim under s. 7(a) of the *Act* is based not on Norske's presence on the market generally, but rather on its use of the false and misleading phrase "THE ORIGINAL EXCHANGE SYSTEM". There is no evidence of any damage caused to EAB as a result of Norske's use of that phrase, rather than the trade-mark TRADE-A-BLADE. Moreover, for the same reason, I am not convinced that the use of that phrase tends to discredit EAB's business, goods or services.

[67] For these reasons, I conclude that EAB has not made a case for its claim under s. 7(a) of the *Act*.

C. *Directing public attention, per s. 7(b)*

[68] Paragraph 7(b) of the *Act* provides as follows:

**Prohibitions**

7 No person shall

...

**(b)** direct public attention to his goods, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his goods, services or business and the goods, services or business of another

**Interdictions**

7 Nul ne peut :

[...]

**b)** appeler l'attention du public sur ses produits, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention, entre ses produits, ses services ou son entreprise et ceux d'un autre

[69] Paragraph 7(b) is a codification of the common law tort of passing off: *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65. The parties agree that the following elements must be proved to establish a claim under s. 7(b):

1. The existence of goodwill at the relevant time;
2. Deception of the public due to a misrepresentation; and
3. Actual or potential damage to the [applicant].

[70] A claim under s. 7(b) of the *Act* differs from a claim of trade-mark infringement under s. 20 in that the Court may take into account trade-mark features other than those included in the trade-mark registration. EAB points to Norske's use of the word "EXCHANGE" as part of the phrase "THE ORIGINAL EXCHANGE SYSTEM". EAB also points to Norske's use of terms such as SOCKTOOTH (as well as a graphic thereof) and Norske's overall package design.

[71] I accept that EAB has goodwill in its trade-marks and thus satisfies the first of the essential elements of a claim under s. 7(b). However, I am not convinced that there has been any deception of the public due to a misrepresentation by Norske. I have indicated above why I find that there is no likelihood of confusion with EAB's registered trade-marks. Focusing on EAB's trade-mark features other than those included in its trade-mark registrations, I am struck first by the stark difference in the parties' respective colour schemes, Norske's being mainly yellow and EAB's being mainly red and green. When comparing the parties' respective package designs, the main similarities appear to be in the products themselves rather than in the packaging.

[72] I am also not inclined to find any likelihood of confusion in Norske's use of the phrase "THE ORIGINAL EXCHANGE SYSTEM", or the word "EXCHANGE" within that phrase. Though I have found that this phrase is false and misleading, I am not convinced that the

evidence supports a conclusion that Norske's use of this phrase (or any word in it) as part of its overall package design is likely to cause confusion between Norske's goods, services or business and the goods, services or business of EAB.

[73] Turning now to Norske's use of the term SOCKTOOTH and/or the graphic design of the SOCKTOOTH tooth, I note a clear similarity with EAB's use. Of course, the similarity in the graphic design is explained, at least in large measure, by the shape and functional design of the SOCKTOOTH tooth itself. EAB cannot claim an exclusive trade-mark right in such a design. More importantly, I have no objective evidence indicating that Norske's use of a similar graphic depiction of the SOCKTOOTH tooth is likely to cause confusion. EAB claims that it coined the term SOCKTOOTH and that it is the only company to use that term, other than Norske. Be that as it may, I am unconvinced that Norske's use of the term SOCKTOOTH is likely to cause confusion.

D. *Description that is false in a material respect, per s. 7(d)(i)*

[74] Paragraph 7(d)(i) of the *Act* provides as follows:

**Prohibitions**

7 No person shall

...

(d) make use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to

(i) the character, quality, quantity or composition,

**Interdictions**

7 Nul ne peut :

[...]

d) employer, en liaison avec des produits ou services, une désignation qui est fautive sous un rapport essentiel et de nature à tromper le public en ce qui regarde :

(i) soit leurs caractéristiques, leur qualité, quantité ou composition

...  
of the goods or services.

[75] EAB argues its claim under s. 7(d)(i) on the same basis as its claim under s. 7(a) discussed above.

[76] For the same reasons as discussed above in respect of s. 7(a), I conclude that Norske's description of its TRADE-A-BLADE system as THE ORIGINAL EXCHANGE SYSTEM is false in a material respect. However, I am also of the view (again, for the same reasons as discussed above in respect of s. 7(a)) that EAB's evidence of damages is insufficient to establish any causal link between Norske's use of the phrase "THE ORIGINAL EXCHANGE SYSTEM" and EAB's lost sales. I am likewise unconvinced that Norske's use of that phrase is likely to mislead the public as to the character, quality, quantity or composition of its goods or services.

#### V. Conclusion

[77] For the reasons discussed above, I conclude that EAB's application should be dismissed with costs.

**JUDGMENT in T-2040-16**

**THIS COURT'S JUDGMENT is that:**

1. The application is dismissed with costs.
  
2. If the parties are unable to agree on the amount of costs, Norske shall serve and file submissions, of no more than 10 pages, within 30 days following the date of this decision. EAB shall have 15 days following receipt of Norske's submissions to serve and file their responding submissions which shall be limited to 13 pages. Thereafter, Norske may, within five (5) days following receipt of EAB's responding submissions, serve and file reply submissions of no more than three (3) pages.

\_\_\_\_\_  
"George R. Locke"

Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-2040-16

**STYLE OF CAUSE:** EAB TOOL COMPANY INC. v NORSKE TOOLS LTD.

**PLACE OF HEARING:** VANCOUVER, BRITISH COLUMBIA

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**DATED:** OCTOBER 10, 2017

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