

Federal Court
of Appeal



Cour d'appel
fédérale

Date: 20091013

Docket: A-40-09

Citation: 2009 FCA 290

**CORAM: SEXTON J.A.
LAYDEN-STEVENSON J.A.
TRUDEL J.A.**

BETWEEN:

MASTERPIECE INC.

Appellant

and

ALAVIDA LIFESTYLES INC.

Respondent

Heard at Ottawa, Ontario, on September 22, 2009.

Judgment delivered at Ottawa, Ontario, on October 13, 2009.

CO-REASONS FOR JUDGMENT BY:

SEXTON and TRUDEL J.J.A.

CONCURRED IN BY:

LAYDEN-STEVENSON J.A.

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Overview

[1] This is an appeal arising from a judgment by Justice O'Reilly dismissing the appellant's application for the expungement of the respondent's registered trade-mark "Masterpiece Living" [2008 FC 1412].

Facts

[2] The appellant and respondent operate in the retirement residence industry. The appellant claims to have been using an evolving series of unregistered trade-marks, all of which use the word “masterpiece,” and some of which also use the word “living,” since 2001. The appellant began using the mark "Masterpiece Living" either in December 2005 or February 2006, depending on the exhibit consulted (compare the affidavit of Tim Garforth-Bles, appeal book, volume 1 at page 131 with the Canadian Trade-marks Database, appeal book, volume III at page 544).

[3] The respondent applied to register the trade-mark “Masterpiece Living” on December 1, 2005 and began using the mark in January 2006 on its website. The application was granted in March 2007.

[4] On January 23, 2006, the appellant applied to register the mark “Masterpiece” and on June 29, 2006 applied to register the mark “Masterpiece Living.” In September 2006, the Canadian Intellectual Property Office denied the appellant’s application on the basis that the respondent had already applied for the mark “Masterpiece Living.”

[5] On March 16, 2007, the appellant applied to expunge the respondent’s trade-mark under paragraph 18(1)(a) of the *Trade-marks Act*, R.S.C. 1985, c. T-3 (“the Act”) on the ground that it was confusing—and therefore unregistrable—as of the date of registration. On December 23, 2008, the appellant’s expungement application was dismissed.

Analysis

[6] According to the parties' submissions, there are four main issues on appeal. They are as follows:

A. *Did Justice O'Reilly err by considering confusion only as of the date of registration and refusing to take into account the possibility of future confusion?*

[7] This is a question of pure law and is subject to appellate review on a standard of correctness (*Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 at paragraph 9).

[8] Subsection 6(2) of the Act defines confusion as follows:

The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

(Emphasis added)

Subsection 6(3) of the Act uses the same language, only with respect to confusion between trade-marks and trade names.

[9] The appellant submits that the phrase "would be likely" means that the Court must take into account whether, at the time of registration, it was likely that confusion would occur *in the future*. The appellant says that while it, at the time of registration of the respondent's trade-mark, did not market in Eastern Canada, it had some plans to do so in the future. The respondent argues, on the other hand, that the phrase "would be likely" should be construed so that a likelihood of confusion was required *at the time of registration* without looking into the future.

[10] We agree with the respondent based on three tools of analysis: an examination of the general context of the Act, a review of prior case law referred to by the appellant, and an analysis of the French version of the Act.

(1) The Act in context

[11] An analysis of the overarching scheme of the Act reveals different temporal parameters within which certain situations are to be assessed.

[12] For example, it has been determined that the material date for determining confusion with an existing mark under paragraph 12(1)(d) is the date of disposition of the matter (see *Tradition Fine Foods Ltd. v. Groupe Tradition'l Inc.*, 2006 FC 858, [2006] 296 F.T.R. 216 at paragraph 15; *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd. et al.*, [1991], 37 C.P.R. (3d) 413 (F.C.A) at page 422).

[13] This Court has also found that the material date for assessing confusion in actions for infringement under section 20 of the Act, though normally the time of the hearing, may vary depending on the specific facts and pleadings of each case (see *Alticor Inc. v. Nutravite Pharmaceuticals Inc.*, 2005 FCA 269, [2005] 257 D.L.R. (4th) 60 at paragraph 16).

[14] In addition, paragraph 16(1)(a) provides that a person may not register a trade-mark if the trade-mark was confusing with a trade-mark previously used in Canada. It has been held that the

relevant date on which to assess the likelihood of confusion under this provision is the respondent's first use of the trade-mark (see *Compulife Software Inc. v. Compuoffice Software Inc.*, 2001 FCT 559, [2001] 205 F.T.R. 283 at paragraph 37).

[15] The present case hinges on subsection 16(3) of the Act, which outlines the grounds upon which an applicant who has filed an application for registration of a proposed mark is entitled to secure its registration. It reads as follows:

Proposed marks

16. (3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person; ...

[emphasis added]

[16] Subsection 16(3) authorizes the registration of a proposed trade-mark unless it was confusing with another mark at the date of filing of the application. Subsections 6(2) and 6(3) of the Act define the test to determine whether the proposed mark is confusing. Therefore, the confusion test for such a mark must operate within the limits of subsection 16(3).

[17] As stated by Justice O'Reilly in the decision below, paragraph 16(3)(a) provides that "a person is not entitled to register a trade-mark for proposed use if, at the time the application was filed, it was confusing with a trade-mark that had been previously used or made known in Canada."

In contrast to the aforementioned provisions, paragraph 16(3)(a) clearly confines the confusion test to “the date of filing of the application” of the mark (reasons for judgment at paragraph 7).

[18] We are therefore of the view that in an application for expungement grounded on paragraph 16(3)(a), the relevant time to test for confusion is the date of filing of the application for the trade-mark for which expungement is sought.

(2) Prior case law

[19] The appellant cites *Oshawa Holdings Ltd. v. Fjord Pacific Marine Industries Ltd.*, [1981] 36 N.R. 71 (“*Oshawa*”) in support of the proposition that likely confusion may exist despite the fact that the competing trade-marks are not yet competing in the same geographic area.

[20] In *Oshawa*, this Court held as follows:

[I]t is not necessary . . . for there to be actual use of conflicting marks in the same area, nor for there to be evidence of actual confusion. The test of ss. 2 and ss. 3 of Section 6 is not what has happened in fact but what inference would likely be drawn if the appellant and respondent did use the conflicting marks and trade names in respect of the different classes of goods in the same area. (At paragraph 11).

[21] However, there are two reasons why this quotation does not assist the appellant. First, the Court actually went on to refuse the request for expungement, explicitly considering the fact that the appellant and respondent were operating in two different regions:

[T]here is a substantial difference in situation when one considers the extent to which the competing marks and names have become known. The respondent’s mark is well known in

the four provinces of Western Canada when used with pickled herring. The appellant's mark when used with butter and ice cream is well known only in the immediate area surrounding Kitchener, Ontario. (At paragraph 13).

[22] Second, the Court did not make any reference to s. 16 in its analysis. Specifically, no mention was made of subsection 16(3), which is crucial to the decision in the present case because, as has been said previously, it sets the date for the test of confusion to be applied as the date of filing of the application. Since it fails to interpret s. 16(3), the analysis in *Oshawa* cannot be considered an authority on the temporal scope of a confusion analysis for the purpose of an expungement proceeding. At the date of filing of the respondent's trade-mark, the appellant did not sell its product in the same market as the respondent. This Court need not consider the appellant's plans for expansion after that date.

[23] The appellant also relied, in its oral argument, on *Cochrane-Dunlop Hardware Ltd. v. Capital Diversified Industries Ltd.*, [1976] 30 C.P.R. (2d) 176 (Ont. C.A.), There, the Ontario Court of Appeal found that subsection 6(2) "does not seem ... to preclude any reference to reasonably predictable future developments," adding further that "consideration of future events must be limited strictly to possible expansion of present operations . . ." (at paragraph 36). However, this was an infringement action, and as discussed above, the material date for an infringement action may vary depending on the specific facts and pleadings of each case. Therefore, *Cochrane-Dunlop* does not assist in the analysis of an application for expungement with the temporal restraints of paragraph 16(3)(a).

[24] The appellant further cites *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at paragraph 53 for the proposition that “what is at issue is what the registration would authorize the respondent to do, not what the respondent happens to be doing at the moment.”

[25] This proposition does not assist the appellant. *Mattel* concerned an appeal of a trade-mark opposition proceeding. There, the appellant argued that the applications judge had erred by looking into the respondent’s operations leading up to registration. Justice Binnie agreed that this was an improper consideration: the relevant inquiry in an opposition proceeding is not whether there had been confusion in the past, but whether there exists a likelihood of confusion at the point of registration. The question can therefore be accurately expressed as follows: what is at issue is what the registration would authorize the respondent to do *at the time of registration*, not what the respondent *happened to be doing prior to registration*. The upshot of *Mattel*, therefore, is that the relevant time period for a confusion analysis is the point of registration. In the case at bar, the appellant submits that the relevant time period is the point of registration and points subsequent. This is inconsistent with the reasoning in *Mattel*. *Mattel* is therefore of no aid to the appellant, and Justice O’Reilly was correct in his interpretation of the Act.

[26] Although subsections 6(2) and 6(3) of the Act use the expression “would be likely to lead to the inference...”, the case law of this Court and the Federal Court has explicitly defined the confusion test in the present tense: “is likely to lead to the inference...” (emphasis added) (see *Bohna v. Miss Universe, Inc. (F.C.A.)*, [1994] F.C.J. No. 1642 at paragraph 9; *United States Polo Assn. v. Polo Ralph Laurent Corp.*, [2000] F.C.J. No. 1472 at paragraph 3; *Alticor Inc. v. Nutravite*

Pharmaceuticals Inc., [2004] F.C.J. No. 268 at paragraph 18). We are therefore of the view that section 6 of the Act constitutes a hypothetical rather than a forward-thinking test.

(3) The French version of the Act

[27] The French version of the introductory language of subsection 6(1) is also useful with respect to limiting the scope of the test. While the English version reads “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 ...”, the French version of the same subsection uses the present tense of the verb ‘to cause’—“cause de la confusion” (emphasis added)—and not the conditional “causerait de la confusion” (would cause confusion).

[28] Similarly, subsections 6(2) and (3) of the Act ask if, based on a state of affairs at the time of registration, a mark or name would be confusing to a hypothetical customer. On its face, therefore, this does not suggest, in either official language, that the confusion analysis should look into the future.

[29] In his work on bilingual interpretation, Justice Bastarache wrote that “in interpreting bilingual legislation, the goal is to seek out the shared meaning between the two versions ...” (see Michel Bastarache, et al., *The Law of Bilingual Interpretation*, 1st ed. (Markham: LexisNexis Canada Inc., 2008) at 32). Along the same vein, in *R. v. Daoust*, [2004] 1 S.C.R. 217 at paragraph

26, the Supreme Court quoted the two-step analysis proposed by Professor Côté in *The Interpretation of Legislation in Canada*, 3rd ed. (Scarborough, Ont.: Carswell, 2000) at page 324:

Unless otherwise provided, differences between two official versions of the same enactment are reconciled by educing the meaning common to both. Should this prove to be impossible, or if the common meaning seems incompatible with the intention of the legislature as indicated by the ordinary rules of interpretation, the meaning arrived at by the ordinary rules should be retained.

[30] The two linguistic versions of subsection 6(1) have a common meaning and are reconcilable. The word “would” in the English version implies a hypothetical situation occurring in the present just as the language of the French version is indicative of the legislator’s intention to ground the analysis in the present.

[31] Had Parliament wished to require an analysis of the possibility of *future* confusion, it could have used the word “will” instead of “would.” Unlike the word “would,” the word “will” inquires whether, based on the same state of affairs at the time of registration, a mark will likely be confusing at a time subsequent to registration. Therefore, the fact that the appellant may have intended to expand its operations—either into new cities or new markets—was correctly disregarded by Justice O’Reilly.

[32] Accordingly, we are of the view that Justice O’Reilly was correct in his interpretation of the phrase “would be likely.”

B. Did Justice O'Reilly commit methodological errors in his confusion analysis?

[33] The appellant claims that Justice O'Reilly erred by improperly analyzing the designs surrounding the mark, as opposed to only examining the words themselves, and that Justice O'Reilly improperly analyzed the appellant's and respondent's marks side-by-side as opposed to individually.

[34] These too are questions of law and are reviewable on a standard of correctness.

[35] With respect to the analysis of designs surrounding the marks, the appellant provides no jurisprudential support for the proposition that this is an unacceptable method of analysis. On the other hand, we refer the appellant to *United Artists Corp. v. Pink Panther Beauty Corp.*, [1998] 3 F.C. 534 (C.A.) at paragraph 37 in which this Court specifically stated that "the 'get-up,' or the way that a product is packaged, and as a consequence the way the mark is presented to the public, is an important factor in determining whether confusion is likely." Absent any support for the appellant's proposition, it must fail.

[36] With respect to the alleged side-by-side analysis, while this is admittedly an improper tool, the appellant has not demonstrated that Justice O'Reilly actually engaged in such analysis. Instead, the appellant demonstrates that Dr. Michael Mulvey, an expert witness whose evidence Justice O'Reilly accepted in part, may have engaged in side-by-side analysis. This Court does not take a position on the merits of Dr. Mulvey's evidence. However, there is no basis for concluding that

Justice O'Reilly accepted Dr. Mulvey's evidence uncritically, or that Justice O'Reilly considered the two marks side-by-side in his own decision. Accordingly, this claim must fail as well.

C. Did Justice O'Reilly err in considering evidence with respect to the degree to which the mark was used and in weighing expert evidence? and

D. Did Justice O'Reilly err in concluding on the evidence that there was no confusion?

[37] The question of whether or not a judge, having entertained evidence, considered it properly is subject to a high degree of deference. Such a finding will be overturned only subject to a palpable and overriding error.

[38] We see no palpable and overriding error with respect to the manner in which Justice O'Reilly considered and weighed evidence, and arrived at his conclusion. This claim must therefore also fail.

Conclusion

[39] The appellant has failed to satisfy us that Justice O'Reilly incorrectly interpreted the Act or that his analytical approach was flawed. We are further unpersuaded of any palpable and overriding

error with respect to Justice O'Reilly's consideration of the evidence or his subsequent conclusions.

Therefore, we propose to dismiss this appeal with costs.

"J. Edgar Sexton"

J.A.

"Johanne Trudel"

J.A.

"I agree

Carolyn Layden-Stevenson J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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APPEARANCES:

W. Clarke Hunter, Q.C.

FOR THE APPELLANT

Scott Miller
Sharon Griffin
Catherine Lemay

FOR THE RESPONDENT

SOLICITORS OF RECORD:

Macleod Dixon LLP
Calgary, Alberta

FOR THE APPELLANT

Marusyk Miller & Swain LLP
Ottawa, Ontario

FOR THE RESPONDENT