

Federal Court



Cour fédérale

Date: 20190827

Docket: T-2532-14

Citation: 2019 FC 1103

[UNREVISED CERTIFIED ENGLISH TRANSLATION]

Ottawa, Ontario, August 27, 2019

PRESENT: The Honourable Mr. Justice Roy

BETWEEN:

3469051 CANADA INC.

Plaintiff

and

**AXIS HEATING AND
AIR CONDITIONING INC.**

Defendant

JUDGMENT AND REASONS

[1] The plaintiff, 3469051 Canada Inc., owner of the registered trademark AXXYS, is taking legal action against the defendant, Axis Heating and Air Conditioning Inc. [“Axis”], alleging that the latter is violating its trademark rights and engaging in unfair competition, contrary to sections 20 and 7 of the *Trademarks Act*, RSC, 1985, c T-13 [the Act].

[2] The plaintiff is seeking the following remedies:

- a declaration that its mark is valid and that its rights to the exclusive use thereof have been violated;
- a permanent injunction against Axis, ordering it to cease and desist from infringing the plaintiff's rights by using the trademark or the trade name "Axis Heating and Air Conditioning Inc.", or any other such trademark or trade name causing confusion with AXXYS, i.e., confusion between "AXXYS" and "Axis";
- an order instructing Axis to turn over all items under its control bearing:
 - the word "Axis", alone or together with other words or symbols;
 - any other confusing trademark or trade name;
- the destruction of these items at the defendant's expense, or by the defendant itself, if it so chooses;
- damages or, at the plaintiff's option, an amount of money representing unlawfully derived profits;
- punitive damages;
- an order declaring that Axis has infringed the plaintiff's intellectual property rights, thereby violating section 6 of the Charter of Human Rights and Freedoms and section 53.2 of the Act.

I. The parties to the action

[3] The fact that the plaintiff is a corporation incorporated under the laws of Canada, having its head office at 9630 Saint-Laurent Boulevard in Montréal, is not in dispute. Also not in dispute is the fact that it makes extensive use of its registered trademark. The defendant, for its part, is a

corporation incorporated under the *Ontario Business Corporations Act*, RSO 1990, c B.16); its elected domicile is in Ottawa. The defendant is significantly smaller and is known by its trade name, which of course includes the use of the word “Axis”.

II. The trademark

[4] The trademark AXXYS was registered under the number TM 759,387 in February 2010; the plaintiff has been using it since 1998. The trademark was registered in connection with:

Construction services, namely, residential and commercial building, building and site development, planning in the field of construction, cost and project management in the field of construction; demolition services; consulting services in the field of construction, demolition, building materials, moulds, asbestos, lead and heavy metals, environmental engineering, construction engineering, building management; contracting services, namely building construction.

As for the defendant, its operational activities, which consist of installing heating and air conditioning systems (as well as maintaining and repairing these systems), are limited to the residential sector.

III. The allegations

[5] The plaintiff cites the fact that it has been building its mark since February 1998; it has become renowned for the quality of the services that it offers and has established an enviable reputation. The trademark is used consistently and constantly, and a website bearing this mark was set up: axxysconstruction.com:

[6] The plaintiff therefore claims that the goodwill created as a result of its mark and the publicity/advertising thereof is a key asset of the company.

[7] According to the plaintiff, this action concerns sections 7, 19, 20 and 22 of the Act. The plaintiff submits that the services offered by Axis Heating and Air Conditioning Inc. are related to the services that it offers. The defendant's trade name is confusing with the plaintiff's mark since consumers may believe that Axis Heating offers services that originate from the plaintiff, that Axis Heating uses the mark AXXYS with the plaintiff's authorization, or that the two parties share common characteristics. The plaintiff adds that it is called upon to incorporate heating and/or air conditioning systems into the construction projects that it manages (statement of claim, para 15).

[8] The plaintiff is also alleging unfair competition, in that the actions of Axis Heating and Air Conditioning Inc. [TRANSLATION] "are likely to interfere with the plaintiff's commercial activities or detract from its image and reputation" (statement of claim, para 19).

[9] The plaintiff is claiming damages or disgorgement of profits, but the extent of the claim is imprecise because the plaintiff states that it has no knowledge of the scale of the defendant's activities. The plaintiff is also seeking \$50,000 in punitive damages.

[10] In its defence, the defendant states that it is a family-owned company with just a few employees involved in the sale, installation and repair of heating equipment, air conditioners and humidifiers in the residential sector in the region of Ottawa, Ontario, and Gatineau, Quebec.

[11] The defendant emphasizes the fact that the parties operate in different markets, both in terms of clientele and the type of products sold (general contractor or project manager versus a retail installer).

[12] Axis also denies any resemblance between its trade name and the trademark “AXXYS” causing confusion. Each conveys a different idea, “Axis” being a common word without any inherent distinctiveness. In fact, “Axis” is inseparably used in conjunction with the word “heating” in a specific sector, residential heating and cooling.

[13] Lastly, Axis Heating denies engaging in unfair competition with the plaintiff.

IV. The evidence

A. *The plaintiff*

[14] The evidence presented by the plaintiff at trial was based exclusively on the testimony of Ilan Reich, the vice-president of 3469051, and considerable documentary evidence.

[15] Mr. Reich, an engineer by training, is one of the founders of the company he presents as AXXYS Construction. This company now includes numerous corporate entities which, according to him, are related. The group has therefore expanded over the years, becoming a project developer, as well as project manager, builder and prime contractor.

[16] The trademark AXXYS has been used since 1998. Right from the outset, it has been identified with its product and the quality thereof. Its name is synonymous with quality. For AXXYS, this is a key element of the marketing strategy pursued since the company was created.

[17] The company has expanded to the point that it has more than 100 employees in Canada, in addition to so-called “seasonal” employees. This expansion has been in the form of projects outside Quebec, with forays into the United States, where the company maintains an office (in Minneapolis, Minnesota). My understanding of the testimony is that the construction industry has its complexities, with rules which may vary from province to province and from state to state. Nevertheless, the witness informed the Court that revenues totalled 100 million dollars (although it is not clear to which of the companies this figure refers, besides maybe 3469051).

[18] The plaintiff does business in both commercial and residential construction. It is therefore involved in typical commercial projects such as the construction and renovation of commercial spaces and shopping centres. The plaintiff has also received contracts from government agencies, such as one for the border crossing at Lacolle, Quebec, and another for the Office municipal d’habitation de Montréal. Another area of activity is residential construction. In this regard, the witness appears to consider residential construction as construction activities conducted on the basis of a contract with a single person as well as those involving major projects, where construction concerns a considerably higher number of residential units. Mr. Reich testified that, in his view, each of these units consisted of the construction and the sale of individual residential units, individually. He stated that he was involved in each one. This is how residential homes come into play, where the reputation of the company is at stake for each and every one. That is

why it is important for the company to be able to differentiate and distinguish itself with a distinctive mark.

[19] The witness submitted a considerable amount of documentary evidence concerning contracts concluded with the plaintiff since 2000. There is no doubt that the commercial activity predominates; however, activities of a residential nature cannot be denied. Furthermore, the Régie du bâtiment du Québec's licence holders' repertory issues licences for classes or subclasses of contractors involved in activities claimed by the plaintiff, thereby attesting to its incorporation of air conditioning and/or heating systems into the construction projects it manages (Exhibit P-5):

- 15.7 Residential Ventilation
- 15.8 Ventilation
- 15.10 Refrigeration

The plaintiff holds such a licence. Therefore, the plaintiff is also a specialized contractor in the sense that it is [TRANSLATION] “authorized to bid on, organize, coordinate, perform or delegate performance of the construction work included” in these classes (Exhibit P-5).

[20] Lastly, the witness filed an entire series of photographs in evidence, demonstrating that the mark AXXYS is featured as often as possible on uniforms, trucks, work sites or promotional objects. Several items evidencing recognition were also presented to demonstrate the company's success. It continues to make its mark through the advertising in certain magazines and a website intended to depict the image of the company, which the witness distinguished from the image presented by Axis (Exhibit P-20).

[21] On cross-examination, emphasis was placed on the different forms of corporate entities used for the promotion, sale and construction of commercial and residential properties. This revealed that 3469051 also does business with related companies, in addition to having other types of clients, of course. It was also established that the witness used the term [TRANSLATION] “residential” to refer to work performed for projects where the ultimate goal was to provide homes for people, as opposed to work performed for commercial purposes. Consequently, the witness repeatedly stressed a highly personalized approach to doing business, whereby the end client must be satisfied. This is consistent with the branding that the plaintiff seeks to promote, irrespective of the various legal forms adopted. Ultimately, AXXYS is always the trademark used.

B. *The defendant*

[22] In defence, Samuel Corbeil testified about the evolution of the company that he founded and had left relatively recently. When 3469051 Canada Inc. commenced legal proceedings against the company, he was its shareholder and director.

[23] The company had modest beginnings; its current corporate form (Axis Heating and Air Conditioning Inc.) was launched in February 2012. Prior to that, Mr. Corbeil had done business under the name “Axis Heating”, registered in Ontario since 2004.

[24] The defendant targets residential clients exclusively. Since 2004, initial clients have been solicited by placing advertising material in letterboxes in areas around Ottawa which Mr. Corbeil believed would be receptive to buying and installing furnaces and air conditioning systems. The

range of products was then expanded to humidifiers and water heaters. Mr. Corbeil, on behalf of the defendant, described his company as being involved in installing warm air heating systems, natural gas burner systems and small refrigeration systems in residential homes. Mr. Reich instead defined his larger-scale residential activities in terms of the ultimate recipient.

Construction work on a single home, although demonstrated, was less frequent. Therefore, even when the plaintiff renovated a hotel to transform it into a rental property where the developer planned to rent out the renovated apartments, the related activities were described as residential. The distinction made resides in the fact that the recipient would be different than it would be for work performed for retail shops, for example.

[25] The defendant is a small-scale operation and does business with the owner of the residence. The plaintiff carries out construction work, either directly or as a project manager, but on a significantly larger scale, even though it accepts more modest clients from time to time. We are talking about construction on a much larger scale requiring work related to heating and cooling systems, but as a sideline in relation to the contract awarded.

[26] A manifestation of the difference was also highlighted by the evidence presented by the plaintiff in response to an undertaking by the plaintiff's corporate witness to provide [TRANSLATION] "copies of contracts for single-family residential properties, buildings with up to four units and townhouses, from 2004 to date". The plaintiff chose to provide only a list of contracts, from 2004 to 2016 (tab 12) and not the contracts themselves. This list includes contracts which cannot really satisfy the undertaking because the projects concerned can only be

commercial projects. In most of the cases which could perhaps qualify as involving private residences, the list does not identify the client.

[27] When it came time to respond to another undertaking requiring the disclosure of [TRANSLATION] “copies of contracts under which Canada Inc. installed individual air conditioning systems, from 2008 to date”, the contracts were once again not provided, but the submitted list included only two entries, neither of which could be associated with private individuals requiring individual air conditioning: Office municipal d’habitation de Montréal for a low-rental housing project, and a ventilation system at a border crossing. This was certainly not the niche cultivated by the defendant, who works for owners of individual residences within a 45-km radius of Ottawa, in Quebec and Ontario, but overwhelmingly in Ontario.

[28] The evidence reveals that the use of the defendant’s trade name has evolved over time, from 2004 to date. It is admitted that the defendant uses and has used Axis Heating, Axis Heating and Air Conditioning and variations thereof, operating the website Axisheating.com. The evidence also reveals that a copyright was obtained in 2004 for Axis Heating (Exhibit D-9, p 9) and another in 2014 for Axis Heating and Air Conditioning Inc. (Exhibit D-9, p 199).

[29] In addition to placing advertising material in letterboxes in residential neighbourhoods, the defendant advertised its trade name. Mr. Corbeil stated that he wanted the name of the company to be known.

[30] This is how he explains the initial appeal of Axis Heating. However, there is no doubt that Mr. Corbeil wanted to prioritize the use of “Axis” because it was easy and comes at the beginning of the alphabet. He was simply trying to allude to the axes used in mathematics. Its use in conjunction with the word “heating” was because the product (furnaces) was not to be overlooked: the client has to know what product is being offered. The logo was also designed with this same perspective in mind:



The logo was used for all forms of advertising or promotional activities. Like Mr. Reich, the witness dwelled on the importance of the trade name that he had selected.

Marianne Michaud is currently the defendant’s chief executive officer. She testified about the kind of company that the defendant is. The company is small. It installs furnaces as well as air conditioning systems and now also installs humidifiers and water heaters whose value does not appear to exceed a few thousand dollars. It also provides maintenance services for such systems, and the price of such services cost is very often less than \$100. Its clientele is made up of home owners; the number of employees varies between four and seven. Annual sales range from \$450,000 to \$550,000, and the company earns a net profit of between \$30,000 and \$40,000, once salaries are paid. All plans to expand the business, if possible, are currently on hold as a result of the dispute between the parties.

V. Analysis

[31] The parties had indicated that the subject-matter of this dispute is the confusion alleged by the plaintiff relating to the use of its trademark AXXYS versus the defendant's use of Axis Heating as a trademark and Axis Heating and Air Conditioning Inc. as its trade name. As Mr. Corbeil pointed out, it is important to use Axis Heating so that the consumer is aware of the product being offered. Moreover, the word "Axis" is prominently featured everywhere that the mark is used.

[32] There is no doubt that the parties have paid special attention to their trademark and trade name. That is not surprising. It is also not surprising that, from the plaintiff's point of view, AXXYS must not be confused with other marks, especially since the evidence at trial indicated that the plaintiff had developed its mark with a view to establishing a strong brand image. Therefore, the issue for the Court is determine, based solely on the evidence presented, whether the balance of probabilities favours the plaintiff. Following an in-depth review of the record, the Court must allow the claim on the basis of the evidence presented by each of the parties.

[33] The analysis is guided by the Act. The plaintiff is claiming rights under sections 20 and 7 of the Act. Section 20 protects trademarks, like AXXYS, from being confused with another trademark or trade name. I will reproduce paragraph 20(1)(a) here, which is particularly relevant:

20 (1) The right of the owner of a registered trademark 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

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 in association with a confusing trademark or trade name;

services en liaison avec une marque de commerce ou un nom commercial créant de la confusion;

The plaintiff also relies on subsection 7(b):

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;

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;

[34] The confusion being referenced is also addressed by the Act. Therefore, it is important to determine whether the trademarks are such that they are likely to lead to the inference that the goods or services are offered by the same person, irrespective of whether they are of the same general class. The text of subsection 6(2) reads as follows:

6 (2) The use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

6 (2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des 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 services soient ou non de la même catégorie générale ou

figurent ou non dans la même
classe de la classification de
Nice.

[35] A reading of subsection 6(2) could have resulted in a certain ambiguity, which the Supreme Court of Canada dispelled in *Masterpiece Inc. v Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 SCR 387 [*Masterpiece*]. Subsections 6(2), (3) and (4) use the same formula by comparing the use of the two trademarks or commercial names “in the same area”. This could have left some people with the impression that the trademarks and trade names had to be used in the same area, which area would then have to be defined. This would also have been contrary to the protection provided for registered trademarks under the Act, which gives the owner of the mark “the exclusive right to the use throughout Canada of the trademark in respect of those goods or services” (section 19). The meaning of subsection 6(2) was instead explained as follows in *Masterpiece*:

[30] It is immediately apparent from these words, “if the use of both . . . in the same area”, that the test for confusion is based upon the hypothetical assumption that both trade-names and trade-marks are used “in the same area”, irrespective of whether this is actually the case. As a result, geographical separation in the use of otherwise confusingly similar trade-names and trade-marks does not play a role in this hypothetical test. This must be the case, because, pursuant to s. 19, subject to exceptions not relevant here, registration gives the owner the exclusive right to the use of the trade-mark throughout Canada.

[31] In order for the owner of a registered trade-mark to have exclusive use of the trade-mark throughout Canada, there cannot be a likelihood of confusion with another trade-mark anywhere in the country.

[36] Consequently, there is no argument to be made based on the fact that the defendant does business exclusively in the National Capital Region, while the plaintiff started its business

operations in the Montréal area and has subsequently expanded since then, but without actually moving into the territory served by the defendant for the time being.

[37] The case law has defined from whose perspective an allegation of confusion will be examined. The Supreme Court of Canada placed the consumer somewhere between the “careful and diligent purchaser” and the “moron in a hurry” in *Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 SCR 772 [*Mattel*]:

56 What, then, is the perspective from which the likelihood of a “mistaken inference” is to be measured? It is not that of the careful and diligent purchaser. Nor, on the other hand, is it the “moron in a hurry” so beloved by elements of the passing-off bar: *Morning Star Co-Operative Society Ltd. v. Express Newspapers Ltd.*, [1979] F.S.R. 113 (Ch. D.), at p. 117. It is rather a mythical consumer who stands somewhere in between, dubbed in a 1927 Ontario decision of Meredith C.J. as the “ordinary hurried purchasers”: *Klotz v. Corson* (1927), 33 O.W.N. 12 (Sup. Ct.), at p. 13. See also *Barsalou v. Darling* (1882), 9 S.C.R. 677, at p. 693. In *Delisle Foods Ltd. v. Anna Beth Holdings Ltd.* (1992), 45 C.P.R. (3d) 535 (T.M.O.B.), the Registrar stated at pp. 538-39:

When assessing the issue of confusion, the trade marks at issue must be considered from the point of view of the average hurried consumer having an imperfect recollection of the opponent’s mark who might encounter the trade mark of the applicant in association with the applicant’s wares in the market-place.

And see *American Cyanamid Co. v. Record Chemical Co.*, [1972] F.C. 1271 (T.D.), at p. 1276, aff’d (1973), 14 C.P.R. (2d) 127 (F.C.A.). As Cattnach J. explained in *Canadian Schenley Distilleries*, at p. 5:

That does not mean a rash, careless or unobservant purchaser on the one hand, nor on the other does it mean a person of higher education, one possessed of expert qualifications. It is the probability of the average person endowed with average intelligence acting with ordinary caution being deceived that is the criterion and to measure that probability of

confusion the Registrar of Trade Marks or the Judge must assess the normal attitudes and reactions of such persons.

The Court reaffirmed this position in *Masterpiece*, which discusses the test of first impression, referring to *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824 [*Veuve Clicquot*], the companion decision to *Mattel* rendered that same day. Paragraphs 40 and 41 of *Masterpiece* read as follows:

[40] At the outset of this confusion analysis, it is useful to bear in mind the test for confusion under the *Trade-marks Act*. In *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824, Binnie J. restated the traditional approach, at para. 20, in the following words:

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.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202, to contrast with what is not to be done — a careful examination of competing marks or a side by side comparison.

[41] In this case, the question is whether, as a matter of first impression, the “casual consumer somewhat in a hurry” who sees the Alavida trade-mark, when that consumer has no more than an imperfect recollection of any one of the Masterpiece Inc. trade-marks or trade-name, would be likely to be confused; that is, that this consumer would be likely to think that Alavida was the same source of retirement residence services as Masterpiece Inc.

[38] I would hasten to add that in *Mattel*, the Court stated that the consumer, who is neither a careful and diligent purchaser nor a moron, would nevertheless have a different attitude depending on the purchasing decision to be made. As stated in paragraph 58, “[w]hen buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal”, referring here to the two types of products involved in that case (the “Barbie” doll and the small chain of “Barbie’s” restaurants).

[39] This mythical consumer, who is used to determine whether confusion exists, will serve as the standard for assessing the factors specifically identified by the Act, among others, as this list is not exhaustive. I will reproduce subsection 6(5) of the Act here, given its importance to this case:

6 (5) In determining whether trademarks 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 trademarks or trade names and the extent to which they have become known;

(b) the length of time the trademarks or trade names have been in use;

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

6 (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;

<p>(d) the nature of the trade; and</p> <p>(e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.</p> <p>R.S., 1985, c. T-13, s. 6; 2014, c. 20, ss. 321, 361(E), 362(E), c. 32, s. 53.</p>	<p>d) la nature du commerce;</p> <p>e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.</p> <p>L.R. (1985), ch. T-13, art. 6; 2014, ch. 20, art. 321, 361(A) et 362(A), ch. 32, art. 53.</p>
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[40] I will begin the review of the statutory criteria with the last one, in paragraph 6(5)(e).

That is the approach recommended in *Masterpiece*. Furthermore, the Court endorsed the comments made in *Fox on Canadian Law of Trade-marks and Unfair Competition*, by K. Gill and R.S. Jolliffe, and in *Hughes on Trade Marks*, by R.T. Hughes and T.P. Ashton, according to which the degree of resemblance will often be the most important factor in the overall confusion analysis. This also confirms that not all the factors are of equal importance. Paragraph 49 of *Masterpiece* is reproduced below:

[49] 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 (K. Gill and R. S. Jolliffe, *Fox on Canadian Law of Trade-marks and Unfair Competition* (4th ed. (loose-leaf)), at p. 8-54; R. T. Hughes and T. P. Ashton, *Hughes on Trade Marks* (2nd ed. (loose-leaf)), at §74, p. 939). 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 (Vaver, at p. 532). As a result, it has been suggested that a consideration of resemblance is where most confusion analyses should start (*ibid.*).

- A. *The degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them (para. 6(5)(e) of the Act)*

[41] Resemblance conveys the idea that it is similarity, not identity, that is the appropriate standard. As a result, “marks with some differences may still result in likely confusion” (*Masterpiece*, para 62).

[42] In reviewing this similarity leading to likely confusion, the first word is important, because it serves to establish the distinctiveness of a mark (*Masterpiece*, para 63). The first word may even be the most important; the Court in *Masterpiece* emphasized the fact that it is important to first consider whether any aspect of the mark is particularly striking or unique (para 64). In *Masterpiece*, there was nothing striking or unique about the words associated with “Masterpiece” (the marks concerned were “Masterpiece Living” and “Masterpiece the Art of Living”). “Masterpiece” was the dominant word. The Court did not have any difficulty concluding that there was a resemblance. The same can be said here.

[43] In the case at bar, the resemblance between the two marks seems clear to me. As the Supreme Court stated in *Veuve Clicquot*, it is not necessary for the marks to be identical, “only that the ‘same idea’ is sufficiently conveyed to the mind of the somewhat-hurried consumer to induce the mistaken inference” (para 35). The two marks have the same origin, one being a stylized form of the other, i.e., one word in the English language (“axis”), which corresponds to the word “axe” in French. Therefore, in both cases, if any idea is suggested, it is obviously the same. Even though this may not be the most powerful idea, the fact remains that it is the same. The two marks also have the same sound. The defendant tried to argue that the presentation of

the two marks is different. To this end, it was noted that the words are spelled differently, that “Axis” is used with “Heating” and that the defendant uses a distinctive logo.

[44] The argument concerning the different spelling disregards the fact that what is important is the first impression of someone that is somewhat in a hurry, who only has a vague recollection of the marks and who has not given much thought to the issue. This person is not putting the two marks side by side. The addition of words such as “heating” or “and air conditioning” are of little importance. In the analysis of resemblance, importance is initially placed on the first word, the word that is striking and creates an image. In fact, the evidence shows that the defendant only used these words to clarify the products being offered. In *Restaurants la Pizzaiolle inc. v Pizzaiolo Restaurants inc.*, 2015 FC 240, 130 CPR (4th) 195, this Court was confronted with the same argument. Justice LeBlanc applied the analysis in *Masterpiece* to address the additions after the important word in these marks (“Masterpiece”) and concluded that the additional words did not change the resemblance in any way whatsoever. Paragraphs 70 and 74 read as follows:

[70] In this case, the Graphic Mark PIZZAIOLO is formed using the word PIZZAIOLO written on a green oval background, accompanied by the words “GOURMET PIZZA”. As was the case with the words “Living” and “Art of Living” in *Masterpiece*, the words “GOURMET PIZZA” are in no way “striking or unique” (*Masterpiece*, above, at paras 64 and 84). That, as the applicant pointed out, is a generic expression bereft of any distinctive character.

[74] This is not a case of deciding whether the rights that the registration of the word mark LA PIZZAIOLLE confers upon the applicant authorizes it to add symbols or other distinctive designs to that mark. It is sufficient to determine whether the applicant is entitled to eventually use the word PIZZAIOLLE in a size, style of lettering, colour and design or graphic form that would render it the same or very similar to the Graphic Mark PIZZAIOLO. In light of *Masterpiece*, above, I find that it is so entitled and the addition of generic and non-distinctive words such as GOURMET PIZZA,

is of no consequence, as were the additions of graphic forms it had previously used or that it currently uses to depict the word PIZZAIOLLE, on the lawfulness of that subsequent use.

This is also true in the case at bar.

[45] The argument concerning the use of a logo is no more compelling. The monopoly to which the plaintiff is entitled, thanks to the registration of its mark AXXYS, is in respect of the name used. The right to the use of the mark, in this case “AXXYS” is what is at stake (*Masterpiece*, para 55). The exclusive right conferred by the registration of the mark concerns the words used, and this exclusive right includes the use of the words in the form chosen by the plaintiff. One cannot hide behind additions when the important word, the first one, is confusing on the first impression of someone who has only an imperfect recollection of it. As stated by an author often cited by the defendant (Barry Gamache, *La Confusion*, JurisClasseur Québec, coll. Droit des affaires, Propriété intellectuelle, Fascicule 17, Montréal, LexisNexis Canada, loose-leaf):

[TRANSLATION]

. . . However, even when it comes to assessing the likelihood of confusion between trademarks associated with expensive goods or services, what is important is the confusion that arises in the consumer’s mind *when he or she sees the marks concerned*.²¹ The amount of time that a consumer takes to think about purchasing an expensive good or service may be helpful and may clear up any initial confusion that existed when he or she was confronted with the trademarks concerned.

However, these subsequent events are not relevant if it is demonstrated that the likelihood of confusion existed when the consumer encountered one of the marks concerned for the first time,²² at a time when he or she had only an imperfect recollection of the other.

Even for the purchase of expensive goods or services, it is always the *first impression* test that applies for the purpose of assessing the likelihood of confusion between a trademark encountered by a consumer and another of which he or she has only an imperfect recollection. . . .

[Pages 5 and 6 of 22.]

[Italics in original, footnotes omitted.]

These assertions are amply supported in *Masterpiece*, at paragraphs 71 and 72.

B. *The inherent distinctiveness of the trademarks or trade names and the extent to which they have become known (paragraph 6 (5)(a))*

[46] This factor includes two components: inherent distinctiveness and acquired distinctiveness. The more distinctive a mark is, the more it deserves robust protection.

Conversely, where marks have limited inherent distinctiveness, small differences will distinguish them (*Kellogg Salada Canada Inc. v Canada*, [1992] 3 FC 442) from invaders.

[47] The plaintiff argued that its mark does not have any definition in and of itself and is unconnected with its goods and services, which in itself gives it a certain distinctiveness. The plaintiff claims that the defendant's mark does not have this same inherent distinction.

[48] In my view, the inherent distinctiveness of the two marks is, for all intents and purposes, equivalent. Neither mark is particularly distinctive, besides the fact that the plaintiff created a stylized version of the common word "axis", as agreed during the hearing. In each case, the use of the word "axis" does not evoke the company's wares and services, and this word is a common word. In view of the fact that paragraph 6(5)(a) seeks to establish "the strength of the mark" (*Pink Panther Beauty Corp. v United Artists Corp.*, [1998] 3 FC 534 [*Pink Panther*], para 23), I

do not believe that it is possible to identify any significant difference in the inherent distinctiveness of the two marks. At best, a slight advantage, albeit marginal, would be afforded to the plaintiff's mark, which uses a different spelling. However, it is important to note that this minimal difference in terms of distinctiveness militates against the plaintiff in terms of resemblance. However, it is a different story with regard to acquired distinctiveness.

[49] In *Pink Panther*, the Federal Court of Appeal wrote the following in paragraph 24:

24 Where a mark does not have inherent distinctiveness it may still acquire distinctiveness through continual use in the marketplace. To establish this acquired distinctiveness, it must be shown that the mark has become known to consumers as originating from one particular source. In *Cartier, Inc. v. Cartier Optical Ltd./Lunettes Cartier Ltée*,²¹ Dubé J. found that the Cartier name, being merely a surname, had little inherent distinctiveness, but, nevertheless, it had acquired a great deal of distinctiveness through publicity. Likewise in *Coca-Cola Ltd. v. Fisher Trading Co.*,²² the Judge found that the word "Cola" in script form had become so famous that it had acquired a very special secondary meaning distinctive of the beverage, and was, therefore, worthy of protection.

[Footnotes omitted.]

The use of the mark by the plaintiff is key. Right from the outset in *Mattel*, the Supreme Court recognized that marketing counts:

3 The appellant advises that the name BARBIE and that of her "soul mate", Ken, were borrowed by their original designer from the names of her own children. The name, as such, is not inherently distinctive of the appellant's wares. Indeed, Barbie is a common contraction of Barbara. It is also a surname. Over the last four decades or so, however, massive marketing of the doll and accessories has created a strong secondary meaning which, in appropriate circumstances, associates BARBIE in the public mind with the appellant's doll products.

The owner of a mark may legitimately argue that it produces an effect on the public when it is known.

[50] In the present case, there is considerable evidence of the visibility that was intended to be given to the registered mark. Publicity for commercial and residential projects, recognition by clients, awards won by the company and articles in specialized magazines all support the mark's acquired distinctiveness. I do not believe that there is any doubt that the strength or well-established nature of the mark clearly favours the plaintiff in this commercial and residential construction market, while the defendant must be satisfied with word-of-mouth, advertising material placed in letterboxes and some advertising in traditional media (particularly, inserts in local publications).

[51] This is not denigrating the entrepreneurship of the defendant's creative staff: their efforts and audacity are instead to be applauded. Rather, it is recognition that the mark used by the plaintiff, a company with business revenues totalling several tens of millions of dollars at the time the proceedings were initiated (and which earned 100 million dollars last year), is very strong and well-established, based on the uncontradicted evidence presented. The strength of the defendant's mark was not demonstrated as being at the same level. This factor favours the plaintiff.

C. *The length of time the trademarks or trade names have been in use (paragraph 6(5)(b))*

[52] Once again, this factor favours the plaintiff. The plaintiff has been using this mark since February 1998, according to its registration; however, formal proof of its use instead dates back

to September 1998. The defendant, for its part, can only claim use of its mark, Axis Heating, as of June 2004, when the company was not yet incorporated.

[53] The defendant did not argue that it was favoured by this factor. It instead suggested that the difference was [TRANSLATION] “minimal”. I do not necessarily share that opinion. A difference of six years in favour of the plaintiff over a period extending from 1998 to the filing of the lawsuit in December 2014 is not [TRANSLATION] “minimal”: After all, the length of time that a mark has been used will impact the distinctiveness of the mark (*Fox on Canadian Law of Trade-marks and Unfair Competition*, by K. Gill, Thomson Reuters, 4th ed. loose-leaf, para 8.3: “The length of time each of the marks has been used will directly influence the acquisition of distinctiveness, even in a case where a mark is not inherently distinctive”).

[54] Although this factor favours the plaintiff, its relative weight is reduced if considered in isolation. However, the fact remains that it is considered together with resemblance and acquired distinctiveness.

D. *The nature of the goods, services or business and the nature of the trade*
(paragraphs 6(5)(c) and (d))

[55] This is where the defendant waged its hardest-fought battle. Right from the first paragraph in *Masterpiece*, the Supreme Court stated that “confusion between trade-marks impairs the objective of providing consumers with a reliable indication of the expected source of wares or services”. Similarly, in *Mattel*, the Court recalled that “[t]heir traditional role was to create a link in the prospective buyer’s mind between the product and the producer” (para 2).

Trademarks and trade names are therefore very valuable. However, trademark registration covers goods and services listed in the statement of wares or services, which sets out the exclusive rights conferred by registration.

[56] It follows that the nature of the goods and services matters. In *Mattel*, we read that:

51 Trade-mark confusion is a term defined in s. 6(2) and arises if it is likely in *all* the surrounding circumstances (6(5)) that the prospective purchaser will be led to the mistaken 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.

This is not to say the nature of the wares or services is irrelevant. Section 6(5)(c) specifically identifies “the nature of the wares, services or business” as a relevant consideration. The point of the underlined words in s. 6(2) is simply to lay it down in clear terms that the general class of wares and services, while relevant, is not controlling.

[Emphasis and italics in original.]

[57] What is striking is that the case law examines confusion between trademarks for goods or services that appear to be rather disparate. Here are some examples:

- *Mattel*: Barbie dolls and a small chain of restaurants in the Montréal region;
- *Veuve Clicquot*: a renowned champagne and a women’s clothing store;
- *Pink Panther*: “the Pink Panther” mark, in connection with movies, and beauty and haircare products.

My observation is not to suggest that the nature of the goods or services is not important. Such is clearly not the case. However, the weight to be attributed to it may vary (*Mattel*, para 73). It seems to me that the current situation is the one described by the Supreme Court in paragraph 71:

71 To the extent Linden J.A. held that the difference in wares or services will *always* be a dominant consideration, I disagree with him, but given the role and function of trade-marks, it will generally be an important consideration. The appellant contends that some of Linden J.A.'s obiter statements can be read virtually to require a "resemblance" between the respective wares and services. In that respect, the obiter should not be followed.

[Italics in original.]

In paragraph 65, the Court had already rejected the need for resemblance, considering subsection 6(2) of the Act:

65 I believe Linden J.A. misspoke to the extent he suggested that, for confusion to occur, there must be "some resemblance or linkage to the wares in question", i.e. to the wares for which registration of a trade-mark is sought. Resemblance is clearly not a requirement under s. 6. On the contrary, the point of the legislative addition of the words "whether or not the wares or services are of the same general class" conveyed Parliament's intent that not only need there be no "resemblance" to the specific wares or services, but the wares or services marketed by the opponent under *its* mark and the wares or services marketed by the applicant under its applied-for mark need not even be of the same *general* class.

[Italics in original.]

It is not a requirement, but resemblance would seem to work in favour of a finding of confusion.

[58] Yet, the defendant argued at length about the difference it perceived between its goods and services and those described in the plaintiff's trademark registration, almost as if it were the dominant factor: it stated that it only works in the residential heating and air conditioning sector.

[59] Despite the issue of the nature of the goods and services being raised, the evidence presented at trial by both parties was lacking. The defendant made a valiant effort to distinguish its service from the plaintiff's service and the registration from which it benefits. The defendant therefore tried to claim that the only residential construction services that could qualify for comparison purposes would be the construction of homes. According to this argument, the plaintiff was only involved in large-scale construction activities, in towers with rental or condominium apartments. There is no evidence that the registration, which only refers to "Construction services, namely, residential and commercial planning", was limited in that way, and that it was treated as such. In my opinion, this wording suggests the objective of the construction, that is, for residential or typically commercial purposes, such as the renovation of stores or shopping centres. I believe it would be difficult to argue that the construction of homes, whatever their form, does not include work related to air conditioning and heating.

[60] That was not all. The defendant spent a lot of time arguing that the plaintiff did relatively little work for homeowners, whereas it conducted the bulk of its activities in such residences. Besides the fact that I strongly doubt that this is a relevant and helpful distinction, the evidence shows that the plaintiff did in fact have and carry out these types of contracts. Before this Court, the defendant did not establish what the work consisted of; the defendant's pleadings regarding the scope of work are no more than mere speculation. It is true that the Court is not required to speculate about what might happen to a mark in the future (*Mattel*, para 7). But there is no need to speculate about the actual nature of the parties' business activities. Both the statement of wares or services and the operations conducted by the plaintiff confirm the residential nature of some of its activities.

[61] The defendant repeatedly cited paragraph 38 of the decision rendered by the Registrar of Trademarks in the context of opposition proceedings concerning registrations proposed by Omega Engineering, Inc. (*In the matter of oppositions by 88766 Canada Inc. to application Nos. 1,295,775; 1,295,776; and 1,300,736 for the trade-marks OMEGA Design; OMEGA.CA; and E-OMEGA respectively, in the name of Omega Engineering, Inc.*, 2012 TMOB 57).

Paragraph 38 reads as follows:

[38] As for the nature of the wares and the nature of the trade, I must compare the Applicant's statement of Wares with the statement of wares and services in the Omega SA's registrations [see *Henkel Kommanditgesellschaft auf Aktien v. Super Dragon Import Export Inc.* (1986), 12 C.P.R. (3d) 110 (F.C.A.); and *Mr. Submarine Ltd. v. Amandista Investments Ltd.* (1987), 19 C.P.R. (3d) 3 (F.C.A.)]. However, those statements must be read with a view to determining the probable type of business or trade intended by the parties rather than all possible trades that might be encompassed by the wording. The evidence of the parties' actual trades is useful in this respect [see *McDonald's Corp. v. Coffee Hut Stores Ltd.* (1996), 1996 CanLII 3963 (FCA), 68 C.P.R. (3d) 168 (F.C.A.); *Procter & Gamble Inc. v. Hunter Packaging Ltd.* (1999), 2 C.P.R. (4th) 266 (T.M.O.B.); and *American Optional Corp. v. Alcon Pharmaceuticals Ltd.* (2000), 5 C.P.R. (4th) 110 (T.M.O.B.)].

It is understood that this passage was cited to avoid speculation about the types of services that could be covered in the statement of wares. The problem is that the statement of wares is not limited as the defendant would have it. In *Masterpiece*, the Court confirmed the position articulated in *Mattel* as follows:

[53] In my opinion, the trial judge's consideration of Alavida's actual use of its mark was problematic. The difficulty is that it takes into account a single form of the trade-mark that Alavida used after the relevant date. This single use did not reflect the entire scope of exclusive rights that were granted to Alavida under its registration. As found by Binnie J. in *Mattel*, at para. 53:

The appellant argued that the courts below erred in looking at the defendant's actual operations rather than at the terms set out in its application for the proposed trade-mark. It is quite true that the proper focus is the terms of the application, because what is at issue is what the registration would authorize the defendant to do, not what the defendant happens to be doing at the moment.

Subsequently, the Court in *Masterpiece* recalled that the registration must be read in its entirety:

[106] As to the nature of the wares, services or businesses, Alavida has argued that the services it sought to provide were “up-market” while Masterpiece Inc. only provided “middle-market” services. This parsing of the services is too narrow. Alavida's registration provides:

Real estate development services, real estate management services, residential building construction services, dining services namely a dining room restaurant, housekeeping services, medical services namely medical clinic services, spa services, fitness services namely a fitness centre and concierge services. [R.R., vol. I, at p. 210]

[107] Nothing in this registration limits Alavida to the “up-market”. Its registration would entitle it to use its trade-mark in the exact same market as that serviced by Masterpiece Inc. For the purpose of a confusion analysis, the services provided by the parties are essentially the same — retirement residence services. There is no justification for subdividing between “up-market” and “middle-market”. Consideration of the nature of the services involved, in my view, enhances the likelihood of confusion for the casual consumer.

In the case at hand, the registration is not limited to just residential construction. Contrary to the defendant's claims, it is difficult to imagine residential construction without heating and, more often than not, without air conditioning. In my opinion, the registration amply covers work related to air conditioning and heating.

[62] Since the plaintiff is involved in residential construction, whatever the form it might take, it is not necessary to discuss the nature of the goods and services or businesses at any length if commercial construction had to be considered. With respect to the goods and services in this case, I believe that they must be considered to be ventilation and heating. Whether the defendant limits itself to a type of residential marketing restricted to its ventilation and heating services should probably be examined more closely when considering the nature of the trade. With respect to residential and commercial construction, it is enough to simply determine that such construction necessarily involves the installation of adequate air conditioning, including heating. As such, the use of the two marks could likely lead to the conclusion that the goods or services associated with those marks are sold or provided by the same person.

[63] The defendant tried to argue that in Quebec, the company holds a licence authorizing it [TRANSLATION] “to bid on, organize, coordinate, perform or delegate performance of the construction work included in the classes or subclasses indicated below” (Régie du bâtiment du Québec’s licence holders’ repertory, Exhibit P-20). These subclasses fall under the “specialized contractor class” and are:

- 15.1 Warm air heating systems;
- 15.2 Natural gas burners;
- 15.9 Small refrigeration systems.

There is very little evidence to indicate what this licence permits. Whether it is relevant or can be ascribed considerable probative value is also not entirely clear, since consumers would hardly be aware of these nuances. The defendant instead argued that this licence gives it a monopoly in Quebec as a specialized contractor for this type of [TRANSLATION] “construction work”. Besides

the fact that it is ironic for the defendant to be relying on regulations to claim that it is not involved in construction when the repertory states the opposite, the defendant is saying, if I understand the argument, that it cannot have the same goods and services as the plaintiff because it is the only entity that can perform such construction work in Quebec. However, the plaintiff is registered in the repertory under both the “general contractor class” and the “specialized contractor class” (Exhibit P-5) in numerous subclasses, including:

- 15.7 Residential ventilation;
- 15.8 Ventilation;
- 15.10 Refrigeration.

Furthermore, the plaintiff is not authorized under subclasses 15.1, 15.2 and 15.9, while the defendant is. The plaintiff is therefore required to use subcontractors in Quebec.

[64] With respect, it is hard to see how this provincial licence would have any impact on the scope of the federal registration for the purposes of the Act. The evidence shows that the plaintiff uses subcontractors but is still responsible for the quality of the work. The defendant tried, unsuccessfully, to differentiate between the natures of the goods and services offered, whereas the mythical consumer would not see any difference. Both companies carry out construction activities, and both offer services related to ventilation and heating. The defendant sought to distinguish itself by highlighting only the subclasses where it was listed but the plaintiff was not. The mythical consumer would have no knowledge of the classes and subclasses cited and would only see two marks that both carry out construction activities involving heating and air conditioning, in the residential sector. Rather like in *Maison Cousin (1980) Inc. v Cousins Submarines Inc.*, 2006 FCA 409, 60 CPR (4th) 369, the wares are not distinct enough from each

other to eliminate the factor that renders the use of both marks likely to lead the mythical consumer to conclude that the goods or services associated with the marks are offered by the same person.

[65] This time, however, it is my opinion that the nature of the trade appears to favour the defendant. This concerns how the goods and services are sold. The context in which they are sold has an impact on the confusion that is likely to arise. In *Pink Panther*, the Federal Court of Appeal stated the following on the subject of the nature of the trade:

30 Similar to the nature of the wares or services is the consideration of the nature of the trade in which those wares or services circulate. The risk of confusion is greater where the wares or services, though dissimilar, are distributed in the same types of stores or are of the same general category of goods. For example, if both items are in the general category of household products and are sold in similar places, then confusion is more likely. However, where one mark refers to household products and the other to automotive products, and they are distributed in different types of shops, there is less likelihood that consumers will mistake one mark for the other.

31 The nature of the trade extends the analysis to the type of trading environment as well. Where one product is traded on a wholesale level and the other through retail outlets, this must be taken into consideration. This relates both to the environment and to the nature of the consumer. A professional consumer purchasing at the wholesale level is less likely to be confused than a casual shopper in a retail setting. In *Can. Wire & Cable Ltd. v. Heatex Howden Inc.*,²⁶ the applicant applied to register the mark “Heatex” for building wire for electrical circuits. The opponent was the registered owner of the identical mark in relation to the sale of industrial heat transfer products. Associate Chief Justice Jerome concluded that consumers were not likely to be confused by the identical marks. He stated:

. . . these products are dissimilar. I would expect the average consumer of them to come to the same conclusion. To some extent I rely on the fact that the consumers of both these products are, in the great majority, industrial users. I imply from that

that they are somewhat knowledgeable when they are going into the market for the acquisition of materials which will find their way into their construction projects on the one hand, and find their way into major industrial automotive products on the other.²⁷

Despite the fact that the marks were identical, no likelihood of confusion was found due to the dissimilarity in the products and the nature of the trade.

[Footnotes omitted.]

[66] The evidence tends to demonstrate that the defendant is a player in a rather different arena; the consumers we are concerned with here are [TRANSLATION] “private individuals”, many of whom require maintenance of their systems. The evidence appears to show that the distribution of the services is different, since the defendant’s operations are smaller in scale than the plaintiff’s operations. However, the difference in the nature of the trade is significantly reduced by the fact that the natures of the goods, services and businesses are substantially similar. There appears to be a very real interconnection between the goods and services and the nature of the trade. Consequently, in *Hughes on Trade Marks* (2nd ed.), LexisNexis, loose-leaf), the author wrote at §73 that “[t]he risk of confusion is greater where the goods or services, though dissimilar, are distributed in the same types of stores or are of the same general category of goods; for example, if both items are in a general category of household products and are sold in similar places, then confusion is now likely”.

[67] Here, the nature of the trade marginally favours the defendant; the nature of the goods and services is also similar enough to likely be confusing.

[68] The Act does not restrict the confusion analysis to the five factors in subsection 6(5). Instead, it is “all the surrounding circumstances” that must be considered. The plaintiff argued that the defendant’s use of the term “contractor” in the list of search engine keywords suggested that this choice [TRANSLATION] “also demonstrates that the defendant sees itself as a player in a much broader sector than would apply to the mere installation of air conditioners” (plaintiff’s memorandum, para 77). At the hearing, the plaintiff—correctly, in my view—did not dwell on this aspect of its argument. Moreover, since the Court finds that there is a likelihood of confusion in this case, this sort of supplementary circumstance is superfluous. A brief observation would therefore suffice. In my opinion, such an inference cannot be drawn. The defendant’s target clientele comprises new homes where new homeowners may show a certain interest in the equipment offered by the defendant. Mr. Corbeil testified that he tried to identify words that could come to the mind of someone who was looking for such services on the Internet. The person could therefore search for a “contractor”, based on the ordinary meaning of the word within the construction industry, who could do the installation, which is itself like construction, since the equipment is somewhat complex. I saw no evidence that could even suggest the goal of becoming [TRANSLATION] “a player in a much broader sector”.

[69] Lastly, the assessment of the likelihood of confusion based only on the evidence presented by both parties requires weighing the factors; as Professor Vaver wrote in *Intellectual Property Law* (2nd ed. Irwin Law, 2011), “[n]o simple factor on or off the list—whether it is the mark’s fame or the defendant’s good or bad intent—is determinative. The whole case must be examined to determine whether, ultimately, the defendant’s trade mark or name is, or is likely to be, in fact confusing the plaintiff’s trade mark or name” (p 531).

[70] The weighing that the Court is asked to perform based on the factors in subsection 6(5) does not consist of tallying the “victories” for each element. Professor Vaver, in his usual humorous manner, states that “the game involves weight more than numbers” (p 531). The elements should instead be weighed in order to reach an overall conclusion as to whether the mythical consumer is likely to be confused, according to the definition provided in subsection 6(2) of the Act.

[71] In this case, we have two marks which are very similar, and the plaintiff has been using its mark for a significantly longer period of time than the defendant has been using its own. The AXXYS mark, which already has a very slight advantage in terms of its inherent distinctiveness, attributable to its spelling of the word “axis”, has gained considerably more acquired distinctiveness than Axis Heating, whereas both marks operate in the general sector of residential construction, of which heating and air conditioning are essential part, at least in North America. The natures of the goods and services are such that the marks are likely to be confused (subsection 6(2) of the Act; *Mattel*, para 65). The first impression of a mythical consumer who sees both marks in the same region, on different worksites for example (both marks are widely known), would be that the goods or services associated with the respective marks are likely offered by the same person: there is a likelihood of confusion. The mere fact that the two marks differ somewhat in terms of the nature of their trade would not be enough to counterbalance the other factors to be considered in the confusion analysis. To paraphrase Professor Vaver, here, we have both the number and the weight.

VI. Were sections 20 and 7 of the Act violated?

[72] The right conferred by registration is an exclusive right to use of the mark throughout Canada. Where confusion, within the meaning of the Act (evidence of actual confusion is not necessary since the confusion need only be likely, *Mattel*, para 55), is established on a balance of probabilities, there is a violation of section 20 (para 20(1)(a)). In this regard, the only defence raised by the defendant was that there is no confusion; since there is evidence [TRANSLATION] “to the contrary”, the violation of section 20 has therefore been demonstrated.

[73] As for the passing-off bar, it falls under paragraph 7(b) of the Act. The essential elements to be demonstrated were recently reiterated by the Federal Court of Appeal in *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2016 FCA 69 [*Sadhu Singh Hamdard Trust*]:

[20] In a claim of passing off, either at common law or under subsection 7(b) of the *Trade-marks Act*, a plaintiff must establish three elements: first, that it possesses goodwill in the trade-mark; second, that the defendant deceived the public by misrepresentation; and, third, that the plaintiff suffered actual or potential damage through the defendant’s actions: *Kirkbi AG v. Ritvik Holdings Inc.*, [2005] 3 S.C.R. 302 at paragraph 66 [*Kirkbi*]; *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120 at 132 [*Ciba-Geigy*].

[74] The second element, deceiving the public by misrepresentation, which is also the only element to have been challenged to any degree because, according to the defendant, it did not make any misleading statement and only used the name under which it had made itself known, is established by confusion. The Court of Appeal’s position, as articulated in paragraph 21 of *Sadhu Singh Hamdard Trust*, is well supported by the case law of the Supreme Court:

[21] The second element of misrepresentation will be met if the plaintiff establishes that the defendant has used a trade-mark that is likely to be confused with the plaintiff’s distinctive mark: *Ciba-*

Ceigy at 136-137, 140. Subsection 6(5) of the *Trade-marks Act* sets out a non-exclusive list of factors to be assessed in establishing confusion:

...

[75] The defendant did not present any challenge relating to goodwill, although it does claim that the plaintiff's goodwill is limited to the commercial and institutional sectors. It would also have been inappropriate for the defendant to challenge the existence of any goodwill when the defendant did indeed acknowledge that it exists, in paragraph 3 of the Agreed Statement of Facts and Admissions:

[TRANSLATION]

3. The Plaintiff owns the goodwill and reputation associated with the **AXXYS Mark** resulting directly from its adoption, its recognition by the public, first use, and its continued and ongoing use in its advertising.

[Emphasis in original.]

[76] This is an appropriate concession, given the available evidence. For our purposes, it is enough to cite the three paragraphs taken from *United Airlines, Inc. v Cooperstock*, 2017 FC 616, referenced by the plaintiff, to describe the notion of goodwill:

[73] Goodwill was described in *Veuve Clicquot* as “the positive association that attracts customers towards its owner's wares or services rather than those of its competitors” (para 50). In *Ciba-Geigy*, the Supreme Court indicated to succeed in an action for passing off, a plaintiff must show that its product has acquired a secondary meaning (para 36).

[74] In *Veuve Clicquot*, the Supreme Court laid out factors for determining the existence of goodwill as follows:

[54] While “fame” is not a requirement of s. 22, a court required to determine the existence of

goodwill capable of depreciation by a “non-confusing” use (as here) will want to take that approach into consideration, as well as more general factors such as the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant’s mark, the extent and duration of advertising and publicity accorded the claimant’s mark, the geographic reach of the claimant’s mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant’s mark are confined to a narrow or specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality. See generally F.W. Mostert, *Famous and Well-Known Marks: An International Analysis* (1997), at pp. 11-15; Protection of Well Known Marks in the European Union, Canada and the Middle East, INTA, (October 2004).

[75] Consideration of these general factors indicates that the United Marks have a large and significant amount of goodwill attached to them. Goodwill or reputation may be shown through, among other things, acquired distinctiveness, length of use (the Plaintiff has been using the trademarks at issue since 1939 and 1995), sales (United had over \$37 billion USD in operating revenue in 2015), advertising and marketing (illustrated by the Plaintiff’s advertising campaigns and branding efforts), and intentional copying. These elements were described in more detail above with regard to the factors in the analysis under s 6(5) of the *Trade-marks Act*.

[77] The plaintiff is correct in pointing out that considerable evidence was presented about the kind of reputation that will generate goodwill, which the Supreme Court defined in *Veuve Clicquot* as follows:

50 Goodwill is not defined in the Act. In ordinary commercial use, it connotes the positive association that attracts customers towards its owner’s wares or services rather than those of its competitors. In *Manitoba Fisheries Ltd. v. The Queen*, [1979] 1 S.C.R. 101, at p. 108, this Court adopted the following definition of “goodwill”:

“Goodwill” is a word sometimes used to indicate a ready formed connection of customers whose custom is of value because it is likely to continue. But in its commercial sense the word may connote much more than this. It is, as Lord Macnaghten observed in *Inland Revenue Commissioners v. Muller & Co. 's Margarine Ltd.*, [1901] A.C. 217, 224, “the attractive force which brings in custom,” and it may reside, not only in trade connections, but in many other quarters, such as particular premises, long experience in some specialised sphere, or the good repute associated with a name or mark. It is something generated by effort that adds to the value of the business.

(Quoting Lord MacDermott L.C.J. in *Ulster Transport Authority v. James Brown and Sons Ltd.*, [1953] N.I. 79, at pp. 109-10)
[Emphasis in original.]

52 In *Clairol International Corp. v. Thomas Supply & Equipment Co.*, [1968] 2 Ex. C.R. 552, Thurlow J. adopted the following definition of goodwill attaching to a trade-mark at p. 573:

[T]he goodwill attaching to a trade mark is I think that portion of the goodwill of the business of its owner which consists of the whole advantage, whatever it may be, of the reputation and connection, which may have been built up by years of honest work or gained by lavish expenditure of money and which is identified with the goods distributed by the owner in association with the trade mark.

This goodwill includes the length of time in business (since 1998), the increase in sales (reaching close to 50 million dollars in 2014 and growing to almost 100 million dollars last year), significant visibility, advertising/publicity, and the quality of the work as recognized by the clientele.

[78] The damage caused to the reputation of the plaintiff's trademark may consist of the loss of control over its mark. In *Sadhu Singh Hamdard Trust*, the Court of Appeal stated that "the presence of the requisite damages to found a claim in passing off can be established through proof of a loss of control over reputation, image or goodwill" (para 31). The Court of Appeal expressed a similar point of view in *Cheung v Target Event Production Ltd.*, 2010 FCA 255, 87 CPR (4th) 287, at paras 24 to 28. Paragraph 28 really sets the tone:

[28] The noted authorities teach that use of an owner's trademark may cause the owner to suffer an actual loss of control over its mark, despite the owner's absence from the relevant market. Such loss is sufficient to ground the third component of the tripartite test. The trial judge's reasons, read in totality, demonstrate that such damage was established at trial. There is no palpable and overriding error in the trial judge's conclusion that Target suffered damage sufficient to satisfy the relevant legal test.

[79] The issue of damage, not to be confused with the quantum of damages (*Fox on Canadian Law of Trade-marks and Unfair Competition*, section 4.6) has remained the poor cousin. The defendant did not dispute anything in this regard, not in its oral representations and not in its detailed plan of argument. Consequently, the only evidence and arguments provided were those presented by the plaintiff. The plaintiff's evidence presented its brand image as central to its business strategy, the high quality of its services and client satisfaction. The plaintiff argued that the defendant paid little attention to advertising to consumers, that the website had not been updated since 2013 and that Mr. Corbeil had testified that after-sales follow-up was sporadic at best. A notice of violation of the *Technical Standards and Safety Act, 2000*, SO 2000, c 16, had also been issued in 2008. In a nutshell, the plaintiff lost control of its mark, as the plaintiff would not want to be associated with the defendant's mark, which does not correspond to the brand image it wants to project and is causing damage to its reputation and goodwill. In the absence of

any challenge whatsoever, the evidence weighs in favour of the plaintiff, and the plaintiff has therefore satisfied the three conditions required for paragraph 7(b) of the Act to apply.

[80] The issue of the quantum of damages for passing off has been addressed in an agreement between the parties. Nevertheless, the Court notes that it would have been surprising if the damages were significant, given the circumstances of this case. Finally, the Court notes that no particular finding concerning paragraph 7(b) was requested. The Court further notes that in the order dated August 3, 2017, issued by Prothonotary Morneau, he wrote that one of the issues to be decided was whether the defendant [TRANSLATION] “committed any acts of passing off” (para 2c).

VII. Remedy

[81] The entire issue of remedies was largely disposed of when the parties decided to come to an agreement in this regard. The parties agree that an injunction is the remedy that may be imposed. It is subsection 53.2(1) of the Act that applies here:

53.2 (1) If a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits, for punitive damages and for the destruction or other disposition of any offending goods, packaging, labels and

53.2 (1) Lorsqu’il est convaincu, sur demande de toute personne intéressée, qu’un acte a été accompli contrairement à la présente loi, le tribunal peut rendre les ordonnances qu’il juge indiquées, notamment pour réparation par voie d’injonction ou par recouvrement de dommages-intérêts ou de profits, pour l’imposition de dommages punitifs, ou encore pour la disposition par destruction ou

<p>advertising material and of any equipment used to produce the goods, packaging, labels or advertising material.</p>	<p>autrement des produits, emballages, étiquettes et matériel publicitaire contrevenant à la présente loi et de tout équipement employé pour produire ceux-ci.</p>
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[82] The defendant initially tried to avail itself of the provisions of section 21 of the Act as its sole argument regarding the imposition of an injunction. This argument was later abandoned by the defendant. As a result, the plaintiff is entitled to the permanent injunction sought.

[83] In its statement of claim, the plaintiff first cited the last remedy referenced in subsection 53.2(1), the destruction of various items by the plaintiff or defendant. However, the statement of claim concludes with the request for damages and the imposition of a permanent injunction. Furthermore, under the title [TRANSLATION] “Conclusions sought”, the plaintiff’s memorandum pertaining to the pre-hearing conference (March 31, 2017) reiterates the desire to obtain an order to have one of the parties destroy items bearing the term “axis” and any other confusing mark or trade name. However, said memorandum includes damages and the issuance of an injunction in the issues to be determined but makes no mention of destroying manifestations of the defendant’s mark. At trial, there was also no reference to any such destruction, not in the evidence, not in oral arguments and not in the parties’ written submissions. The plaintiff referred only to its request for a permanent injunction while the defendant stated in paragraph 57 of its plan of argument that [TRANSLATION] “[t]he plaintiff is currently requesting: a. An injunction . . . ; b. damages”.

[84] A party that is found to have infringed a trademark and engaged in passing off based on a trademark, and that is also the subject of a permanent injunction would do well to avoid violating the injunction by using its mark or any confusing mark or trade name. Issuing a Court order that would allow for the destruction of items, or direct the defendant to do so, is therefore redundant, given the facts of this case.

[85] Instead of considering this particular request by the plaintiff to be moot or rejecting it, it is more prudent to require the parties to indicate their intentions in this regard. I believe that they will likely be able to reach an agreement quickly. The parties will therefore have ten days, as of the date of this judgment, to inform the Court of their intentions regarding an order concerning the destruction of certain items.

VIII. Costs

[86] The defendant made a request concerning the costs to be paid, which was somewhat surprising. My understanding is that based on a decision of the Quebec Superior Court, *Industries Lassonde inc. c Oasis d'Olivia inc.*, 2010 QCCS 3901, [2010] RJQ 2440, the defendant argued that:

- if the Court finds that the defendant must prevail in this case, it is entitled to its costs;
- if, in addition, the Court finds that there was an abuse of process, in that the plaintiff initiated legal proceedings that had little chance of success, thereby abusing its market power, awarding costs on a solicitor-client basis would be justified;
- if the plaintiff prevails in this case, costs should be awarded under Column 1 only.

[87] The decision that served as the basis for the defendant's argument was reversed by the Quebec Court of Appeal (2012 QCCA 593) on the precise issue presented by the defendant. The Court of Appeal essentially noted that the accusation concerned intimidation (para 9) and that evidence should be offered in this regard (paras 10 and 19 to 22). Furthermore, there is nothing wrong with taking legal action to stop the use of a mark (para 14).

[88] In any event, it is the plaintiff who must prevail here, and there is no reason to award costs to the defendant. The Court does not see any further reason to order costs in accordance with Column 1 of Tariff B.

IX. Confidentiality

[89] The confidentiality of certain documents included in the Court record will be addressed in a separate order issued at the same time as the "judgment and reasons" herein.

JUDGMENT in T-2532-14

THE COURT ISSUES the following order:

1. The Court declares that the defendant, Axis Heating and Air Conditioning Inc., violated the exclusive rights of 3469051 Canada Inc. associated with the registered trademark AXXYS TMA 759,387, thereby contravening section 20 of the *Trademarks Act*.
2. The Court finds that Axis Heating and Air Conditioning Inc. engaged in acts of passing off, thereby contravening paragraph 7(b) of the *Trademarks Act*.
3. The Court issues a permanent injunction directing Axis Heating and Air Conditioning Inc. itself and through its directors and officers, representatives and agents, as well as through any related business, corporation or company in which it holds an interest or that is under its authority or control, whether directly or indirectly, including as a licensee, to:
 - i. cease and desist from infringing on the exclusive rights of 3469051 Canada Inc. in registration TMA 759,387 for the AXXYS mark;
 - ii. cease and desist from offering for sale, selling, promoting, advertising or otherwise marketing installation services for heating or air conditioning systems and related services in association with:
 - a) the trademark or trade name **AXIS HEATING AND AIR CONDITIONING INC.;**

- b) any other trademark or trade name that is confusing with trademark number 759,387, AXXYS, or otherwise reduces the value of the goodwill associated with said trademark or trade name including the term “axis”, alone or with other words or symbols;
4. Costs are ordered in favour of the plaintiff, 3469051 Canada Inc. The parties are invited to consult with each other on this subject.
5. With respect to an order under subsection 53.2(1) of the *Trademarks Act* for the destruction or other disposition of various items, the Court grants the parties a period of ten (10) days from the date of this judgment and reasons to state their intentions.

“Yvan Roy”

Judge

Certified true translation
This 30th day of September, 2019.
Michael Palles, Reviser

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2532-14

STYLE OF CAUSE: 3469051 CANADA INC. v AXIS HEATING AND AIR CONDITIONING INC.

PLACE OF HEARING: MONTRÉAL, QUEBEC

DATE OF HEARING: APRIL 1, 2 AND 3, 2019

JUDGMENT AND REASONS: ROY J.

DATED: AUGUST 27, 2017

APPEARANCES:

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