

Federal Court



Cour fédérale

Date: 20210908

Docket: T-1180-20

Citation: 2021 FC 927

Ottawa, Ontario, September 8, 2021

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

NORSTEEL BUILDING SYSTEMS LTD.

Applicant

and

TOTI HOLDINGS INC.

Respondent

JUDGMENT AND REASONS

I. Background and Issues

[1] Norsteel Building Systems Ltd. [Systems] applies under subsection 57(1) of the *Trademarks Act*, RSC 1985, c T-13 [the Act] to strike from the register the trademark NORSTEEL which issued on March 20, 2017, to Toti Holdings Inc. [Toti Holdings].

[2] The application leading to the registration of that trademark was filed on February 1, 2016, and the trademark NORSTEEL issued with respect to the following goods and services:

GOODS/PRODUITS:

Building Materials and components for the fabrication of multi-purpose clear-span and modular industrial, commercial, residential, and agricultural buildings, namely pre-fabricated steel structures, namely steel framing, endwall columns, X-bracing, purlins, girts, anchor bolts, metal base plates, roof system, endwall panels, sidewall panels, window framing, service door framing, garage door frames, service doors.

SERVICES:

Construction Services, namely, the fabrication of residential, commercial and industrial buildings,; Contracting Services, namely, building construction contracting services,; Building Engineering Services, namely, engineering drawing services and engineering field review services,; Project Management Services, namely, building project management services,; and Supplier Services, namely the provision of pre-engineered steel structures.

[3] Toti Holdings was incorporated in Ontario on September 27, 2006, as a holding company by Sean Keenan, who is its sole shareholder and director. Sean Keenan has also been a director of Norsteel Building Limited [NBL] since its incorporation in Ontario by his father-in-law on March 26, 2001. Mr. Keenan attests that the business of NBL is the following:

Since it was incorporated, NBL's business has and continues to be the design, engineering, manufacture, fabrication and sale of pre-engineered steel/metal buildings.

[4] On October 15, 2006, NBL assigned its rights in the trademark NORSTEEL to Toti Holdings, and Toti Holdings licensed the use of the NORSTEEL trademark back to NBL in perpetuity.

[5] Systems was incorporated in British Columbia on January 30, 1992. Brandon Miller, a co-owner and director of Systems, attests to the business of Systems:

Since its incorporation on January 30, 1992, Norsteel Building Systems Ltd. has operated primarily as a designer and seller of pre-engineered steel buildings and all their related component parts, including foundations (the “Goods”). Also since its incorporation, Norsteel Building Systems Ltd. has provided engineering, steel erecting, project management, and construction services (the “Services”) that typically accompany the sale of Norsteel Building Systems Ltd.’s pre-engineered steel buildings.

[6] Brandon Miller attests that from the incorporation of Systems until late 2018, when it “refreshed” its design trademark, it sold and offered for sale the above described Goods and Services in association with the following design trademark:



The “refreshed” Systems design trademarks adopted in late 2018, are the following:



[7] Brandon Miller attests that Systems was unaware of the trademark application of Toti Holdings until after the opposition period had closed.

[8] Systems filed two trademark applications on October 4, 2017, for the trademarks NORSTEEL, and NORSTEEL BUILDING SYSTEMS. The Trademarks Office Examiner objected to the registrations, citing Toti Holdings' NORSTEEL trademark.

[9] Systems brings this application to expunge the NORSTEEL trademark under subsection 57(1) of the Act:

The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the

La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande,

application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the trademark.

l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque de commerce.

[10] Systems submits that the NORSTEEL Registration is invalid (1) pursuant to paragraphs 18(1)(b) and (d) of the Act, because of its prior use and making known of the NORSTEEL BUILDING SYSTEMS trademarks and trade names; (2) pursuant to paragraphs 18(1)(a) and (d) of the Act, because Toti Holdings did not use the trademark NORSTEEL as of the claimed date of use; and (3) pursuant to paragraph 18(1)(e) of the Act, because the application for the NORSTEEL trademark was made in bad faith.

[11] Toti Holdings submits that this application should be dismissed because (1) Systems is not a “person interested” for the purposes of subsection 57(1) of the Act; (2) Systems’ application under subsection 57(1) of the Act is barred by application of the doctrines of laches and acquiescence; and (3) its registration of the NORSTEEL trademark is valid.

[12] In my view, there are five issues to be addressed:

1. Is Systems a person interested for the purposes of subsection 57(1) of the Act, therefore having standing to bring these proceedings?
2. Is this application barred by acquiescence or laches?

3. Is the NORSTEEL Registration invalid pursuant to paragraphs 18(1)(b) and (d) of the Act, because of the prior use and making known of the NORSTEEL BUILDING SYSTEMS trademarks and trade names?
4. Is the NORSTEEL Registration invalid pursuant to paragraphs 18(1)(a) and (d) of the Act, because Toti Holdings did not use the trademark NORSTEEL as of the claimed date of use?
5. Is the NORSTEEL Registration invalid pursuant to paragraph 18(1)(e) of the Act, because the application for the NORSTEEL trademark was made in bad faith?

II. Analysis

1. *Person Interested*

[13] The term “person interested” as found in subsection 57(1) of the Act, is defined in section 2:

<i>person interested</i> includes any person who is affected or reasonably apprehends that he may be affected by any entry in the register, or by any act or omission or contemplated act or omission under or contrary to this Act, and includes the Attorney General of Canada; (<i>personne intéressée</i>)	<i>personne intéressée</i> Sont assimilés à une personne intéressée le procureur général du Canada et quiconque est atteint ou a des motifs valables d’appréhender qu’il sera atteint par une inscription dans le registre, ou par tout acte ou omission, ou tout acte ou omission projeté, sous le régime ou à l’encontre de la présente loi. (<i>person interested</i>)
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[14] Systems submits that the question of whether one is a person interested is a question of fact, and the determination is to be made on a low, *de minimus*, threshold, as the intent of

requiring an applicant to be a person interested is to defeat nuisance applications for expungement. Systems refers the Court to the decision and reasons of Justice Gibson in *Unitel Communications Inc v Bell Canada*, [1995] FCJ No 613 (FCTD) at paragraph 27:

The English case law essentially establishes a *de minimis* threshold which the applicant bears the burden of meeting. As indicated earlier, this case law has been followed and relied on in jurisprudence of this Court. In *John Labatt Ltd. v. Carling Breweries Ltd.*, [(1974), 18 CPR (2d) 15 (FCTD)] Cattanach, J., referring to the definition "person interested" stated "The definition is very broad in its implications." The threshold exists to defeat nuisance applications and an applicant need neither show "great and serious damage" [*In the Matter of the Registered Trade Marks of the Appolinaris Company, Ltd* (1890), 8 RPC 137 (CA) at 160] nor be engaged in competition with the owner of the mark but does need to be in the same trade. The evidence filed on behalf of the applicant meets the threshold established by the jurisprudence. The applicant presented enough evidence to establish that although not able to directly compete or offer the services to which the trade-marks at issue apply, the applicant and its predecessors in title were in the telecommunication trade and met the test as formulated by the English Court of Appeal at page 202 in *In the Matter of Powell's Trade Mark* [(1893), 10 RPC 195 (CA); (1894), 11 RPC 4 (HL)]:

The true view, to my mind is, that we must look to see not merely as in the *Appolinaris* case, whether people are in the same trade and actually intending to carry on the business; but whether in the reasonable scope of the conduct of their affairs it is reasonably possible that they may want to carry it on, excluding remote possibilities and attaching oneself to real and substantial business chances.

[15] It appears to be accepted that Systems and NBL carry on the same business. However, Toti Holdings points out that merely carrying on the same business does not establish that one is a person interested within the meaning of the Act. It says that one must establish that the entry in the trademarks register stands in the way of that person's legitimate activities. It refers the Court

to the decision and reasons of Justice Décary in *Coronet Wallpaper (Ontario) Ltd v Wall Paper Manufacturers Ltd*, [1983] FCJ No 1187 (FCTD) at paragraph 4:

Although the applicant is carrying on the same business as the respondent, that is not sufficient to make him "interested". There must be reasonable apprehension that he will be affected by the trade mark CROWN.

[16] Toti Holdings also refers the Court to the decision and reasons of Justice Pinard in *McCallum Industries Limited v HJ Heinz Company Australia Ltd*, 2011 FC 1216 [*McCallum*] at paragraphs 16-25. In *McCallum*, the applicant sought to have the registration of the trademark "OX & PALM" expunged on the basis of its registered trademark "PALM & Device". Among other things, Justice Pinard noted that the examiner never referenced the applicant's trademark as being confusing when the "OX & PALM" mark was applied for registration and there was no evidence of actual confusion in the marketplace.

[17] The situation here differs from that in *McCallum*. Here, the examiner cited the NORSTEEL trademark when Systems applied to register NORSTEEL BUILDING SYSTEMS and NORSTEEL. Additionally, as submitted by Systems at paragraph 40 of its Amended Memorandum, its affiant, Brandon Miller provides some instances of actual confusion:

(a) In November 2016, the Applicant entered into a contract with a Mr. Ryan Tull of Kelowna, BC for the erection of a pre-engineered steel building, which Mr. Miller describes as unusual because it was only for erection of a pre-engineered steel building, rather than for the supply and erection of such a building (as was the typical arrangement). In fact, Mr. Tull had already purchased a pre-engineered steel building from NBL, under the mistaken assumption it was the Applicant;

(b) In September 2019, a representative of NBL, Maria Casalino, forwarded a number of emails and documents that were intended for the Applicant but that had been sent to NBL in error. In her

forwarding email, Ms. Casalino stated, "Hi Brandon, sent to the wrong company"; and

(c) Over the last two years, the Applicant has received calls from different individuals who had spoken with NBL under the mistaken impression that NBL was the Applicant.

[emphasis omitted]

[18] Both Systems and NBL are significant companies. The evidence before the Court is that since the date of the NORSTEEL trademark registration in 2016, Systems has had annual sales in 2016 in excess of \$11,845,000.00, in 2017 in excess of \$7,470,000.00, in 2018 in excess of \$9,163,000.00, and in 2019 in excess of \$12,258,000.00, and while NBL had income of about \$18,000,000 in 2012, it has since decreased due to competition and “to date has topped out at \$10,000,000.00 yearly.”

[19] Systems, which is headquartered in West Kelowna, British Columbia, says that it has completed many projects, “primarily in British Columbia, but also in Alberta and Saskatchewan.” NBL, which is headquartered in Markham, Ontario, says that since 2001, it has had sales in “every province in Canada, including Nunavut” and “has a dealer in Golden, BC and also one in Alberta.” The evidence is that its sales are primarily in Ontario.

[20] Given the size of the business of both Systems and NBL, the fact that NBL has sold some goods in British Columbia, and the evidence of confusion on the part of the public, I find that, as things currently stand, the entry in the trademarks register of NORSTEEL affects Systems’ legitimate activities, and thus it is a person interested within the meaning of subsection 57(1) of the Act and has standing to bring this application for expungement.

[21] Moreover, as Justice Pentney noted in at paragraph 10 of *Blue Seal Inc. v Poorter*, 2020 FC 178 at para 10:

In *CIBC World Markets Inc. v. Stenner Financial Services Ltd.*, 2010 FC 397 at paragraphs 19-20, Justice Phelan confirmed that a person who has used the trademark in Canada before its registration falls within the definition of "interested person" in section 57 of the *Act*.

As is noted herein, Systems used its trademark in Canada prior to the registration of NORSTEEL, and thus has standing in this application.

2. *Acquiescence and Delay*

[22] Toti Holdings submits that Systems' acquiescence and its delay in bringing this application is a full and complete defence to this expungement action. It relies on the following in support of that position.

[23] NBL has conducted its business in the open and has not acted in any covert manner. It was incorporated in 2001 and has been in operation from the Toronto area since then using the NORSTEEL name. In 2004, NBL acquired the domain name www.norsteel.com and it also owns the web name www.norsteel.ca. In 2008, it acquired the domain name www.norsteelbuildings.com which it continues to use.

[24] Its sales have steadily increased over the years. It actively markets its business which, as noted earlier, is predominately in Ontario, but it has had sales in every province and has dealers in British Columbia and Alberta. Its income is approximately \$10,000,000.00 annually.

[25] Sean Keenan attests that he first learned of Systems in 2011, when he was contacted by Brad Miller of Systems who informed him that “he was also operating a Norsteel company out of Kelowna, British Columbia that offered for sale pre-engineered metal buildings.” He attests:

It was my understanding after speaking with Brad that his company was being mistaken as NBL – the Ontario company. It was also my understanding from speaking with Brad that his company was selling steel buildings in and around Kelowna only and that his business was local and substantially smaller than my business.

I am not aware of any case where NBL was or has been mistaken for the Applicant.

[26] Toti Holdings points to an email exchange between Sean Keenan of NBL and Brad Miller of Systems on October 17, 2011. It appears to have started by Sean Keenan emailing Brad Miller “I think they accidentally sent this to us” and attaching an image. Brad Miller responds:

Thanks Sean .. will look into it .. the dual Norsteel thing is very confusing at times but we do appreciate the work we’re getting from your free advertising .. this year has been a banner year for us thanks to your advertising campaign(s).

Brad Miller follows up later that same day with a further email:

Hi Sean .. the paperwork you sent me was YOUR project sold in Agassiz?? .. this has been confirmed with VP and Summit Customs Brokers.

To date this year, we have sold 14 buildings/projects from your advertising .. it seems that the Norsteel name is widely recognized in B.C., hence they come to us.

I’m guessing that when they see your advertising, most people google the name and that’s when they contact us ... Pls keep up your fine work! ... It makes our life easy out here.

[27] Toti Holdings filed its trademark application on February 1, 2016. It was advertised in the Trademarks Journal on September 14, 2016. A proposed opposition was filed on November 14, 2016, by a non-party to this proceeding and removed on March 16, 2017. The period of opposition ended November 15, 2016. Systems attests that it did not become aware of the application until after the opposition period expired.

[28] The first communication between the parties regarding the trademark application was on February 20, 2017, by letter from Mr. Godfrey, Systems' counsel, to Toti Holdings. In it, he informs Toti Holdings that Systems has just learned of the trademark application, that the opposition period has expired, and that it will seek expungement if it is registered.

[29] NBL attests that it was at this time that it learned that Systems had previously filed a trademark application on May 25, 2005, for the trademark NORSTEEL BUILDINGS, alleging as the date of first use April 19, 2005. That application was later abandoned.

[30] At least by July 27, 2017, Systems was aware that the NORSTEEL trademark had been registered. Toti Holdings asserts that Systems did nothing "for well over three and half years" during which Toti Holdings and NBL continued business as usual.

[31] Systems first action following its lawyer's letter to Toti Holdings was to file two trademark applications on October 4, 2017, for the trademarks NORSTEEL BUILDING SYSTEMS and NORSTEEL. The Trademark Examiner, on November 8, 2018, wrote to Systems advising that both marks applied for were confusing with the NORSTEEL trademark

registered by Toti Holdings. Thereafter, Systems twice requested an extension of time from the Trademark Examiner stating in both instances that it was preparing a Notice of Application to expunge the Toti Holdings registered trademark. This application was finally filed on October 5, 2020.

[32] Acquiescence is an equitable defence. The verb “acquiesce” comes from the Latin word “acquiescere” meaning “to rest.” If you “rest” or are passive in the face of something to which you object, you can be said to be giving tacit agreement. The legal test of acquiescence has been variously described.

[33] In *Institut National des Appellations d’Origine des vins et eaux de vie et al v Andres Wines Ltd et al* (1987), 60 OR (2d) 644 (SC) aff’d (1990), 74 OR (2d) 203 (CA), leave to appeal to SCC refused, [1991] 1 SCR x (note), Justice Dupont, the trial judge, adopted the test articulated in *HP Bulmer Ltd et al v J Bollinger SA et al*, [1978] RPC 79 (Eng CA) at 136:

[...] the true test whether equitable relief should be withheld in the case of a continuing legal wrong on the ground of delay by the plaintiff in enforcing his rights is that the facts must be such that the owner of the legal right has done something beyond mere delay to encourage the wrongdoer to believe that he does not intend to rely on his strict rights, and the wrongdoer must have acted to his prejudice in that belief [...]

[34] Justice Teitelbaum, of this Court, in *White Consolidated Industries Inc v Beam of Canada Inc* (1991), 39 CPR (3d) 94 (FCTD) [*White Consolidated Industries*] at 113 applied a different articulation of the test found in *Archbold v Scully* (1861), 9 HLC 360 at 383:

If a party, who could object, lies by and knowingly permits another to incur an expense in doing an act under the belief that it would

not be objected to, and so a kind of permission may be said to be given to another to alter his condition, he may be said to acquiesce.

[35] Justice Shore in *Remo Imports Ltd v Jaguar Canada Ltd*, 2005 FC 870 [*Remo Imports*] at paragraph 53, after reviewing numerous authorities, writes that the following four criteria are necessary to establish acquiescence:

1. Something more than mere delay is required. Silence alone is not sufficient to bar a proceeding;
2. the rights holder must know of its right and must know of the other party's breach of that right;
3. the rights holder must encourage the other party to continue the breach; and
4. the other party must act to its detriment in reliance upon the encouragement by the rights holder

[citations omitted]

[36] These and other authorities cited by the parties make it clear that mere delay is insufficient to establish a defence of acquiescence. Accordingly, the fact that Systems knew since 2011 of the existence of NBL and its use of NORSTEEL alone does not support the defence.

[37] I am of the view that it is relevant to consider the time and the existing circumstances when one knows that another is using the same or similar name or mark that one is also using. Prior to registration, the fight between these parties is more or less a level playing field – neither has the obvious upper hand. One will have priority over the other in any infringement action, but that is a fact to be proved on evidence at trial. However after registration, the registered trademark owner obtains the benefit of section 20 of the Act which provides that his registered trademark is “deemed” to be infringed by the other’s use. The equal playing field has shifted

substantially. Here, that equal playing field was varied with the 2017 registration of the NORSTEEL trademark.

[38] Moreover, while a party in one part of Canada claiming prior use of a mark may have little concern when the other, in a different part of the country, uses the same trademark, that concern will likely be significantly heightened if the other obtains registration of the trademark. Absent a successful application to expunge the trademark, the first user can be prevented from using the mark.

[39] For these reasons, in my view it is relevant to the examination of the defence of acquiescence what Systems knew and did after it became aware of the registration of the trademark. Upon learning of the registration, Systems informed Toti Holdings of its prior use and that it would seek to expunge the trademark. Toti Holdings faults Systems for taking more than three and one-half years to bring this expungement application.

[40] In that period, there is evidence that NBL incurred significant expense to advertise the trademark, some of which appears to have been to the benefit of Systems. I give no weight or consideration to Toti Holdings' suggestion that Systems delayed bringing this application in order to benefit from its continuing advertising of the NORSTEEL name. That suggestion is nothing more than speculation. Having appraised Toti Holdings of its intention to seek the expungement of the NORSTEEL trademark, the actions of NBL and Toti Holdings thereafter were taken at their own risk.

[41] Systems' advice to Toti Holdings that it would seek expungement goes to the third and fourth criteria referenced in *Remo Imports*: whether Systems encouraged NBL or Toti Holdings to continue the alleged breach and whether NBL or Toti Holdings acted to their detriment in reliance upon the encouragement by Systems.

[42] Contrary to the submission made by Toti Holdings, I do not read the email exchange in 2011 to represent Systems encouraging NBL to continue using the mark and advertising it. Rather, I see it as a tongue-in-cheek statement carrying no legal consequences. If there were any doubt of that, Systems' lawyer's letter in 2017 informing NBL that it would be seeking to expunge the trademark registration should have put an end to NBL's view that Systems was encouraging its continued use of the mark.

[43] Even if one reads the 2011 email exchange as subtle encouragement to use the trademark in its advertising, that was well before it applied to register the trademark. That action, as noted, shed a new light on the relationship between these parties.

[44] For these reasons, I find neither encouragement by Systems to NBL that it continue using the mark (and most certainly not to register it), nor do I find that NBL or Toti Holdings acted to its prejudice in reliance on any such encouragement. The defence of acquiescence is not made out.

3. *Is the Registration invalid because of the prior use by Systems?*

[45] Systems submits that the NORSTEEL Registration is invalid pursuant to paragraphs 18(1)(b) and (d) of the Act, because of its prior use and its making known the NORSTEEL BUILDING SYSTEMS trademarks and trade names.

[46] Paragraphs 18(1)(b) and (d) of the *Trademarks Act* provides as follows:

18 (1) The registration of a trademark is invalid if	18 (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :
[...]	[...]
(b) the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;	b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;
[...]	[...]
(d) subject to section 17, the applicant for registration was not the person entitled to secure the registration;	sous réserve de l'article 17, l'auteur de la demande n'était pas la personne ayant droit d'obtenir l'enregistrement;

[47] Under paragraph 18(1)(a), a trademark that is not distinctive as of the date the expungement proceeding is brought must be expunged. "Distinctive" is defined in section 2 of the Act:

<i>distinctive</i> , in relation to a trademark, describes a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so to distinguish them; (<i>distinctive</i>)	<i>distinctive</i> Se dit de la marque de commerce qui distingue véritablement les produits ou services en liaison avec lesquels elle est employée par son propriétaire de ceux d'autres personnes, ou qui est adaptée à les distinguer ainsi. (<i>distinctive</i>)
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[48] Distinctiveness is a question of fact: *White Consolidated Industries, supra*. A trademark must meet the following three conditions to be distinctive: (1) the mark and wares must be associated; (2) the mark's "owner" must use this association in manufacturing and selling its wares; and (3) this association must enable the mark's owner to distinguish its wares from those of others: *Philip Morris Incorporated v Imperial Tobacco Ltd et al* (1985), 7 CPR (3d) 254 at 270 (FCTD), *aff'd* (1987), 17 CPR (3d) 237 (FCA) and (1987), 17 C.P.R. (3d) 289 (FCA), leave to appeal to SCC refused (1988), 19 CPR (3d) vi (note); and *Nature's Path Foods Inc v Quaker Oats Co of Canada*, 2001 FCT 366 at para 40.

[49] In my view, the failure to meet the third criterion establishes that the NORSTEEL trademark of Toti Holdings is not distinctive.

[50] There is no dispute that NBL has used the word NORSTEEL since the date of its incorporation, March 26, 2001. Systems asserts that it has used NORSTEEL BUILDING SYSTEMS in relation to its goods and services since the date of its incorporation in British Columbia on January 30, 1992. It was suggested that perhaps Systems' use commenced much later. In the abandoned trademark application for NORSTEEL BUILDING, it was asserted therein that it had used that mark since April 19, 2005.

[51] I place no reliance on that date. The abandoned application was not drafted by a lawyer, but more importantly, the record before this Court contains the affidavit of Brendon Miller in which he attests that Systems provided its goods and services to clients from 1992 to 2018. He attaches numerous contracts as exhibits establishing the truth of his statements regarding use.

[52] I find that Systems has established that it commenced use of the word Norsteel in its trademark NORSTEEL BUILDING SYSTEMS in 1992 and that it has used it continuously since then. Its period of use is greater than that of Toti Holdings' use of NORSTEEL.

[53] There is no real question that the nature of the goods, services, or business, and the nature of the trade of the parties is very similar, if not identical.

[54] The degree of resemblance between the registered trademark of Toti Holdings and Systems' trademark is very high. I agree with the submission of Systems that NORSTEEL is "the first, dominant, and most distinctive part of each of the Applicant's NORSTEEL BUILDING SYSTEMS trademark, NORSTEEL BUILDING SYSTEMS Design Trademark, "Norsteel Building Systems" trade name, "Norsteel Building Systems Ltd." corporate name, and New NORSTEEL Design Trademarks." The words "Building" and "Systems" is descriptive of the wares and services; it is the word NORSTEEL that is distinctive.

[55] There is also evidence, as noted above, that consumers for the parties' goods and services have confused the two. This evidence points directly to the actual degree of resemblance between NORSTEEL and NORSTEEL BUILDING SYSTEMS.

[56] For these reasons, I find that Toti Holdings' registration is invalid pursuant to paragraph 18(1)(b) of the Act, because the NORSTEEL mark was and is not distinctive of the Respondent's goods and services.

[57] I further find that the NORSTEEL registration is invalid pursuant to paragraph 18(1)(d) of the Act because Toti Holdings was not the person entitled to secure the registration of the trademark.

[58] Subsection 16(1) of the Act defines who is entitled to obtain a registration and contains an important exception relating to prior use by another:

16 (1) Any applicant who has filed an application in accordance with subsection 30(2) for the registration of a registrable trademark is entitled, subject to section 38, to secure its registration in respect of the goods or services specified in the application, unless at the filing date of the application or the date of first use of the trademark in Canada, whichever is earlier, it was confusing with

(a) a trademark that had been previously used in Canada or made known in Canada by any other person;

(b) a trademark in respect of which an application for registration had been previously filed in Canada by any other person; or

16 (1) Tout requérant qui a produit une demande conforme au paragraphe 30(2) en vue de l'enregistrement d'une marque de commerce enregistrable a droit, sous réserve de l'article 38, d'obtenir cet enregistrement à l'égard des produits ou services spécifiés dans la demande, à moins que, à la date de production de la demande ou à la date à laquelle la marque a été employée pour la première fois au Canada, la première éventualité étant à retenir, la marque n'ait créé de la confusion :

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement avait été antérieurement produite au Canada par une autre personne;

(c) a trade name that had been previously used in Canada by any other person.

[emphasis added]

c) soit avec un nom commercial qui avait été antérieurement employé au Canada par une autre personne.

[Je souligne]

[59] For the reasons noted above, at the date of application, the trademark and tradename NORSTEEL had been previously used by Systems. Accordingly, Toti Holdings was not the person entitled to secure the registration and, pursuant to paragraph 18(1)(d), the registration is invalid.

4. *Is the Registration is invalid because it was not in use as of the claimed date?*

[60] Systems submits that the application for registration of the NORSTEEL trademark contains a false statement. At the time the registration was filed, former paragraph 30(b) read as follows:

30 An applicant for the registration of a trade-mark shall file with the Registrar an application containing

[...]

(b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of goods or services described in the application;

30 Quiconque sollicite l'enregistrement d'une marque de commerce produit au bureau du registraire une demande renfermant :

[...]

b) dans le cas d'une marque de commerce qui a été employée au Canada, la date à compter de laquelle le requérant ou ses prédécesseurs en titre désignés, le cas échéant, ont ainsi employé la marque de commerce en liaison avec chacune des catégories générales de

produits ou services décrites
dans la demande;

[61] The application was filed by Toti Holdings on February 1, 2016, and it contains the following statement: “Used in CANADA since at least January 01, 2001.” Systems notes that Toti Holdings was only incorporated September 27, 2006, and thus it could not have used the trademark since at least January 1, 2001. Toti Holdings was assigned all of the rights to the NORSTEEL trademark by NBL by agreement dated October 15, 2006. Systems complains that neither the application nor the registration mentions NBL as a predecessor in title. There is no evidence before the Court that specific reference to a predecessor-in-title is or was required by the Canadian Intellectual Property Office.

[62] The transfer agreement states that NBL has used the NORSTEEL trademark “since at least as early as 2001.” NBL was incorporated on March 26, 2001. Sean Keenan attests to the origins of the NBL business:

My father-in-law, Marcel, has been involved in the sale of metal pre-engineered buildings in Canada in one form or another since at least as early as the mid 1970's. It was my understanding that the name NORSTEEL was selected by Marcel as a combination of NORTHERN and STEEL and that there were no issues according to his lawyer Mr. Garbe with him using the name NORSTEEL for the Ontario corporation.

[63] Toti Holdings has provided no evidence that the NORSTEEL trademark was in use by a predecessor to NBL on January 1, 2001, prior to its incorporation. On the other hand, there is evidence that Marcel Aitoro was involved in the business for a number of years. The burden of establishing that Toti Holdings made a false statement rests with Systems. Systems did not cross-examine Sean Keenan. While the record leads one to question whether the NORSTEEL

trademark was in use by Toti Holdings or a predecessor-in-title on January 1, 2001, I must find that Systems has failed to meet its burden of establishing that as a fact on the balance of probabilities.

5. *Is the Registration invalid because the application was made in bad faith?*

[64] Systems submits that the NORSTEEL Registration is invalid because the application for the NORSTEEL trademark was made in bad faith. Paragraph 18(1)(e) of the Act, as it now reads, specifically provides that a trademark registration is invalid if “the application for registration was filed in bad faith.” That provision did not exist when Toti Holdings made its application to register NORSTEEL.

[65] Systems submits that even prior to the introduction of paragraph 18(1)(e), jurisprudence establishes that a registration obtained in bad faith is subject to expungement. The authorities it cites rely on paragraph 30(i) of the Act, as it then read, requiring as a part of the application “a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the goods or services described in the application.”

[66] Systems points first to *Cerverceria Modelo, SA de CV v Marcon*, [2008] TMOB No 131 [*Cerverceria Modelo*] involving what it describes as a serial filer of applications for several famous marks. At paragraph 36, the Registrar said the following about what might constitute bad faith:

I am not aware of any jurisprudence that describes what “bad faith” is in the context of s. 30(i). While I am not sure whether this term applies in the present circumstances, I question how any reasonable person would be satisfied that he/she was entitled to file trade-mark applications for over 18 arguably well known marks for

arguably related wares and/or services. I also question the underlying intent of such an applicant in doing so. In my view, the activity of attempting to coat-tail on the established reputation of so many well known marks should be the type of activity that s.30(i) is designed to prevent.

[67] Systems points next to *Julia Wine Inc v Marques Metro, SENC*, 2016 FC 738, an appeal to this Court from an opposition to a registration granted on the basis of bad faith. In dismissing the appeal, Madam Justice Tremblay-Lamar at paragraph 59 stated: “It is difficult to imagine that the applicant was not aware of the use that the respondent was making of its mark, given its establishment and its broad circulation.” She then adopted the passage cited above from *Cerverceria Modelo* and dismissed the appeal.

[68] Lastly, Systems notes the decision in *Levis v Golubev*, 2019 TMOB 100, where again the Trade-marks Opposition Board cited with approval the statement from *Cerverceria Modelo*. Among other evidence, the Board noted at para 33: “There was a pre-existing business relationship between the parties, and the evidence suggests that the Applicant may have had prior knowledge that the Mark or a similar trademark had been adopted by the Opponent.”

[69] There is no direct evidence that Toti Holdings or NBL knew of Systems’ use of the trademark prior to its own use in “early 2001”; however, it did know of the existence of Systems when it filed the application for registration in 2016. This is established by the email exchange between Sean Keenan of NBL and Brad Miller of Systems on October 17, 2011.

[70] Systems suggests that using NORSTEEL in the NBL name was no coincidence, and that NORSTEEL was not a word coined by Sean Keenan’s father-in-law, but selected because of the

knowledge of Systems' business. At paragraphs 92 and 93 of its Amended Memorandum, Systems writes:

Both the Applicant's and the Respondent's evidence demonstrates that the Respondent is closely related to Future Steel Buildings/Future Buildings, an entity with whom the Applicant did extensive business between 1996-1999. Specifically, Future Steel Buildings/Future Buildings operates out of the same building as the Respondent/NBL, faxes intended for NBL are sent to Future Steel Buildings/Future Buildings, they share current directors, including Mr. Keenan himself, who were in key management positions at Future Steel Buildings/Future Buildings between the 1996-1999 period. Mr. Keenan even admits that his father-in-law, who is the founder of Future Steel Buildings/Future Buildings and who worked there when it did business with the Applicant, was the person who allegedly coined the trademark NORSTEEL.

In light of these circumstances, it is hard to imagine that the Respondent innocently chose NORSTEEL as its own trade name and trademark. The Applicant submits that the evidence supports a finding that the Respondent (through its directors) had actual knowledge of the Applicant and the NORSTEEL Building Systems Trademarks and Trade Names, and intentionally facilitated the filing of the application for the NORSTEEL Registration to profit off the goodwill accruing in the NORSTEEL Building Systems Trademarks and Trade Names. According to the jurisprudence referenced above, this constitutes bad faith on the part of the Respondent.

[emphasis omitted]

[71] Systems has not persuaded me that NBL chose the name NORSTEEL based on prior knowledge of Systems. Absent direct evidence or evidence obtained through cross-examination, the statement in Sean Keenan's affidavit that his father-in-law coined the name must be accepted.

[72] On the other hand, the evidence does establish that when it filed the trademark registration, Toti Holdings was fully aware of Systems and the fact that there was another

company in the same business using the word “Norsteel” in its name. There is no evidence before the Court as to what steps, if any, were taken to ascertain which of the two companies had prior use of the word.

[73] When the application was made by Toti Holdings, there was a requirement that it provide a statement it “is satisfied that he is entitled to use the trade-mark in Canada in association with the goods or services described in the application.” This may not obligate an applicant to make an extensive search for conflicts. However, where an applicant has knowledge that another entity in the same line of business is using the very word it wishes to register as a trademark, one would expect the applicant to conduct its due diligence regarding that other business before making the required statement.

[74] Here, there is no evidence offered by Toti Holdings of what, if any, steps it took regarding Systems before it asserted that it was “entitled to use the trade-mark in Canada in association with its goods and services.”

[75] It is fair to say that Toti Holdings was, at best, wilfully blind as to whether it had the right to make the application in the face of its competitor Systems; however, I cannot say that a failure to make the obvious inquiries amounts to bad faith.

III. Conclusion

[76] This application must be allowed. The Applicant is entitled to its costs. If the parties cannot agree on scale or quantum, the Applicant may file submissions on costs, not exceeding 10

pages, within 15 days after the date of this Judgment, and the Respondent shall file its reply, not exceeding 10 pages, within 10 days after receipt of the Applicant's submissions.

JUDGMENT IN T-1180-20

THIS COURT’S JUDGMENT is that:

1. The application is granted;
2. the Court declares that Canadian Trademark Registration Number TMA966,200, NORSTEEL, is invalid;
3. the Registrar shall remove the Respondent’s Trademark Registration Number TMA966,200, NORSTEEL, from the Register; and
4. the Applicant is entitled to its costs, to be determined in accordance with the Reasons.

“Russel W. Zinn”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1180-20

STYLE OF CAUSE: NORSTEEL BUILDING SYSTEMS LTD.
v TOTI HOLDINGS INC.

PLACE OF HEARING: HELD VIA VIDEOCONFERENCE

DATE OF HEARING: JUNE 22, 2021

JUDGMENT AND REASONS: ZINN J.

DATED: SEPTEMBER 8, 2021

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