

Federal Court



Cour fédérale

Date: 20160330

Docket: T-64-11

Citation: 2016 FC 355

Ottawa, Ontario, March 30, 2016

PRESENT: The Honourable Mr. Justice Boswell

BETWEEN:

RESPONSIVE BRANDS INC.

Plaintiff

and

**2248003 ONTARIO INC., MARC PICARD and
MICHAEL URQUHART**

Defendants

JUDGMENT AND REASONS

I. Overview

[1] This is an action for trade-mark infringement and passing off brought by Responsive Brands Inc., owner of the “Mister Transmission” trade-mark, against Marc Picard, Michael Urquhart and their corporation, 2248003 Ontario Inc. During the trial of this matter, the action as against Mr. Picard and Mr. Urquhart in their personal capacities was withdrawn by Responsive Brands Inc., and an Order to that effect was issued on March 3, 2016. Consequently,

the action is now only as against the Defendant, 2248003 Ontario Inc., and that is the party referred to as the Defendant in the reasons that follow.

[2] An Order to bifurcate the liability and damages aspects of the action was issued prior to commencement of the trial, so these reasons deal only with the issue of liability.

[3] Responsive Brands Inc., the Plaintiff, alleges that the Defendant is infringing on its trade-marks because the Defendant's trade names, which they allege are "Master Transmission" and "Master Transmission & Driveline", are confusingly similar to "Mister Transmission." The Plaintiff further alleges that the Defendant is passing off its goods and services as those of the Plaintiff and, because of the confusion and passing off, the goodwill associated with the Plaintiff's trade-marks has been depreciated. The Defendant denies having used the name "Mister Transmission" and pleads that the logo and branding of Master Transmission & Driveline is not confusingly similar to Mister Transmission, particularly since the words "mister" and "master" have different meanings, with master referring to the skills and abilities of Mr. Picard and Mr. Urquhart.

II. Background

[4] Since the 1970s, Mister Transmission [Mister] has been advertising on radio and television and, now, also utilizes the internet and social media. Mister is a well-known, national brand for transmission services for vehicles. According to Randall A. Moore, the President and Chief Executive Officer of Mister Transmission International, Mister's advertising budget is approximately \$800,000 to \$1,000,000 per year. This budget is largely spent promoting the

various Mister trade-marks, design, and jingle. Mister's franchisees contribute to an advertising fund which is used with other corporate funds to advertise Mister's transmission services in some 65 locations across Canada, including approximately 45 locations in Ontario.

[5] Mister advertises heavily in sports broadcasts. Its radio ads always end with its jingle. Its television commercials end with an orange-coloured logo or its name and, sometimes, several seconds of the jingle. Mister has done tests of consumer awareness. It also conducts a customer service index campaign; when a customer gets work done, the customer is asked how they heard about Mister. Mr. Moore testified that, outside of the French market area, the concentration of people who know Mister as a brand for transmission services is over 90 percent, and also that most people who can sing Mister's jingle have never been in a Mister store.

[6] Mister has a franchise location in Orillia, Ontario, which is also where the Defendant [Master] operates its business. Mister spends over \$500,000 of its annual advertising budget in the greater Toronto area; this advertising reaches into the Orillia area, so many residents of Orillia see and hear Mister's national ads. Chris and Christina Jansen, who operate Mister's outlet in Orillia, testified at trial that they spend approximately \$20,000 per year for their local advertising, using such forms as ads in local newspapers and on local radio stations, the telephone book, and attending car shows. Their local advertising does not advertise for engine repairs, oil changes, exhaust or brake work, suspension repairs, or general automotive services.

[7] Mr. Urquhart testified that when Master started its business in Orillia in June 2010, he and Mr. Picard had limited funds. Their advertising started with the Yellow Pages and local

flyers, and they advertised in the local Perkolator newsletter every week for a couple of years. They also established a webpage and a Facebook presence. Master does not use any jingles. Mr. Urquhart says their slogan is “Building Relationships One Transmission at a Time.” Master advertises on one billboard on Highway 12 between Rama and Brechin, Ontario; it says “‘Transmission problems,’ with a question mark, lifetime warranty, Memorial Avenue, and the phone number.” Master’s name is not on this billboard. Mr. Picard testified that Master attracts a lot of customers from individuals working at a nearby casino, as they offer discounts to casino employees and advertise in the employee handbook.

[8] Prior to starting their business, Mr. Urquhart and Mr. Picard worked together at a Mister store located in Barrie, Ontario, Mr. Urquhart as a transmission rebuilder for many years and Mr. Picard as store manager for about six months. Sometime in late 2009 or 2010, they approached Mark D’Angeli, a representative of Mister, about the possibility of establishing a Mister location in the Huntsville area, but they never put together a formal franchise application because the customer base in that area was too small.

[9] Mr. Moore testified that sometime after Mr. Urquhart and Mr. Picard opened their business in Orillia, Mr. D’Angeli informed him that the Defendant’s business name was “Master Transmission”, which prompted Mr. Moore to phone Mr. Urquhart. Mr. Moore says he told Mr. Urquhart he had to find some other name, whether Orillia Transmission or Mike’s Transmission, but not Master Transmission because it is confusing. According to Mr. Moore, Mr. Urquhart told him he would have to speak to Mr. Picard about the matter. Mr. Urquhart,

however, testified that he first learned that Mister took issue with Master's name when he received a cease-and-desist letter. He says he did not receive a phone call from Mr. Moore.

[10] In any event, after Master received the cease-and-desist letter dated August 31, 2010, Mr. Urquhart says he and Mr. Picard wondered whether there was a plot to bury Master's business because they did not consider the names confusing. He says they thought about changing their name, but really did not believe it was confusing because it is a different word with a completely different meaning. In choosing their business name, Mr. Urquhart said they had bounced around a bunch of names. When "master" was brought up – possibly by Mr. Picard – Mr. Urquhart thought it said everything he wanted to say about his abilities, and it was more than just a generic name like "Mike's Transmission." He testified that, to him, "master" meant everything he needed to say about his ability, and that you are very good at whatever is involved in accomplishing your job. Master's logo was drawn by a former customer of the Midas muffler shop Mr. Picard had managed in Orillia before starting the Master business with Mr. Urquhart.

III. Evidence of Confusion

[11] During cross-examination, Mr. Moore said he has not heard of Mister's head office being contacted about Master's taxes or harmonized sales tax. He also has not heard of credit card companies, creditors, insurance companies, or other persons contacting Mister's head office about Master's financial and business affairs. He further acknowledged that he did not know of any banking errors concerning Mister and Master, and that as far as he knows he has not been contacted about the Casino Rama employee discount programs offered by Master or by the Better Business Bureau or Yellow Pages concerning Master. He is not aware of any media

related mix-ups, or of credit going to Mister for Master's charity work in Orillia. He is also not aware of a business called Master Transmission and Engine Rebuilders, or one called Master Transmission and Diagnostic Import and Domestic Limited.

[12] The Plaintiff called as a witness Mr. Robert Roxburgh, the general manager of King-O-Matic Industries, which according to Mr. Roxburgh is the largest distributor of transmission and driveline components in Canada. At the Plaintiff's request prior to trial, Mr. Roxburgh searched King-O-Matic's database of speciality transmission shops in Canada, and aside from Master's name his searches revealed customers called Master Auto and Transmission and Auto-Master Transmission Automatic as well as several Master Mechanic franchises. During cross-examination, he stated his search did not reveal a Master Transmission Inc. in Verdun, Quebec, and that he has never heard of Master Transmission and Engine Rebuilders, or Master Transmission and Diagnostic Import and Domestic Limited, or Masters Automotive. Mr. Roxburgh did not recall any issues about being unable to correctly fill orders made by Master Transmission & Driveline and those made by Mister Transmission.

[13] Mr. Jansen testified as to one incident where a parts supplier, Inter-Continental Gear & Brake, mistakenly invoiced and delivered parts to his Mister store which had been ordered by Master. He and Ms. Jansen also testified about the frequency of courier deliveries received by them which were intended for Master and telephone inquiries as to whether the location of their business was on Memorial Drive.

[14] It was Ms. Jansen who, during the week prior to the trial of this matter, answered the phone when a potential customer named Josiah Smith called looking for directions to the Mister store in Orillia. The Plaintiff called Mr. Smith as a witness at trial to offer evidence as to him being confused by the transmission services offered by Master and those of the Mister store in Orillia. However, Mr. Smith's testimony was tainted by the fact that, unbeknownst to Mr. Jansen, Mister Transmission International had agreed to cover Mr. Smith's transmission repair costs in return for his testimony. Nevertheless, his testimony presented, at best, confusion only as to the location of Mister's store and not as to him being confused by the names and services of Master and Mister. Indeed, after being referred to the Mister store by someone at Blaine's Automotive where he first went to have his truck inspected, Mr. Smith did some price shopping which included a telephone call to Master, where he spoke with Mr. Picard and was told that his truck could not be looked at that day.

[15] As further evidence of confusion, the Plaintiff submitted an affidavit of Mr. Donald Gilks, a retired member of the Toronto Police Service. At the trial, he was cross-examined on his affidavit about how his vehicle came to be repaired by Mr. Picard at the Master store instead of at the Mister store in Orillia. Following a golf tournament the previous day, Mr. Gilks began experiencing a problem with his truck. He asked the concierge at the hotel where he had stayed the night before if there was a Mister Transmission in Orillia, and asked if they would call for him. Mr. Gilks gave his cellphone number and he was called back by a young lady stating she was from Mister Transmission and would call a tow truck. The tow truck driver showed up and took Mr. Gilks and his truck to Master's store on Memorial Drive, not Mister's

store on Brodie Drive. Ms. Jansen testified that the tow truck driver subsequently apologized to her for this mix up and that an incident like that involving Mr. Gilks has not happened again.

[16] Upon review and consideration of the evidence as to whether there has been any actual confusion amongst consumers between the trade-marks and business names of Mister and Master, I find there is, at best, insufficient evidence that any consumer has actually been confused or misled since Master opened its business in Orillia some five and a half years ago. It was the tow truck driver, not Mr. Gilks as a consumer of transmission services, who apparently was confused as to Mister's location. Mr. Gilks had never even heard of Master's business before he was unknowingly transported there.

[17] Mr. Smith's evidence, despite its tainted nature, shows confusion only about Mister's store location in Orillia and not confusion caused by the names of Master and Mister or the transmission services they offer. In addition, while misdirected courier deliveries do show some confusion by various courier delivery personnel, again that is not evidence of actual confusion amongst consumers of the parties' respective services; nor, for that matter, is the misdirected delivery and charge to Mister for parts ordered by Master evidence of actual confusion because this appears to be more of an error on the part of someone at Inter-Continental Gear & Brake, a third-party supplier, than an instance of actual confusion by a potential purchaser of transmission services.

IV. Likelihood of Confusion

[18] Despite the absence of any persuasive or sufficient evidence that any consumer has actually been confused or misled, it is necessary nevertheless to consider and analyze the likelihood of confusion between the trade-marks and trade names of the parties.

[19] Mister has several registered trade-marks, the first one being obtained in 1980 for “Mister Transmission” (TMA239868) relating to services described as “repairing, replacing, renewing and installing automobile transmissions, [and] the operation of a transmission repair and replacement centre.” The parties have agreed in the agreed statement of facts in the joint trial record that the first use of this mark in Canada was on August 1, 1974. Mister’s domain name on the internet is “mistertransmission.com.”

[20] Mister has also registered trade-marks for “Hey Mister Mister Transmission You’re A Friend Of Mine” and for the trade-mark and design below, the background colour of which is a bright orange:



[21] Master has not registered a trade-mark. It registered a business or trade name, “Master Transmission & Driveline,” under the *Business Names Act*, RSO 1990, c B17, on June 29, 2010, with the activity being carried out stated as “automotive and transmission service.” There was

some evidence at trial that the Defendant also uses and is referred to simply as “Master Transmission.” Mr. Moore indicated during his testimony that Master was known by the short-form of its trade name. Mr. Roxburgh stated that since King-O-Matic’s database only takes a limited number of characters, Master is listed as “Master Transmission”; however, he did acknowledge that all invoices to Master use its full business name, and it was not Master’s choice as to how they are referred to in the database.

[22] In addition, Master’s domain name is “mastertransmission.ca.” Its uniform resource locator (URL) for Facebook is “www.facebook.com/mastertransmission”, although the name on its Facebook page is Master Transmission & Driveline. One of the packing slips from Thor Motors Limited in the joint trial record also shows the name “Master Transmission”, although there is no evidence as to how or why this name was used. Lastly, Master’s logo, on the visual inspection report sheet it uses (with a dark background) at its store located on Memorial Drive in Orillia, and on its webpage, looks like this:



A. *The Trade-marks Act*

[23] By virtue of section 19 of the *Trade-marks Act*, RSC 1985, c T-13 [the *Act*], the Plaintiff’s registered trade-marks provide it with the exclusive right, throughout Canada, to the

use of its marks in association with the wares and services as described in the registrations. Infringement of that right occurs if a person uses a trade name or a trade-mark which causes confusion with the Plaintiff's registered marks. A trade-mark or trade name is confusing with another trade-mark or trade name if its use would cause confusion in the manner and circumstances described in section 6 of the *Act*. Furthermore, a registered trade-mark owner's right to its exclusive use is deemed to be infringed by any person who is not entitled to its use under the *Act* and who "sells, distributes or advertises any goods or services in association with a confusing trade-mark or trade-name" (paragraph 20(1)(a)).

[24] The *Act* provides the following definition of "confusing" in section 2:

confusing, when applied as an adjective to a trade-mark or trade-name, means a trade-mark or trade-name the use of which would cause confusion in the manner and circumstances described in section 6

créant de la confusion
Relativement à une marque de commerce ou un nom commercial, s'entend au sens de l'article 6.

[25] In the circumstances of this case, where the Plaintiff alleges that the Defendant's trade name infringes its registered trade-marks, subsection 6(4) is particularly relevant; this subsection states that:

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

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

with the trade-mark are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class. [Emphasis added]

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

[26] In determining whether trade-marks or trade names are confusing, subsection 6(5) of the *Act* mandates the Court to have regard to:

...all the surrounding circumstances including

...toutes les circonstances de l'espèce, y compris :

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

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

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

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

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

c) le genre de produits, services ou entreprises;

(d) the nature of the trade; and

d) la nature du commerce;

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

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

B. *Pertinent Case Law*

[27] The Supreme Court of Canada has stated that, although listed as the last factor in subsection 6(5), the degree of resemblance between the trade-marks or trade names is the factor which is “often likely to have the greatest effect on the confusion analysis” (*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 49, [2011] 2 SCR 387 [*Masterpiece*]). Furthermore, all the surrounding circumstances must be taken into account, and the statutory list of circumstances is not exhaustive; different circumstances will be given different weight in a context-specific assessment (see: *Mattel USA Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 54, [2006] 1 SCR 772 [*Mattel*]). Surrounding circumstances may include a history of competition between the parties without there being evidence of actual confusion (*United Artists Pictures Inc v Pink Panther Beauty Corp*, [1998] 3 FC 534, 80 CPR (3d) 247 [*Pink Panther*]; *Mr. Submarine Ltd v Amandista Investments Ltd*, [1987] FCJ No 1123, 19 CPR (3d) 3 at para 29 (FCA) [*Mr. Submarine*]).

[28] Evidence of actual confusion is a relevant surrounding circumstance, but such evidence is not necessary. The Court can consider the lack of evidence of actual confusion when assessing the likelihood of confusion (see: *Christian Dior, SA v Dion Neckwear Ltd*, 2002 FCA 29, at para 19, [2002] 3 FCR 405, [*Christian Dior*]) and the length of time that there has been no evidence of actual confusion may also be a factor (see: *Mr. Submarine*). An adverse inference may be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified (*Mattel* at para 55). Confusion is generally assessed as of the date of the hearing, though the confusion would usually be

demonstrated over a period of time (see: *Altacor Inc v Nutravite Pharmaceuticals Inc*, 2005 FCA 269 at para 16, 257 DLR (4th) 60).

[29] When evaluating confusion, the Supreme Court has stated that the applicable test is that of the somewhat hurried consumer with imperfect recollection of a plaintiff's mark who is ordinarily cautious but does not pause to examine closely the similarities or differences between the two trade-marks or trade names (see: *Veuve Clicquot Ponsardin c Boutiques Cliquot Ltée*, 2006 SCC 23 at paras 20 and 33, [2006] 1 SCR 824 [*Veuve Clicquot*]; see also *Masterpiece* at paras 40-41, and *Mattel* at paras 56-58). The test is not a side by side comparison of the two marks or names as a casual consumer in a hurry would not do so (*Masterpiece*, at para 40). The Supreme Court has stated that with more expensive purchases, more care will be taken, but the likelihood of confusion is still based on the consumer's first impression when encountering the marks or names for the first time (*Masterpiece*, at para 67).

[30] The Plaintiff bears the onus to demonstrate a likelihood of confusion on a balance of probabilities; whether there exists a likelihood of confusion is largely a question of fact (see: *Veuve Clicquot* at para 14).

[31] Before turning to whether the Plaintiff in this case has established a likelihood of confusion, the general principles noted by the Federal Court of Appeal in *Philip Morris Products SA v Marlboro Canada Ltd*, 2012 FCA 201, 216 ACWS (3d) 994; leave to appeal refused, [2012] SCCA No 413 [*Philip Morris*] warrant mention. In *Philip Morris*, Justice Johanne Gauthier observed (at para 59) that:

- A mark symbolises a linkage between a product and its source. When assessing the likelihood of confusion, the focus is on such mental link in the head of the mythical consumer (*Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 [*Mattel*]). The full factual context including the factors set out in subsection 6(5) of the Act must be considered.
- It is not relevant that consumers are “unlikely to make choices based on first impressions”. It is an error to discount the likelihood of confusion by considering what actions the consumer might take after encountering the mark in the market place (*Masterpiece Inc.*, paragraphs 71, 73 and 74).
- Confusion as to the source (no need for it to be precisely identified) will arise if the public (mythical consumer) would likely infer that the source of the two products (senior mark or junior mark) is the same (this includes in appropriate circumstances associated sources such as licensor and licensee).
- Steps taken to avoid confusion are irrelevant in the context of an infringement action pursuant to section 20 of the Act (David Vaver, *Intellectual Property Law: Copyright, Patents, Trade-marks*, 2nd ed. (Toronto: Irwin Law, 2011) [*Vaver*] at page 533, *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534 (C.A.)).
- Proof of actual confusion or the absence of such confusion over a long period of time is a very weighty factor that must be considered as part of the surrounding circumstances pursuant to subsection 6(5) of the Act (*Mr. Submarine Ltd. v. Amandista Investments Ltd.*, (1987) 19 C.P.R. (3d) 3, [1988] 3 F.C. 91 (C.A.) [*Mr. Submarine*], at paragraph 34, *Mattel*, at paragraph 55).

[32] In view of the foregoing statutory provisions and case law, it is appropriate now to turn and determine whether there is a likelihood of confusion between the Plaintiff’s registered trade-marks and the Defendant’s business and trade names.

C. *Inherent distinctiveness*

[33] The first factor to assess is the inherent distinctiveness of the parties respective trade-marks and trade names and the extent to which they have become known. In terms of distinctiveness, this factor weighs against the Plaintiff and favours the Defendant. “Mister Transmission” is not an invented or unique word; the second half of the two-word mark is merely descriptive of the services performed. As noted by the Federal Court of Appeal in *Pink Panther*:

23 ...Marks are inherently distinctive when nothing about them refers the consumer to a multitude of sources. Where a mark may refer to many things or...is only descriptive of the wares or of their geographic origin, less protection will be afforded the mark. Conversely, where the mark is a unique or invented name, such that it could refer to only one thing, it will be extended a greater scope of protection.

[34] Furthermore, trade-marks which utilize words common to a trade or industry have little distinctiveness (see: *Tradition Fine Foods Ltd v Oshawa Group Ltd*, 2004 FC 1011 at para 38). There was evidence at trial in this case that the words “mister” and, for that matter, “master” are not uncommon in the automotive repair industry. One of the Plaintiff’s marks contains a generic image of a transmission (as does the Defendant’s logo and its signage), and it is difficult to see how the Plaintiff’s mark is original and distinctive in the manner which an invented or unique word or original design would be.

[35] Nonetheless, the evidence adduced at trial and in the joint trial record shows that the Plaintiff’s trade-marks and name are well-known in and across Canada. They are, in a word, ubiquitous. So, while the Plaintiff’s marks and name may not be inherently distinctive, they have

definitely acquired significant distinctiveness through use and recognition across Canada during the last several decades. This aspect of the first statutory factor favours the Plaintiff, such that the acquired distinctiveness of the Plaintiff's marks counterbalances their lack of inherent distinctiveness.

[36] On balance, therefore, the dual aspects of this factor, inherent and acquired distinctiveness, favour neither party.

D. *Time in Use*

[37] The second statutory factor is the length of time the trade-marks or trade names have been in use. Mr. Moore testified that the Plaintiff's marks and names have been in use since the 1970s. The Defendant has acknowledged and agreed in the agreed statement of facts that the date of first use for "Mister Transmission" was August 1, 1974. Master's trade name has been in use only since June 2010. Consequently, this factor favours the Plaintiff.

E. *Nature of the Goods, Services and Business*

[38] Mr. Picard testified that about 50 percent of Master's repair orders involve transmissions, and that the balance would be for repairs to such things as a vehicle's brakes, suspension or front end. Mr. Jansen told the Court his Mister location did not advertise for engine repairs, oil changes, exhaust or brake work, suspension repairs, or general automotive services, and that he did not do general automotive service. Nonetheless, there is a significant degree of overlap in the

transmission services provided by Mister and by Master even though Master does offer some other sorts of vehicle repairs and maintenance.

[39] In assessing this factor, the Supreme Court has offered the following guidance in *Masterpiece*:

[67] This Court has affirmed that consumers in the market for expensive goods may be less likely to be confused when they encounter a trade-mark, but the test is still one of “first impression”....

[68] While the hypothetical test for likelihood of confusion must be applied in all situations, it is flexible enough to reflect the observation of Binnie J. in *Mattel*, at para. 58:

When buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal

[69] However, as one element of the broader hypothetical test, this care or attention must relate to the attitude of the consumer approaching an important or costly purchase when he or she encounters the trade-mark, not to the research or inquiries or care that may subsequently be taken. As Rand J. put it in *General Motors Corp. v. Bellows*, [1949] S.C.R. 678, at p. 692:

Do the words then in that situation [refrigerators] lend themselves to the errors of faint impression or recollection of the average person who goes to their market? [Emphasis added.]

[70] The focus of this question is the attitude of a consumer in the marketplace. Properly framed, consideration of the nature of the wares, services or business should take into account that there may be a lesser likelihood of trade-mark confusion where consumers are in the market for expensive or important wares or services. The reduced likelihood of confusion is still premised on the first impression of consumers when they encounter the marks in question. Where they are shopping for expensive wares or services, a consumer, while still having an imperfect recollection of a prior trade-mark, is likely to be somewhat more alert and aware of the trade-mark associated with the wares or services they are examining and its similarity or difference with that of the prior

trade-mark. A trade-mark, as Binnie J. observed in *Mattel*, is a shortcut for consumers. That observation applies whether they are shopping for more or less expensive wares or services.

[40] What evidence there was at trial as to the cost or price of a transmission repair was, at best, that the nature of the required repair and the time to complete it dictated the cost.

Furthermore, there is no evidence of any material difference with respect to the quality of the transmission work or services provided by Master or by Mister. This factor tends to favour the Plaintiff in this case because, while Mister's business is more centered on transmission services and repairs than that of Master, both of them operate a business offering transmission services and repairs to consumers in the Orillia area.

F. *Nature of the Trade*

[41] This factor looks to the customs and usages of the trade and the character of the markets where the trade-marks are intended to serve their purposes (see: *Joseph E Seagram & Sons Ltd v Canada (Registrar of Trade Marks)*, [1990] FCJ No 909 at para 36, 23 ACWS (3d) 486). It also looks to the manner by which goods or services are marketed and sold (see: *Lesters Foods Ltd c Lesters Delicatessen and Hot Smoked Meat Inc*, 2008 QCCS 2010 at paras 64-65, [2008] QJ No 4197).

[42] There is a Mister location in Orillia, and geographically and service-wise it targets the same market for transmission services as Master, such that the nature of the trade overlaps. Each of Master and Mister advertise through local media. However, Mister benefits from national advertising which focuses heavily on radio and television and the use of a distinctive jingle,

whereas Master does not so benefit. According to Mr. Moore, Mister's overall business is comprised of about 15 percent with the fleet industry such as UPS; about 30 to 40 percent is local automotive garages and places like Midas which refer their customers to a Mister location, and 45 percent is retail. Master's business is locally focused, whereas the Plaintiff's is not except insofar as its Orillia location is one of the three places where consumers in Orillia can obtain transmission services.

[43] This factor also favours the Plaintiff because, while Mister's business is more centered on transmission services than that of Master, both of them operate a business offering transmission services to consumers in the Orillia area such that the nature of the trade and their markets overlap.

G. *Degree of Resemblance*

[44] The final statutory factor looks to the degree of resemblance between the trade-marks and trade name in appearance or sounds or in ideas suggested by them. In this regard, the Court of Appeal in *Pink Panther* noted:

34 Obviously, where the marks are identical this analysis is not needed. But where the marks are similar, the Registrar or the Court must assess the likely impression made by the marks on the public. While the marks must be assessed in their entirety (and not dissected for minute examination), it is still possible to focus on particular features of the mark that may have a determinative influence on the public's perception of it.

[45] In *Masterpiece*, Justice Marshall Rothstein stated (at para 64) that: "While the first word may, for purposes of distinctiveness, be the most important in some cases, I think a preferable

approach is to first consider whether there is an aspect of the trade-mark that is particularly striking or unique.”

[46] In this case, because “transmission” is a generic word, the word “Mister” constitutes the unique or distinctive part of the Plaintiff’s trade-mark, even though it does not possess a significant degree of inherent distinctiveness. The same can be said for the Defendant’s trade name to the extent that it is referred to simply as “Master Transmission.” The words “mister” and “master” are similar in appearance, just one letter in the difference. Their respective internet domain names differ only as to this one letter difference (though one domain name is .com and the other is .ca).

[47] Moreover, a consumer might well misread these words, whether at a distance or with only a quick or hurried look, and perhaps be confused by these similar words. For example, in view of the prominence of the words “Master TRANSMISSION” over the words “& DRIVELINE” on the Defendant’s sign on Memorial Avenue, a consumer might mistake the reference to “Master TRANSMISSION” for “Mister TRANSMISSION” and fail to see or pass over the reference to “& Driveline” which is in a smaller font than the words “Master TRANSMISSION.”

[48] Taken as a whole, “Mister Transmission” and “Master Transmission & Driveline” do not sound similar. However, “Mister Transmission” and “Master Transmission” do sound similar, although they are certainly not homonyms or identical such that one might be as easily mispronounced as the other. That being said, for the casual consumer in a hurry, perhaps they

would be, considering there is just a single letter difference between the first words of each name and the sound of those first words is similar.

[49] Beyond the appearance and sound of the trade-marks and trade names, the ideas suggested by them or the “concept” behind them can also be differentiating factor. For example, in *Ikea Ltd/Ikea Ltee v Idea Design Ltd*, [1987] FCJ No 104, 3 ACWS (3d) 244 [*Ikea*], Justice Jean-Eudes Dubé found that while the marks IKEA and IDEA were similar phonetically, there was nevertheless no likelihood of confusion because “the letter ‘k’ in Ikea comes out strongly and gives the mark a very strong Scandinavian flavour, whereas the mark IDEA evokes mostly a concept, or a thought (at page 478)”. Although Mr. Urquhart testified as to why the word “master” was chosen to be part of the Defendant’s business name, that is, to convey his expertise as a transmission mechanic, a member of the public would not be aware of this. On their face the words “mister” and “master” are both prefixes for a man’s name. Unlike the names in *Ikea*, the words “mister” and “master” are not substantially different as to the idea or concept they convey.

[50] This last statutory factor favours the Plaintiff. The degree of resemblance between the Plaintiff’s trade-marks and the business and trade names of the Defendant, especially as used on their respective websites, is such that there is a likelihood of confusion amongst potential consumers of transmission services in the Orillia area. A somewhat hurried consumer with imperfect recollection of the Plaintiff’s trade-marks who is ordinarily cautious, but who does not pause to examine closely the similarities or differences between those trade-marks and the Defendant’s trade or business names, might well be confused as to who is actually offering the transmission services.

H. *Surrounding Circumstances*

[51] Subsection 6(5) of the *Act* requires that “all the surrounding circumstances” must be considered in determining whether trade-marks or trade names are confusing. The factors explicitly listed in subsection 6(5) are not exhaustive of what surrounding circumstances may be relevant or determinative in a particular case. Surrounding circumstances may include evidence of actual confusion. As noted by the Court of Appeal in *Christian Dior*:

[19] ...While the relevant issue is "likelihood of confusion" and not "actual confusion", the lack of "actual confusion" is a factor which the courts have found of significance when determining the "likelihood of confusion". An adverse inference may be drawn when concurrent use on the evidence is extensive, yet no evidence of confusion has been given by the opponent. (See *Pink Panther*, supra, at paragraph 36; *Multiplicant Inc. v. Petit Bateau Valton S.A.* (1994), 55 C.P.R. (3d) 372 (F.C.T.D.); *Bally Schuhfabriken AG/Bally's Shoe Factories Ltd. v. Big Blue Jeans Ltd.* (1992), 41 C.P.R. (3d) 205 (F.C.T.D.); *Monsport Inc. v. Vêtements de Sport Bonnie* (1978) *Ltée* (1988), 22 C.P.R. (3d) 356 (F.C.T.D.).)

[52] Surrounding circumstances may also include consideration of the existence of other trade-marks or trade names which use features of either parties' trade-marks or trade names (see: e.g., *Advance Magazine Publishers Inc v Farleyco Marketing Inc*, 2009 FC 153 at para 104, 175 ACWS (3d) 215). The evidence in this case suggests the words “mister” and “master” are associated with and used in the automotive industry with reference to goods and services other than transmission services. Despite there being a transmission service provider in Georgetown, Ontario, called “Auto-Master Transmission Automatic”, that business name does not infringe the Plaintiff’s trade-marks in the same manner as the Defendant’s does because the word “master” is part of a hyphenated word, whereas that of the Defendant prefaces the word “transmission” simply with the word “master.”

[53] Similar names in a telephone directory can also be an aspect of the surrounding circumstances in assessing the likelihood of confusion. In *Mr. Submarine*, the Court observed:

29 ...In my view it is not unlikely that someone, whether vaguely or even precisely, familiar with MR. SUBMARINE on looking for it in a telephone directory whether it is not listed ... and finding MR. SUBS'N PIZZA could mistakenly conclude that the name, if not indeed that of the appellant, was in some way associated with MR. SUBMARINE as licensee or otherwise. The same applies where they appear close together in ordinary telephone listings. ... It follows in my view that the appellant's trade mark is infringed by the respondent's use of its trademarks and trade names.

[54] In this case, the Yellow Pages listing in the joint trial record shows Master's name immediately above that of Mister; there is, for instance, no intervening name listed.

[55] Proof of actual confusion or the absence of such confusion over a long period of time is "a very weighty factor that must be considered as part of the surrounding circumstances" (*Phillip Morris*, at para 59). In this case, the confusion evidence adduced at trial shows some minimal confusion among third parties during the five years or so since Master started its business. The Plaintiff was unable to produce any evidence of actual confusion by which a purchaser of transmission services had mistaken Master's services for those of Mister, although the Plaintiff did adduce some evidence of confusion among courier delivery personnel, something which may be considered as evidence of actual confusion (see, e.g. *Precision Door & Gate Services Ltd v Precision Holdings of Brevard Inc.*, 2012 FC 496, at paras 36-37). The absence of actual confusion among consumers of transmission services leans in Master's favour.

[56] Nevertheless, in the circumstances of this case, an adverse inference should not be drawn from the lack of evidence of actual confusion. Such evidence is not necessary to establish an infringement of the Plaintiff's trade-marks. The relevant issue is "likelihood of confusion" and not "actual confusion."

[57] It is the likelihood of confusion, not actual confusion, which is the test. If ordinary, casual consumers of transmission services in the Orillia area, somewhat in a hurry, are likely to be misled about the source of such services, the statutory test is met. Mister and Master are each engaged in the provision of transmission services and have similar sounding names, particularly when the emphasis is placed on the first words of the name. Despite the limited distinctiveness of Mister's trade-marks because of a lack of originality, its trade-marks have gained substantial distinctiveness over several decades. Mister and Master each operate a business offering transmission services to consumers in the Orillia area and the nature of the trade and their markets overlap. In short, I find that there is a likelihood of confusion between the Plaintiff's trade-marks and the Defendant's trade and business names.

V. Other Issues

[58] The Plaintiff requests a declaration that the Defendant has passed off its services as those of the Plaintiff. However, making such a declaration is not warranted in the circumstances of this case because the Plaintiff has not adduced sufficient evidence as to any depreciation of goodwill, deception of the public due to a misrepresentation, and actual or potential damage to the Plaintiff (see: *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 SCR 120, page 132, 1992 CanLII 33 (SCC)). Although the Plaintiff here does not necessarily need to prove any such

misrepresentation because of the Court's finding there is a likelihood of confusion (see: David Cameron ed., *Canadian Trade-Mark Law Benchbook*, 2nd ed, (Toronto: Carswell, 2014) at p 201), it still needs to establish that the Defendant has depreciated the value of the goodwill in the Plaintiff's trade-marks and that there is some actual or potential damage.

[59] The Plaintiff has not adduced evidence of any depreciation in the value of the goodwill in its trade-marks, and there is no evidence before the Court that Mister has lost control over its reputation, image, or goodwill. Furthermore, there is no evidence of any loss of business by Mister (save for Mr. Gilks being taken by the tow truck driver to Master's location), and there is no evidence before the Court that the Defendant actually used any of the Plaintiff's trade-marks (*BMW Canada Inc. v Nissan Canada Inc.*, 2007 FCA 255, at paras 33-37, 159 ACWS (3d) 275).

[60] As to the Plaintiff's other requests for declarations and orders as against the Defendant set forth in paragraph 1 of its thrice Amended Statement of Claim, I find these to be either unnecessary or not borne out by the evidence before the Court. In particular, the Plaintiff's request for punitive and exemplary damages is not warranted because there is no evidence before the Court of any actions or conduct on the Defendant's part demanding such damages.

Accordingly, these requests are refused.

VI. Conclusion

[61] In view of the foregoing, the Court determines and declares that:

- (a) The Defendant has infringed the Plaintiff's trade-marks contrary to paragraph 20(1)(a) of the *Act*;

- (b) The Defendant has directed public attention to its goods, services or business in such a way as to cause or be likely to cause confusion contrary to paragraph 7(b) of the *Act*; and
- (c) The Plaintiff is entitled to an interim and permanent injunction restraining the Defendant from:
 - i. further infringing the Plaintiff's trade-marks;
 - ii. using the words "Master Transmission" or a design confusing with the Plaintiff's registered trade-marks;
 - iii. drawing or directing public attention to the Defendant's business in any manner likely to cause confusion with the Plaintiff's registered trade-marks;
 - iv. passing off the Defendant's services as and for those of the Plaintiff; and
 - v. representing in any manner that the Defendant is associated with the Plaintiff or a licensee of any of the Plaintiff's trade-marks.
- (d) The Plaintiff is further entitled to an accounting and such damages as may be determined upon hearing of the Quantification Issues as stated and defined in the Order dated October 18, 2015, providing for the bifurcation of the liability and damages phases of this action.

[62] In addition, the Defendant is ordered and directed at its own cost and expense to amend or cause to be amended forthwith:

- (a) all of its advertising and signage visible to members of the public so as to remove any reference to Master Transmission; and
- (b) all websites and all text, code, meta-tags, titles, advertisements and any other means of promoting Master Transmission on the internet or directing internet users to the Defendant's website in lieu of the Plaintiff's website.

[63] There is no basis for an award of costs on a solicitor-client or substantial indemnity basis in view of the circumstances of this case. The Plaintiff shall have its costs of this action in such amount as may be agreed to by the parties. If the parties are unable to agree as to the amount of such costs within 15 days of completion of the Quantification Phase of this action, either party shall thereafter be at liberty to apply for an assessment of costs in accordance with the Federal Courts Rules, SOR/98-106, *[Rules]*.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The action as against the individual Defendants, Marc Picard and Michael Urquhart, be and is hereby dismissed as per the Court's Order dated March 3, 2016.

2. The Defendant shall be and is hereby enjoined and restrained from:
 - a. further infringing the Plaintiff's trade-marks;
 - b. using the words "Master Transmission" in any existing or future trade-mark or trade name adopted by the Defendant or using a design confusing with the Plaintiff's registered trade-marks;
 - c. drawing or directing public attention to the Defendant's business in any manner likely to cause confusion with the Plaintiff's registered trade-marks;
 - d. passing off the Defendant's services as and for those of the Plaintiff; and
 - e. representing in any manner that the Defendant is associated with the Plaintiff or a licensee of any of the Plaintiff's trade-marks.

3. The Defendant is ordered and directed at its own cost and expense to amend or cause to be amended forthwith:
 - a. all of its advertising and signage visible to members of the public so as to remove any reference to Master Transmission; and

- b. all websites and all text, code, meta-tags, titles, advertisements and any other means of promoting Master Transmission on the internet or directing users of the internet to the Defendant's website in lieu of the Plaintiff's website.

4. The Plaintiff is and shall be entitled to an accounting and such damages as may be determined upon hearing of the Quantification Issues as stated and defined in the Court's Order dated October 18, 2015, providing for the bifurcation of the liability and damages phases of this action.

5. The Plaintiff shall have its costs of this action in such amount as may be agreed to by the parties. If the parties are unable to agree as to the amount of such costs within 15 days of completion or abandonment of the Quantification Phase of this action, either party shall thereafter be at liberty to apply for an assessment of costs in accordance with the *Rules*.

"Keith M. Boswell"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-64-11

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MARC PICARD and MICHAEL URQUHART

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DATED: MARCH 30, 2016

APPEARANCES:

Michael Adams
Laughlin Campbell

FOR THE PLAINTIFF

Wesley Jackson

FOR THE DEFENDANTS

SOLICITORS OF RECORD:

Riches, McKenzie & Herbert LLP
Barristers and Solicitors
Toronto, Ontario

FOR THE PLAINTIFF

Campbell Bader LLP
Barristers and Solicitors
Mississauga, Ontario

Wesley Jackson Profession
Corporation
Brampton, Ontario

FOR THE DEFENDANTS