

Federal Court



Cour fédérale

**Date: 20221223**

**Docket: T-1184-20**

**Citation: 2022 FC 1794**

**Ottawa, Ontario, December 23, 2022**

**PRESENT: Mr. Justice McHaffie**

**BETWEEN:**

**BLOSSMAN GAS, INC.**

**Applicant**

**and**

**ALLIANCE AUTOPROPANE INC.**

**Respondent**

**JUDGMENT AND REASONS**

**I. Overview**

[1] The outcome of this application turns on three principles of Canadian trademark law:

(1) a trademark licensee is not entitled to register the licensor's trademark in the licensee's own name; (2) a person is not entitled to register a trademark that is confusing with a trademark

previously used in Canada by another; and (3) absent bad faith, an existing trademark

registration constitutes a defence to a claim in passing off for the registrant's use of the registered mark.

[2] Alliance Autopropane Inc [AAP] obtained the right to use the trademark ALLIANCE AUTOGAS as a sublicensee of Blossman Gas, Inc. While still a sublicensee, AAP applied to register in its own name the ALLIANCE AUTOGAS Design trademark used by Blossman. It also applied to register three other design trademarks incorporating the words ALLIANCE and AUTOPROPANE [the AAP Marks]. Blossman brings this application to strike these four trademark registrations from the Trademark Register, and to stop AAP from using the AAP Marks and the trademark and trade name ALLIANCE AUTOPROPANE.

[3] For the reasons given below, I conclude that AAP was not the person entitled to register the trademarks at issue, as they were confusing with Blossman's ALLIANCE AUTOGAS trademarks, which Blossman had used in Canada through licensees prior to AAP's adoption of its trademarks. Contrary to AAP's arguments, Blossman had sufficient control over the quality or character of its licensee's services that their use accrued to Blossman's benefit, and Blossman did not acquiesce in AAP's use of the AAP Marks so as to be precluded from seeking relief. The trademarks will therefore be struck from the Register.

[4] I also conclude AAP applied to register the trademark ALLIANCE AUTOGAS and Design (TMA954,034) in bad faith, as that term is used in paragraph 18(1)(e) of the *Trademarks Act*, RSC 1985, c T-13. The effect of this determination is that the registration is invalid *ab initio* and is not a defence to Blossman's claim of passing off as they relate to this trademark, a claim which I find to be established. However, the other trademark registrations constitute a defence to Blossman's passing off claims as they relate to the past use of the AAP Marks.

[5] Damages are awarded to Blossman in the amount of \$20,000 for passing off as a result of AAP's continued use of the ALLIANCE AUTOGAS Design after the expiry of its license to do so. In addition, while a bad faith registration does not necessarily warrant a punitive damages claim, I conclude that punitive damages of \$5,000 are justified in the circumstances. An injunction preventing the future use of the ALLIANCE AUTOGAS Design, the AAP Marks, and the trademark and trade name ALLIANCE AUTOGAS is also warranted.

[6] The application is therefore granted in part, with costs payable to Blossman in the amount of \$31,662.

## II. Issues

[7] Blossman raises the following issues on this application, which I have slightly restated:

- A. Are Canadian trademark registrations TMA954,034; TMA916,456; TMA916,457; and/or TMA916,409 invalid?
- B. Has AAP engaged in passing off?
- C. If so, what remedies are appropriate?

[8] Within these issues, a number of sub-issues arise, including each party's challenges to the evidence and AAP's allegations that Blossman acquiesced in AAP's conduct, did not use its trademarks in Canada, and did not control the character or quality of its licensee's services. I will address these issues as they arise in the context of the three primary issues raised by Blossman.

III. Analysis

A. *The Canadian Trademark Registrations are Invalid*

(1) The trademark registrations at issue

[9] Details of the four trademark registrations held by AAP that Blossman seeks to invalidate are as follows:

**TMA954,034 [the '034 Mark]**



Application No: 1,693,995  
Filing Date: September 16, 2014  
Registration Date: November 2, 2016

*[Description of image: A largely horizontal mark is represented. To the left and occupying about one-fifth of the length of the mark is a design element consisting of a flame motif overlapping with a leaf motif. To the right and occupying the remaining four-fifths of the length of the mark, the words ALLIANCE AUTOGAS are written in block capitalized case letters above the words POWERED BY PROPANE in smaller block uppercase letters.]*

**TMA916,456 [the '456 Mark]**



Application No: 1,693,993  
Filing Date: September 16, 2014  
Registration Date: October 5, 2015

*[Description of image: A design resembling a stylized quadrilateral arrowhead or a stylized letter A appears above the word ALLIANCE in block uppercase letters, which is in turn above the word AUTOPROPANE, with the AUTO portion in block uppercase letters and the PROPANE portion in block lower case letters.]*

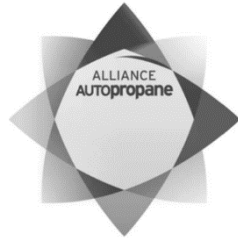
**TMA916,457 [the '457 Mark]**



Application No: 1,693,991  
Filing Date: September 16, 2014  
Registration Date: October 5, 2015

*[Description of image: A largely horizontal mark is represented. To the left and occupying about one-fifth of the length of the mark is the same stylized A motif in the '456 Mark, appearing above the word ALLIANCE in small block uppercase letters. To the right and occupying the remaining four-fifths of the length of the mark, the word AUTOPROPANE, with the AUTO portion in block uppercase letters and the PROPANE portion in block lowercase letters, appears in larger text above the words LE PLUS GRAND RÉSEAU D'AUTOPROPANIERS EN AMÉRIQUE in small block uppercase letters.]*

**TMA916,409 [the '409 Mark]**



Application No: 1,693,992  
Filing Date: September 16, 2014  
Registration Date: October 5, 2015

*[Description of image: The mark consists of an eight-pointed star-shaped design with an octagonal negative space in the centre. The star is made up of overlapping stylized triangular shapes of different shades of grey. The top point of the star design reproduces the stylized A motif appearing in the '456 Mark. At the top of the internal octagonal space, the word ALLIANCE in block uppercase letters appears above the word AUTOPROPANE, with the AUTO portion in block uppercase letters and the PROPANE portion in block lowercase letters.]*

[10] Following the nomenclature of the parties, I will refer to the '456 Mark, the '457 Mark, and the '409 Mark, which incorporate the words ALLIANCE and AUTOPROPANE, collectively as the “AAP Marks.” For ease of reference, I will refer to the design that appears in the '456 Mark and the '457 Mark, and at the top of the star design in the '409 Mark as the “stylized ‘A’ motif.”

[11] The four marks are registered for use in association with the same list of services associated with propane-powered vehicles. The full list of these services is set out in Appendix “A”. While a number of services are listed, they all fall into one of two general categories: (i) services related to the sale, installation, and maintenance of propane conversion systems, such as [TRANSLATION] “*Assembly of propane gas conversion systems for vehicles*”;

and (ii) services related to propane filling stations, such as [TRANSLATION] “*Operation of propane gas filling stations for vehicle gas tanks.*”

(2) The parties and their affiants

[12] Blossman is a Mississippi company, founded in 1951. It offers propane gas delivery and propane appliances such as water heaters, grills, and fireplaces. Blossman describes itself as the largest family-owned propane business in the United States of America. In support of this application, Blossman filed the affidavit of Edward Hoffman. At the time of his affidavit, Mr. Hoffman was an employee of Blossman and president of a Blossman subsidiary, Blossman Services, Inc, which delivered Blossman’s vehicle equipment business. Mr. Hoffman joined Blossman in June 2014, having previously been with a company named Keystone Automotive Operations, Inc, which was a client of Blossman.

[13] AAP is a Quebec company, founded in 2013. It is co-owned by two other Quebec companies: 9049-1135 Québec Inc, dba Propane du Suroît, which is controlled by Marquis Grégoire Jr; and Solugaz Inc, which is controlled by Rock Boulianne. Mr. Grégoire and Mr. Boulianne are co-presidents of AAP. Mr. Grégoire swore an affidavit on behalf of AAP.

[14] Mr. Hoffman and Mr. Grégoire were each cross-examined on their affidavits. The following recitation of the facts leading to this application is drawn from the affidavits, the cross-examination transcripts, and the documents produced in response to undertakings on the cross-examinations.

(3) Facts leading to this application

(a) *The Alliance AutoGas program*

[15] In 2009, Blossman began promoting and selling propane as a vehicle fuel in the United States under the name Alliance AutoGas. Mr. Hoffman states that “autogas” is used in the industry as a synonym for propane used to fuel cars, and Mr. Grégoire similarly confirmed that he understood the word autogas in the ALLIANCE AUTOGAS Design to refer to propane. In addition to distributing and selling propane as a fuel, the Alliance AutoGas program helps customers who have vehicle fleets—such as taxi companies, delivery companies, and governments—convert vehicles in those fleets from gasoline-powered to propane-powered or bi-fuel vehicles. The program includes installation of vehicle conversion systems, as well as refueling infrastructure and fuel supply.

[16] The Alliance AutoGas program is centred in North Carolina, where Mr. Hoffman worked. Stuart Weidie, the President and CEO of Blossman, has been the President of Alliance AutoGas since its creation in 2009.

[17] Since about June 2009, Blossman has maintained a website at <allianceautogas.com> in connection with the Alliance AutoGas program. The website describes Alliance AutoGas as a network of independent propane marketers and conversion centers, founded by Blossman. Screenshots from the website over time show that Blossman has used the trademark ALLIANCE AUTOGAS in association with the program and business since 2009. The trademark is often

represented with the slogan POWERED BY PROPANE in the following graphic form, which I will refer to as the “ALLIANCE AUTOGAS Design”:



*[Description of inserted diagram: The same mark as the '034 Mark above, but in colour. To the left and occupying about one-fifth of the length of the mark is a design element consisting of a flame motif in four shades of blue overlapping with a leaf motif in two shades of green. To the right and occupying the remaining four-fifths of the length of the mark, the words ALLIANCE AUTOGAS are written in dark blue block capitalized case letters above the words POWERED BY PROPANE in dark blue smaller block uppercase letters.]*

(b) *Agreement between Blossman and Caledon Propane Inc*

[18] On August 1, 2012, Blossman entered an “Alliance AutoGas Dealer Agreement” with Caledon Propane Inc, a propane company based in Ontario [Blossman-Caledon Agreement]. Under the Blossman-Caledon Agreement, Caledon was given the exclusive right as Dealer to use the “Alliance AutoGas name and marks” with respect to its Alliance AutoGas customers and business in Ontario, Manitoba, and Quebec. Section 1(a) of the Blossman-Caledon Agreement, which relates to trademark rights and termination, reads as follows:

1.(a) To the extent permitted by applicable law, Dealer shall have the exclusive right to utilize the Alliance AutoGas name and marks with respect to its Alliance AutoGas customers and business within the Dealer’s Exclusive Area so long as this Agreement is in effect. Such right of use shall terminate immediately upon termination or expiration of this Agreement. Dealer shall also have the exclusive right to use any successor or related tradenames and marks developed by Blossman with respect to its Alliance AutoGas business within the Dealer’s Exclusive Area during the term of this Agreement. Blossman hereby represents and warrants that it is the sole owner of the tradenames and marks described in this Agreement and has the exclusive right to grant to Dealer the right to use them as described in this Agreement, and that such tradenames and marks will not violate or otherwise infringe the trademark or other intellectual property rights of any third party.



Dealer may use the word *AutoGas* after expiration or termination of this Agreement as a name or mark in association with any business so long as Dealer does not use the word “Alliance” (or any word confusingly similar thereto) together with the word “AutoGas”.

[Underline added; italics in original.]

[19] According to Mr. Hoffman, after signing the Blossman-Caledon Agreement, Caledon established propane supply facilities in Canada branded with the ALLIANCE AUTOGAS trademarks, including one on Martin Grove Road in Toronto and others in Cornwall and Moncton. Mr. Hoffman also states that another company, Canwest Propane of Alberta, was licensed in 2013 and offered propane and conversion systems in association with the ALLIANCE AUTOGAS trademarks in Western Canada. AAP challenges the quality and nature of Mr. Hoffman’s evidence on these issues, and claims Blossman has not proved it has used or controlled the use of the ALLIANCE AUTOGAS trademarks in Canada. These issues are discussed below under the heading “Use of the ALLIANCE AUTOGAS trademarks in Canada.”

(c) *Propane du Suroît and AAP*

[20] In the summer of 2013, Mr. Grégoire was looking for information about the benefits of joining the Alliance AutoGas network. He called David Finder, then the National Energy Programs Manager at Blossman, after getting his name from the Alliance AutoGas website. Mr. Finder told Mr. Grégoire that Blossman had an agreement with Caledon with respect to Canada, and referred him to Hugh Sutherland Jr at Caledon.

[21] Mr. Grégoire spoke with Mr. Sutherland and by August 2013, they had reached an agreement for Caledon to assign its rights to Alliance AutoGas in Quebec to Propane du Suroît or a company owned by Propane du Suroît. There is no dispute that the new company owned by Propane du Suroît turned out to be AAP, which was incorporated a week before Mr. Grégoire signed the agreement on August 23, 2013. I will therefore simply refer to the agreement as the “Caledon-AAP Agreement” and to AAP as the party to the agreement.

[22] The Caledon-AAP Agreement was a brief letter agreement that attached a copy of the Blossman-Caledon Agreement. Under the Caledon-AAP Agreement, among other terms, AAP (i) would become a “member of Alliance AutoGas/AutoGaz for the territory of Quebec”; (ii) agreed to develop the Quebec market; and (iii) agreed to follow the Blossman-Caledon Agreement. The term of the Caledon-AAP Agreement was to be identical to the Blossman-Caledon Agreement. In signing the Caledon-AAP Agreement, Mr. Grégoire initialed each page of the Blossman-Caledon Agreement and signed a copy of it on behalf of Propane du Suroît.

[23] According to Mr. Hoffman, Blossman was not aware of the negotiations between Caledon and Propane du Suroît. However, by email dated September 13, 2013, Mr. Sutherland told Mr. Finder of Blossman that Caledon had reached an agreement with Propane du Suroît, which would be “looking after Quebec for Caledon Propane.” Mr. Finder welcomed Mr. Grégoire and invited him and Mr. Boulianne to a meeting in Mississippi.

[24] Later, in May 2015, Mr. Finder wrote to Messrs. Sutherland, Grégoire, and Boulianne, noting that “Alliance Propane is under Caledon at this time. (Per agreement between Caledon

and Alliance AutoGas / Blossman Gas).” This appears to have been the understanding of all parties at the relevant times, namely that AAP was a sublicensee of Blossman pursuant to the Caledon-AAP Agreement.

(d) *Development of the AAP Marks*

[25] In 2013, AAP engaged a marketing company named Soleil to develop design trademarks and marketing material. Soleil prepared the logos that are represented in the AAP Marks, including the stylized ‘A’ motif in the ’456 and ’457 Marks and the eight-pointed star design in the ’409 Mark.

[26] As part of its work, Soleil delivered to AAP a form of proposal document or brochure entitled “*IMAGINONS...*” [“LET’S IMAGINE...”], which is dated December 16, 2013. It is clear from this document that the AAP Marks were developed using the ALLIANCE AUTOGAS Design as a starting point. While AAP contests this, the document contains consecutive pages that (i) reproduce the ALLIANCE AUTOGAS Design, together with a version of the ALLIANCE AUTOGAS Design in which the words ALLIANCE AUTOGAS are replaced by the words ALLIANCE AUTOPROPANE; and (ii) show a design progression from the flame and leaf elements of the ALLIANCE AUTOGAS Design to an early version of the stylized ‘A’ motif found in the AAP Marks, which is represented in blue and green.

[27] The Soleil document also includes a list of the company’s [TRANSLATION] “main strengths.” The first of these was [TRANSLATION] “[m]embership in the vast Alliance AutoGas North American network.” There seems little doubt based on the evidence as a whole, including

the marketing materials, the timing of the adoption of the name, and the absence of any other explanation put forward by AAP, that the word ALLIANCE was included in both AAP's name and in its trademarks because of, and in order to highlight, the connection with Blossman and the Alliance AutoGas network.

[28] The December 2013 Soleil design proposal document also shows an initial version of a trademark similar to the '457 Mark, incorporating the phrase "*Le plus grand réseau d'autopropaniers en Amérique*" ["America's largest autopropane retailers network," a translation Mr. Grégoire accepted as fair]. The document does not show the star-shaped design of the '409 Mark, although it appears in a later design style guide dated October 10, 2014.

[29] AAP applied to register the AAP Marks, as well as the '034 Mark, on September 16, 2014. Mr. Grégoire agreed on cross-examination that AAP did not advise Blossman that it was applying to register the AAP Marks or the '034 Mark. Mr. Hoffman's evidence was that Blossman was not aware of the applications, either when they were made or when they were advertised.

(e) *Termination of the Caledon-AAP Agreement and enforcement efforts*

[30] On June 14, 2016, Superior Propane acquired Caledon. The parties appear to agree that this resulted in the termination of the Blossman-Caledon Agreement and thus the Caledon-AAP Agreement. AAP, in any event, does not assert that those agreements continue to be in force, that it has any ongoing rights under either the Blossman-Caledon Agreement or the Caledon-AAP Agreement, or that it has any rights by virtue of an agreement with Superior Propane.

[31] In an internal email dated June 23, 2016, Mr. Finder told another Blossman employee he had “written Alliance Autopropane to stop associating themselves with Alliance AutoGas as there is no agreement.” However, there is no copy of a letter or email from Mr. Finder to AAP in June 2016 in the record. On September 8, 2016, Blossman’s US lawyers wrote to AAP demanding it cease use of the “Alliance AutoGas trademark and trade name” and cease identifying itself as a member of the Alliance AutoGas network. As AAP points out, this letter did not demand that it cease use of the name “Alliance Autopropane,” the AAP Marks, or the word ALLIANCE.

[32] There were apparently settlement discussions that followed this letter that did not end in resolution. On August 31, 2018, Blossman’s Canadian lawyers wrote to AAP. In this letter, Blossman asserted its rights in the ALLIANCE AUTOGAS Design, noted that AAP had registered the ALLIANCE AUTOGAS and Design mark, and demanded that AAP, among other things: (i) cease using the ALLIANCE AUTOGAS Design or any trademark confusing with it; (ii) assign the ’034 Mark to Blossman; and (iii) refrain from using the statement “THE LARGEST AUTO PROPANE NETWORK IN NORTH AMERICA” in any promotional material. Again, other than the reference to confusing trademarks, no specific reference was made to the AAP Marks or the use of the name Alliance Autopropane. AAP relies on this fact in its acquiescence arguments, discussed below.

[33] Again, there were apparently unsuccessful efforts to resolve matters, and this application was commenced on October 5, 2020.

(4) Acquiescence

[34] Before turning to the merits of Blossman's invalidity arguments, I will address AAP's argument that Blossman cannot obtain the relief it seeks, including both invalidation and injunctive relief, because it has acquiesced in AAP's use and registration of the AAP Marks. There is an open question as to whether the equitable defences of laches and acquiescence are available in response to an expungement application based on the statutory grounds of non-entitlement: *Precision Door & Gate Service Ltd v Precision Holdings of Brevard, Inc*, 2012 FC 496 at para 43, citing *Ling Chi Medicine Co (HK) Ltd v Persaud*, 1998 CanLII 31084 (FCA) at para 2 [*Ling Chi (FCA)*]. Assuming, without deciding, that a defence of acquiescence is available, in my view, AAP's argument that Blossman has acquiesced in this case cannot succeed.

[35] Acquiescence is an equitable doctrine that may preclude a trademark owner from obtaining relief where it has consented to a breach of its rights and the breaching party has detrimentally relied on that consent: *Boston Pizza International Inc v Boston Market Corp*, 2003 FC 892 at paras 42–48. Justice Zinn of this Court recently reviewed the jurisprudence regarding acquiescence in trademark law: *Norsteel Building Systems Ltd v Toti Holdings Inc*, 2021 FC 927 at paras 32–36. As Justice Zinn noted, mere delay is insufficient to establish a defence of acquiescence: *Norsteel* at para 36. Rather, the rights holder must do something to encourage the wrongdoer, and the wrongdoer must act to its detriment in reliance on that encouragement: *Norsteel* at paras 33–35, citing *Institut national des appellations d'origine des vins et eaux-de-vie et al v Andres Wines Ltd et al*, 1987 CanLII 4051, [1987] OJ No 644 (SC) at para 210, aff'd 1990

CanLII 6726 (ON CA), leave to appeal to SCC refused, [1991] 1 SCR x (note); *White Consolidated Industries, Inc v Beam of Canada Inc*, [1991] FCJ No 1076 (TD); and *Remo Imports Ltd v Jaguar Canada Ltd*, 2005 FC 870 at para 53; see also *Boston Pizza* at paras 42–45; *Precision Door* at para 44.

[36] In support of its acquiescence argument, AAP points to the parties' commercial relationship beginning in 2013; its use of the ALLIANCE AUTOPROPANE name, the AAP Marks, and the '034 Mark since that date or shortly thereafter; and its application to register the marks in 2014. It argues that Blossman did not assert its rights until the commencement of these proceedings in 2020, after AAP had been using the marks to Blossman's knowledge for many years and had obtained their registration.

[37] In my view, AAP has failed to show any encouragement or consent that would constitute acquiescence. With respect to use prior to 2016, AAP was a sublicensee of Blossman at this time, and was recognized by both Blossman and AAP as such. A licensee cannot reasonably point to its use of the licensed trademarks or any confusing trademarks during the period of a license as evidence of the licensor's acquiescence.

[38] After the Blossman-Caledon Agreement terminated in 2016, Blossman wrote to AAP, asserting its trademark rights. Even leaving aside Mr. Finder's apparent communication in June 2016, about which there is little information on the record, Blossman had asserted its rights by the time its US lawyers wrote to AAP in September 2016, and again when its Canadian lawyers wrote to AAP in August 2018.

[39] AAP relies on the fact that neither the US nor the Canadian demand letters expressly asks AAP to stop using the word ALLIANCE, the name ALLIANCE AUTOPROPANE or the AAP Marks. Rather, the letters are focused on the ALLIANCE AUTOGAS Design and the '034 Mark, despite Blossman's awareness of AAP's use of ALLIANCE AUTOPROPANE. Indeed, the Canadian lawyer's letter even refers to the THE LARGEST AUTO PROPANE NETWORK IN NORTH AMERICA slogan appearing on AAP's website, without referring to the '457 Mark that incorporates the French version of the slogan.

[40] It is certainly difficult to explain why Blossman, if it considered the ongoing use of ALLIANCE AUTOPROPANE or the AAP Marks to be confusing, or it considered the AAP Marks to be invalid, did not include express reference to those concerns in either the US or Canadian lawyers' letters. Blossman's Canadian counsel, who represented it on this application, was unable to explain this, other than to refer to the broad demand that AAP refrain from using any trademark confusing with the ALLIANCE AUTOGAS Design trademark, and to the existence of subsequent settlement discussions "relating to the marks at issue in this litigation."

[41] Notwithstanding the absence of an express demand in the lawyers' letters, I conclude that there is no evidence that Blossman encouraged, or even consented to, AAP's ongoing use of ALLIANCE AUTOPROPANE or the AAP Marks. As Blossman notes, a demand was issued to AAP not to use confusing trademarks. In the context, I cannot conclude that Blossman focusing on the ALLIANCE AUTOGAS Design in its enforcement efforts constitutes acquiescence to the use of ALLIANCE AUTOPROPANE or the AAP Marks. At most, it may have delayed its enforcement steps as they relate to that mark, which is not acquiescence: *Norsteel* at para 36.



While that delay may have an effect on damages, as we shall see, it does not prevent Blossman from seeking relief in this application including the invalidation of the trademarks or injunctive relief.

(5) Statutory framework and grounds of invalidity

[42] Blossman’s request to strike the four registered trademarks at issue from the Trademark Register is brought pursuant to subsection 57(1) of the *Trademarks Act*. That section permits this Court to strike out an entry in the Register on the application of “any person interested,” where the entry does not accurately define the existing rights of the registered owner. I accept Blossman’s contention that it falls within the broad definition of “person interested,” which has been described as a *de minimis* threshold: *Yiwu Thousand Shores E-Commerce Co Ltd v Lin*, 2021 FC 1040 at para 22; *Vancouver Association for Injured Motorcyclists v Alliance for Injured Motorcyclists Canada*, 2010 FC 1207 at para 10; *Norsteel* at paras 13–21. In bringing an application under section 57, Blossman has the onus to show the registrations are invalid on a balance of probabilities: *Havana House Cigar & Tobacco Merchants Ltd v Skyway Cigar Store*, 1998 CanLII 7773 (FC) at para 43, varied on other grounds, 1999 CanLII 9100 (FCA).

[43] The Court may make an order striking out a trademark registration under section 57 of the *Trademarks Act* where the registration is invalid under section 18: see, *e.g.*, *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 114; *Norsteel* at paras 1, 9–10, 76.

Subsection 18(1) sets out five circumstances in which a trademark registration will be invalid:

**When registration invalid****Quand l'enregistrement est invalide**

**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 :

**(a)** the trademark was not registrable at the date of registration;

**a)** la marque de commerce n'était pas enregistrable à la date de l'enregistrement;

**(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;

**(c)** the trademark has been abandoned;

**c)** la marque de commerce a été abandonnée;

**(d)** subject to section 17, the applicant for registration was not the person entitled to secure the registration; or

**d)** sous réserve de l'article 17, l'auteur de la demande n'était pas la personne ayant droit d'obtenir l'enregistrement;

**(e)** the application for registration was filed in bad faith.

**e)** la demande d'enregistrement a été produite de mauvaise foi.

[44] Blossman relies on paragraphs 18(1)(b), (d), and (e), that is to say on grounds of distinctiveness, entitlement, and—in respect of the '034 Mark only—bad faith. It puts forward its arguments on entitlement and bad faith before its distinctiveness arguments, and I will address them in this order.

(6) AAP was not entitled to register the trademarks

[45] As set out above, a trademark registration is invalid if the applicant was not the person entitled to secure the registration: *Trademarks Act*, s 18(1)(d). The “person entitled to secure the registration” referred to in paragraph 18(1)(d) is defined by section 16, which governs entitlement to registration. Subsection 16(1) reads as follows:

**Entitlement to registration**

**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

**Droit à l’enregistrement**

**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.]

[46] The foregoing (current) version of section 16 applies in this case even though it came into force after the trademarks at issue were registered: *Trademarks Act*, s 73(1). I note for completeness that while paragraph 18(1)(d) is “subject to section 17,” that section has no application in this case given the identity of the applicant and the timing of the application: *Trademarks Act*, s 17.

(a) *Relevant dates for analysis*

[47] By combined operation of paragraph 18(1)(d) and subsection 16(1), the relevant date for the assessment of invalidity on the basis of entitlement is the earlier of the filing date or the date of first use in Canada. AAP applied for each of the four trademarks at issue on September 16, 2014. In the case of the '034 Trademark, the application was filed on the basis of proposed use, suggesting that it had not been used by that date. While Mr. Grégoire stated in his affidavit that the '034 Trademark, among others, had been used online since at least the summer of 2014, AAP clarified in response to undertakings that the mark was first used on its website in April 2015. As there is no evidence of a prior use in other circumstances, the date of application is the earlier date and therefore the relevant date.

[48] For each of the AAP Marks, Mr. Grégoire's evidence is that they were used since at least the summer of 2014. This is consistent with the trademark applications, which identify various dates of first use between May 20 and August 15, 2014, for the different services identified in the applications, and the 2013–2014 dates of the marketing materials. Neither party argued the confusion analysis was any different, or would yield any different result, based on the difference between May and September 2014. For the sake of my analysis, I will use May 20, 2014, as the relevant date for the AAP Marks. In doing so, I should not be taken to accept that AAP “used” the trademarks within the meaning of section 4 of the *Trademarks Act* at a time when it was a sublicensee of Blossman: see, e.g., *Citrus Growers Assn Ltd v William D Branson Ltd*, [1990] 1 FC 641 at pp 646–647 and the discussion below regarding subsection 50(1) of the *Trademarks Act* and use by distributors or licensees.

[49] As of these relevant dates, AAP would not have been entitled to registration, and the trademark registrations at issue will therefore be invalid, if the trademarks were confusing with a trademark that Blossman had previously used or made known in Canada or a trade name Blossman had previously used in Canada: *Trademarks Act*, ss 16(1)(a), (c); 18(1)(d). I will therefore turn next to the issue of whether Blossman has established that it used its trademarks in Canada by the relevant dates.

(b) *Use of the ALLIANCE AUTOGAS trademarks in Canada*

[50] Blossman claims it has used the trademarks ALLIANCE AUTOGAS, ALLIANCE AUTOGAS POWERED BY PROPANE, and ALLIANCE AUTOGAS Design, as well as the trade name ALLIANCE AUTOGAS, in Canada since 2012 through its licensees. As I conclude

that Blossman's allegations regarding the trademarks ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design are determinative, I will focus the analysis below on these trademarks and need not address the use of the trade name or the trademark ALLIANCE AUTOGAS POWERED BY PROPANE: *Masterpiece* at para 61.

[51] A trademark is used in association with services if it is "used or displayed in the performance or advertising of those services": *Trademarks Act*, ss 2 ("use"), 4(2). Where a trademark is used by a licensee and the trademark owner has direct or indirect control of the character or quality of the services, the use has the same effect as use by the owner and accrues to the owner's benefit: *Trademarks Act*, s 50(1).

[52] Blossman's evidence of use in Canada comes in the form of Mr. Hoffman's affidavit and the documents he exhibits to that affidavit. Although Mr. Hoffman did not join Blossman until 2014, he had worked with Blossman since 2012, since his former employer, Keystone, was a Blossman client. As summarized above, Mr. Hoffman's evidence speaks to the use of the ALLIANCE AUTOGAS trademarks in Canada before 2014 by two licensees, Caledon and Canwest. I will address the evidence with respect to each of these in turn, including AAP's criticisms of the evidence, and will then address AAP's other arguments with respect to use, including whether Blossman has established that it controlled the character and quality of the services offered by Caledon and Canwest.

(i) Use by Caledon

[53] Mr. Hoffman asserts that on October 25, 2012, when he was with Keystone, he went to an Esso gas station on Martin Grove Road in Toronto at the invitation of a Caledon employee named George Olah, who was also a vice-president of “Alliance AutoGas Canada.”

Mr. Hoffman states there was an ALLIANCE AUTOGAS branded propane-filling facility at the gas station, that he was able to refuel his Keystone truck with autogas that day, and that taxis and limousines running on autogas refueled at the facility. In connection with this evidence, Mr. Hoffman exhibited to his affidavit two photographs: one of a large propane storage tank bearing the ALLIANCE AUTOGAS Design, attached to a propane filling pump, and one of a Caledon fleet vehicle bearing the ALLIANCE AUTOGAS Design adorned with a maple leaf.

[54] AAP challenges the reliability of this evidence based on Mr. Hoffman’s cross-examination. During this cross-examination, Mr. Hoffman initially stated that he personally took the two pictures, and that the picture of the propane tank was at the Martin Grove location, while the picture of the truck may have been at a nearby Keystone branch location. In response to further questions, Mr. Hoffman said that either he or Mr. Olah might have taken the picture of the propane tank, but that it was from the Martin Grove site. When later presented with an image from Google Maps said to be the Martin Grove location and said to include a building of a different colour (the image in question was not before the Court), Mr. Hoffman clarified his evidence by saying “there were numerous fill sites in that area. Could this be a different fill site? Yes. Looking back at this now, yes.” In re-examination, Mr. Hoffman confirmed that he attended a Caledon site with ALLIANCE AUTOGAS trademarks on a propane tank that was “definitely

in Toronto, definitely in Canada, and definitely photographed by myself, and George Olah has the photographs.”

[55] AAP suggests Mr. Hoffman’s credibility is tainted by this change in evidence. It also notes Mr. Hoffman was unable to speak to the particular dates that the Martin Grove location opened or ceased operating. I agree the cross-examination showed that elements of Mr. Hoffman’s evidence were not as precise as they were originally portrayed to be, and that Mr. Hoffman may have erred or overstated some aspects of his evidence. However, I cannot accept AAP’s submission that this undermines his credibility to the extent of rejecting his evidence in its entirety, given the questions at issue on this application.

[56] In particular, the main question at this stage is whether Blossman, through its licensee Caledon, had used the ALLIANCE AUTOGAS trademarks in Canada before AAP’s use in May 2014. Mr. Hoffman’s evidence, based on direct experience as a customer, was that he had personally seen the trademarks in use in the course of trade in late 2012, both through its appearance at a propane filling station in Toronto and through markings on a Caledon vehicle. The photographic evidence, which shows the use of the ALLIANCE AUTOGAS Design on propane equipment also bearing the name Caledon Propane Inc, is consistent with and confirms this evidence, regardless of who took the photograph, and even if Mr. Hoffman recognized that he was not fully certain whether it represented the Martin Grove location or another location.

[57] These displays of the ALLIANCE AUTOGAS Design constitute the use or display of the trademark in the performance or advertising of the autopropene delivery services offered by



Caledon: *Trademarks Act*, s 4(2). I am satisfied that use of the ALLIANCE AUTOGAS Design trademark also constitutes use of the trademark ALLIANCE AUTOGAS, given that these words are the predominant aspect of the design mark: *Caterpillar Inc v Puma SE*, 2021 FC 974 at para 101, citing *Ridout & Maybee LLP v Omega SA*, 2004 FC 1703 at para 10.

[58] Mr. Hoffman also states that beginning in 2013, Keystone obtained Caledon's assistance in converting Keystone fleet vehicles for use with autogas. These services were provided in Toronto in association with the ALLIANCE AUTOGAS trademarks. This evidence was not disturbed on cross-examination. I am satisfied that this evidence, based on Mr. Hoffman's personal knowledge, is sufficient to show use in 2013 of the ALLIANCE AUTOGAS trademarks in association with the installation of autogas conversion systems.

[59] Mr. Hoffman states that Keystone's converted vehicles were located in Cornwall and Moncton and that he is "aware" that Blossman had set up ALLIANCE AUTOGAS branded fuelling stations in those locations in 2012 or 2013. I am satisfied that Mr. Hoffman would have knowledge of the location of his company's fleet vehicles and the services they were using. However, Mr. Hoffman provides no indication that he personally saw the stations or could speak to the display or use of ALLIANCE AUTOGAS trademarks. Nor does he provide any supporting documentation or photographic evidence in respect of these locations. While the record includes an October 2012 email from Mr. Olah to Mr. Hoffman that is apparently about construction at the Cornwall site, the email neither confirms nor demonstrates the operation of the facility or the use of trademarks there. I am therefore unable to conclude that there is sufficient evidence to

prove there were filling stations in Cornwall or Moncton that used or displayed ALLIANCE AUTOGAS trademarks prior to May 2014.

(ii) Use by Canwest

[60] Mr. Hoffman's affidavit also refers to an agreement between Blossman and Canwest Propane, and states that Canwest used the ALLIANCE AUTOGAS trademarks under license from Blossman beginning in 2013. While Mr. Hoffman did not attach a copy of the agreement, he did attach a one-paragraph article from the website of *LP Gas*, a propane industry publication, dated May 17, 2013. The article states that Canwest had "joined the Alliance AutoGas network" and that it would provide regional fleets in western Canada with a program to switch to propane autogas. On cross-examination, Mr. Hoffman agreed that the Canwest agreement predated his time at Blossman and that he had not been involved in negotiating the agreement. However, he confirmed that he had personal knowledge of Canwest's operations as a member of the Alliance AutoGas network, having visited numerous fuelling sites in Calgary as part of his employment with Keystone.

[61] Given Mr. Hoffman's personal awareness of Canwest's fuelling facilities in the relevant period, I am satisfied that Mr. Hoffman's evidence establishes Canwest's use under license of the ALLIANCE AUTOGAS trademarks in Alberta prior to May 2014.

(iii) Use under license and control of character or quality

[62] Blossman contends the use by Caledon and/or Canwest inures to the benefit of Blossman pursuant to subsection 50(1) of the *Trademarks Act*, since Caledon and Canwest used the marks under license and Blossman had control of the character or quality of Caledon and Canwest's services. AAP argues Blossman has not met its burden to show it controlled the use of the trademark by those licensees, citing *Empresa Cubana Del Tabaco v Shapiro Cohen*, 2011 FC 102 at paras 83–84, aff'd 2011 FCA 340. For the following reasons, I conclude Blossman has established that the use of the ALLIANCE AUTOGAS marks by Caledon and Canwest constitutes use by Blossman pursuant to subsection 50(1).

[63] As Justice Kelen noted in *Empresa Cubana*, registered owners of trademarks can demonstrate the control required to benefit from subsection 50(1) by (1) swearing to the fact that they exert the requisite control; (2) providing evidence that demonstrates they exert the requisite control; or (3) providing a copy of a license agreement that explicitly provides for the requisite control: *Empresa Cubana* at para 84; *Live! Holdings, LLC v Oyen Wiggs Green & Mutala LLP*, 2020 FCA 120 at para 24; *Caterpillar* at para 52.

[64] In the case of Caledon, Blossman has provided a copy of a license agreement, namely the Blossman-Caledon Agreement. That agreement required Caledon to comply with Blossman's policies, procedures, and guidelines as they may be issued from time to time, including in respect of pricing, equipment, installation, signage, and labelling. It also required Caledon to enter into contracts substantially in Blossman's standard form. The agreement contained a general ability

on the part of either party to terminate the agreement in the event of a default of any term in the agreement that continued for more than 30 days. Mr. Hoffman's affidavit also stated that Blossman had direct or indirect control of the character and quality of the services provided by Caledon, and he stated on cross-examination that he was personally aware of Caledon having access to marketing materials, participating in group sales meetings, and purchasing products from Blossman.

[65] Against this evidence of control under the license, AAP points to a January 21, 2015, email from Mr. Finder to Mr. Grégoire. That email appears to be part of a longer thread between Mr. Finder and Mr. Grégoire that is not in the record but appears to have pertained to marketing. In the email, Mr. Finder asks Mr. Grégoire to share with Blossman's Senior Public Relations Director any future public relations pieces so that Blossman can "review and assist in messaging as we have discussed." Mr. Finder then says: "Now is the time to work together and we apologize as we had no idea what you were doing in Canada, for as in the past we allowed Hugh and Caledon to rock on his own." AAP argues Mr. Finder's statement that Blossman allowed Caledon to "rock on his own" indicates that Blossman did not have control over the character and quality of the services provided by Caledon.

[66] I disagree. I am not satisfied that a general observation that a licensor has allowed a licensee to "rock on his own" is sufficient to undermine the express control provisions in the Blossman-Caledon Agreement. As Justice Walker has observed, lack of control of day-to-day business operations is not fatal to the existence of a section 50 license: *Corey Bessner Consulting Inc v Core Consultants Realty Inc*, 2020 FC 224 at para 78. There is, in any case, some evidence

that Blossman was in fact engaged in controlling the quality of Caledon's services. Mr. Hoffman recounted an occurrence in April 2013 when Keystone was concerned about a fuel quality issue related to rust in converted vehicle tanks. When those concerns were not addressed by a Caledon representative, Mr. Hoffman brought the issue to Blossman's attention, and Blossman intervened to correspond with Caledon and have the fuel quality issue addressed.

[67] I note that Mr. Finder's observation that he did not know what AAP was doing in Canada before January 2015 does not bear on the current issue, for three reasons. First, it does not relate to the relevant issue of whether there was control of Caledon's licensed use of the trademark. Second, to the extent that it relates to AAP's use of either the AAP Marks or the ALLIANCE AUTOGAS trademarks, it necessarily relates to the period after the relevant date on which AAP commenced use. Third, subsection 50(1) permits a licensor to have indirect control over the character or quality of services. There is no indication that Caledon did not have some form of control over AAP's use, and indeed AAP agreed, as a term of the Caledon-AAP Agreement, to comply with the Blossman-Caledon Agreement, including its control provisions.

[68] With respect to Canwest, this Court has held that it is not necessary to produce a formal licensing agreement to prove the existence of a licensing agreement under subsection 50(1): *3082833 Nova Scotia Company v Lang Michener LLP*, 2009 FC 928 at para 32; *Empresa Cubana* at para 84. Mr. Hoffman stated in his affidavit that Canwest used the ALLIANCE AUTOGAS trademarks under license from Blossman and that Blossman controlled the character and quality of the services under the license agreement. While Mr. Hoffman agreed on cross-examination that he was not involved in the negotiation of the agreement, he provided his

firsthand evidence of the Canwest sites in Calgary as described above, and that was the extent of cross-examination on his statement. The Court is therefore, to paraphrase Justice Kelen in *3082833 Nova Scotia*, faced with the uncontradicted evidence of Mr. Hoffman, swearing that a licensing agreement exists and that Blossman maintains control over Caledon's use of the ALLIANCE AUTOGAS trademark: *3082833 Nova Scotia* at para 33.

[69] Blossman's evidence of control of its Canadian licensees could certainly have been more robust, including through the inclusion of the Canwest license agreement. However, the evidence presented meets the standards established by this Court for demonstrating control under license for the purposes of subsection 50(1), while AAP's contrary evidence is limited and unpersuasive.

[70] I am therefore satisfied Blossman has demonstrated that Caledon and Canwest's use of the ALLIANCE AUTOGAS marks was under license and that it had control of the character or quality of the services so as to attract the operation of subsection 50(1).

(iv) AAP's other challenges to Blossman's evidence

[71] AAP criticizes Blossman for only presenting evidence from Mr. Hoffman. It argues there were others with better evidence of matters such as the development of the Alliance AutoGas program beginning in 2009 and AAP's involvement beginning in 2013. Although Mr. Finder died in April 2017, AAP notes that Mr. Weidie was president of Alliance AutoGas since its inception and could have given evidence. It also notes that Blossman did not file any affidavit of a witness from Caledon or Canwest. It asks the Court to draw adverse inferences from

Blossman's decision not to have Mr. Weidie, Caledon, or Canwest give evidence, and attacks Mr. Hoffman's evidence and his credibility on this basis.

[72] I cannot accept this submission. No doubt Mr. Weidie would have had more direct evidence of the development of the Alliance AutoGas program in the United States beginning in 2009. However, the issues before the Court pertain to trademark rights and use in Canada. Mr. Hoffman has direct knowledge and information with respect to Blossman's use in Canada, from his time both at Keystone and at Blossman. While evidence might have been filed from others, such as representatives from Caledon (although it was subsequently purchased by Superior Propane) or Canwest, there is no obligation on an applicant to file affidavits from everyone who might have relevant evidence if it can prove the necessary facts through fewer affiants. In the present case, I am not satisfied that the availability of other evidence should lead to an adverse inference regarding Blossman's evidence, still less to an adverse inference regarding Mr. Hoffman's credibility.

[73] AAP's written and oral submissions raised a number of other challenges to Mr. Hoffman's credibility or reliability as a witness. I will not address each of these, except to note that I find the cross-examination with respect to the photographs referred to above was the most substantive attack, and did not in my view undermine Mr. Hoffman's evidence as a whole. I note in particular that AAP's attempt to undermine Mr. Hoffman's credibility because he did not have personal knowledge of whether the Alliance AutoGas website was available in Canada is unpersuasive in the absence of contrary evidence, particularly given Mr. Grégoire's own evidence that he consulted the website and obtained Mr. Finder's name from it.

[74] Having reviewed Mr. Hoffman's affidavit, the transcript of his cross-examination, and AAP's arguments, I am satisfied that Mr. Hoffman's evidence establishes the use of the ALLIANCE AUTOGAS trademarks in Canada prior to the relevant dates, including in particular through: (i) use by Caledon in association with at least one autogas filling station in Toronto in 2012; (ii) use by Caledon in association with the conversion of propane vehicles in 2013; and (iii) use by Canwest in association with autogas filling stations in Calgary in 2013.

[75] Having determined that the ALLIANCE AUTOGAS trademarks have been previously used in Canada and that Blossman is not precluded by its conduct from relying on them, the question of entitlement under subsection 16(1)(a) turns on whether the trademarks in AAP's registrations are confusing with one or more of those marks. For the reasons below, I conclude they are.

(c) *The registered trademarks are confusing with the ALLIANCE AUTOGAS trademarks*

(i) The confusion analysis

[76] Confusion is defined in section 6 of the *Trademarks Act*. Two trademarks will be considered confusing "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": *Trademarks Act*, s 6(2). This test is applied as 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”: *Masterpiece* at para 40, citing *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20.

[77] In assessing confusion, the Court is to have regard to “all the surrounding circumstances,” including those specifically listed in subsection 6(5), namely (a) inherent and acquired distinctiveness; (b) length of use; (c) the nature of the goods, services, or business; (d) the nature of the trade; and (e) the degree of resemblance between the trademarks. Each of these factors must be considered, although they may have varying importance depending on the case: *Group III International Ltd v Travelway Group International Ltd*, 2017 FCA 215 at paras 34, 45–49 [*Group III (2017)*]. That said, the degree of resemblance is often likely to have the greatest effect on the confusion analysis: *Masterpiece* at para 49; *Group III (2017)* at para 48.

[78] As AAP points out, the confusion analysis must be conducted with respect to each of the marks set out in the registrations, rather than for all the marks globally: *Masterpiece* at paras 42–48. However, some of the subsection 6(5) factors guiding the confusion analysis may be the same for each of the trademarks at issue: *Masterpiece* at para 45. That is the case here with respect to the distinctiveness of Blossman’s ALLIANCE AUTOGAS trademarks (since the same marks are asserted against each of the registered trademarks); the nature of the services, business, and trade; and the allegations of actual confusion. I will therefore address these factors before turning to the confusion analysis for each of the registered trademarks at issue.

(ii) Inherent and acquired distinctiveness of the ALLIANCE  
AUTOGAS trademarks

[79] I conclude the trademark ALLIANCE AUTOGAS has a moderate amount of inherent distinctiveness. The word AUTOGAS simply describes the services being offered, such that ALLIANCE is the primary distinguishing element of the trademark. As AAP points out, the word ALLIANCE is a common word (in both English and French), connoting a union or association. Marks based on such words will be considered less distinctive and have a narrower ambit of protection than, for example, coined words, particularly where the common word is suggestive of the goods or services: *General Motors Corp v Bellows*, [1949] SCR 678 at p 691; *Toys R Us (Canada) Ltd v Manjel Inc*, 2003 FCT 282 at para 36. Nonetheless, I disagree with AAP's submission that the trademark has no distinctiveness at all. The word ALLIANCE may be suggestive of the notion of a "network" of autogas dealers, but it is not descriptive of such a network. Nor is it descriptive, or even suggestive, of propane-vehicle conversion services or autogas refuelling services.

[80] The ALLIANCE AUTOGAS Design has a higher degree of inherent distinctiveness given its design elements and the added POWERED BY PROPANE slogan. In particular, the flame and leaf design motif adds materially to the distinctiveness of the mark. With respect to the slogan, while POWERED BY PROPANE may be considered suggestive of the services offered, the particular phrasing nonetheless has a degree of distinctiveness, such that the mark as a whole has a fairly high degree of inherent distinctiveness.

[81] In terms of acquired distinctiveness, there had been at least some use of Blossman's trademarks in Canada by May and September 2014, as described above. However, despite Mr. Hoffman's general reference to "continuous use, promotion and advertising throughout Canada," Blossman has provided very little evidence of the nature or extent of that advertising that would allow the Court to draw conclusions about the extent to which the trademarks had become known in Canada. At the same time, the evidence shows that AAP itself not only was sufficiently aware of Alliance AutoGas to reach out to them, but that it considered its association with Alliance AutoGas to be a strength in establishing its business among customers in Canada. I conclude the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks had become known in Canada to at least some degree, but not so as to materially affect the distinctiveness of the trademarks for the purposes of the confusion analysis.

(iii) Nature of the services, business, and trade

[82] As noted above, the four registered trademarks at issue are all registered for use in association with the same list of services, which fall generally into the categories of (i) services related to the sale, installation, and maintenance of propane conversion systems; and (ii) services related to propane filling stations. The services listed in the applications directly overlap those for which Blossman, through its licensees, used the ALLIANCE AUTOGAS trademarks in Canada before AAP adopted the trademarks. In particular, prior to the relevant dates, Blossman used the ALLIANCE AUTOGAS trademarks through its Canadian licensees in association with the services of converting vehicles for use with propane, and operating propane gas filling stations for propane vehicles.

[83] As to the nature of the trade, the nature of the vehicle conversion business appears to be somewhat different from the nature of the refueling business. Converting a vehicle from gasoline to propane or bi-fuel seems to be a single operation that requires the installation of equipment, whereas the evidence suggests that refueling a vehicle with propane involves a similar process and consumer experience to refueling with gasoline. The latter might therefore involve a much more transitory and short-lived transaction. That said, the Supreme Court has cautioned that while such issues are relevant, confusion must be premised on the first impression of consumers when they encounter the marks in question: *Masterpiece* at paras 70–74. In either case, the parties are operating in the same channels of trade with respect to vehicle conversion services and propane refuelling services, offering those services to the same or overlapping classes of customers, namely the operators of vehicle fleets and the drivers of vehicles in those fleets, respectively: *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 86.

[84] Although offering the same services, AAP seeks to distinguish its business from Blossman's based on its business model. In particular, Mr. Grégoire states that AAP's clients can use a single membership card to obtain fuel or services from AAP facilities throughout Quebec, while the different members of Blossman's Alliance AutoGas network sell their propane independently.

[85] In my view, this different business model is not a material basis for distinction in assessing the validity of the registered trademarks, for two reasons. First, the confusion analysis is directed to the services set out in the registrations, rather than the owner's actual operations: *Trademarks Act*, s 16(1); *Mattel* at para 53. The registrations at issue contain no limitation on the

business model by which the services are offered. Second, while the offering of a single membership card no doubt creates a convenience for AAP's customers and establishes its network as a cohesive network, there is no evidence other than Mr. Grégoire's general statements that this fundamentally affects either the nature of the services offered to consumers or how a consumer, particularly one "somewhat in a hurry" would perceive the business or the trademarks.

[86] I therefore conclude that there is a strong similarity between the services, business, and trade of AAP and Blossman.

(iv) Other surrounding circumstances

[87] As a surrounding circumstance, Blossman points to evidence that it describes as showing instances of actual confusion, namely (i) a Facebook message exchange and two inquiries posted to the Alliance AutoGas website involving AAP customers reaching out to Blossman/Alliance AutoGas with the apparent understanding that the companies were linked; and (ii) an email reporting on a phone call from a customer in Halifax apparently understanding a logo on an AAP truck to belong to Alliance AutoGas. Blossman relies on this evidence in respect of the confusion analysis relevant to all of the trademarks, noting that evidence of actual confusion may be a relevant surrounding circumstance supporting a finding of confusion: *Christian Dior, SA v Dion Neckwear Ltd*, 2002 FCA 29 at para 19; *Mattel* at para 55.

[88] Despite AAP's challenges to the strength of this evidence and Mr. Hoffman's ability to confirm whether the individuals were in fact AAP customers, I accept that these documents, and

in particular the two website contacts, show instances of customers between 2018 and 2020 apparently believing that Alliance AutoGas and AAP were associated. That said, these instances significantly postdate the relevant date for the confusion analysis relevant to the validity of the marks, and do not pertain specifically to the registered design trademarks at issue. I therefore give them no weight as a surrounding circumstance in the confusion analysis at this stage.

(v) The '034 Mark

[89] I agree with Blossman that little analysis is necessary of the '034 Mark. The '034 Mark is clearly confusing with the ALLIANCE AUTOGAS Design, and AAP presented few arguments to the contrary. The '034 Mark is identical to the ALLIANCE AUTOGAS Design, depicted in black and white. This high degree of resemblance speaks strongly in favour of a finding of confusion. As noted above, the ALLIANCE AUTOGAS Design is inherently distinctive, and the two marks thus have the same degree of inherent distinctiveness. The services listed in the registration are the same or similar to those offered by Blossman, while the business and trade of Blossman and AAP are also largely the same. The length of use favours Blossman given that its licensees had used the mark beginning in 2012 and 2013, while AAP had not used the mark at the date of its application.

[90] I see no other surrounding circumstances that would counteract these factors. To the contrary, to the extent the analysis includes surrounding factual circumstances, the fact that AAP was a sublicensee of Blossman would further reinforce the conclusion that a consumer would conclude the services offered in association with the '034 Mark were of the same source as those offered in association with the identical ALLIANCE AUTOGAS Design.

[91] AAP argues it was the first to use the ALLIANCE AUTOGAS Design mark in Canada, and was therefore within its rights to apply to register it. In addition to this being factually untrue, for the reasons set out above, it is legally incorrect. As AAP itself asserts, its use of the ALLIANCE AUTOGAS Design was pursuant to its indirect license from Blossman, through the Blossman-Caledon Agreement and the Caledon-AAP Agreement. Such use accrues to the benefit of Blossman: *Trademarks Act*, s 50(1).

[92] It is well established in Canadian trademark law that a distributor, agent, or licensee is not entitled to register a licensor's trademark in its own name on the basis of its licensed use of the mark: *Citrus Growers* at pp 646–649; *Ling Chi Medicine Co (HK) Ltd v Persaud*, [1997] FCJ No 144 (FC) at para 17, aff'd on this point but rev'd on other grounds *Ling Chi (FCA)* at para 3; *Havana House (FC)* at paras 48–60, aff'd on this point, *Havana House (FCA)* at para 3; *Biker Rights Organization (Ontario) Inc v Sarnia-Lambton Bikers Rights Organization Incorporated*, 2012 TMOB 189 at para 12; *AFD China Intellectual Property Law Office v AFD China Intellectual Property Law (USA) Office, Inc*, 2017 TMOB 30 at paras 33–34. AAP's reliance on the fact that Blossman consented to the use pursuant to the license agreements, and that the agreements do not expressly prevent it from registering the ALLIANCE AUTOGAS Design, is wholly misplaced.

[93] I conclude that AAP was not entitled to register the '034 Mark as it was confusing with the ALLIANCE AUTOGAS Design previously used by Blossman. AAP's registration for that trademark is invalid. Although this is determinative of the issue, I would also reach the same conclusion based on confusion with the word mark ALLIANCE AUTOGAS. While the

'034 Mark is not identical to the word mark ALLIANCE AUTOGAS, it includes the words ALLIANCE AUTOGAS as a predominant element. A casual consumer somewhat in a hurry viewing the '034 Mark would readily conclude that the services offered in association with it were offered by the same person that owned the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS POWERED BY PROPANE trademarks.

(vi) The '456 Mark

[94] The '456 Mark consists of design elements, namely the stylized 'A' motif and the lettering design elements, and word elements, namely the words ALLIANCE AUTOPROPANE. Blossman does not take issue with the stylized 'A' motif or contend that it is confusing with the design elements of the ALLIANCE AUTOGAS Design. Indeed, the stylized 'A' motif on its own is the subject of another trademark registration owned by AAP, TMA916,408 [the '408 Mark], which Blossman does not challenge. Rather, Blossman argues the '456 Mark is confusing with its trademarks based on the words ALLIANCE AUTOPROPANE, considered in the context of the other subsection 6(5) factors.

[95] In assessing the degree of resemblance between two marks, the marks must be considered as a whole, but it is appropriate to consider whether there are aspects of the trademark that are “particularly striking or unique”: *Masterpiece* at para 64. In this way, the resemblance assessment interacts with the question of distinctiveness, focusing the analysis on the particularly distinctive elements of the trademark: *Masterpiece* at paras 61–64.



[96] In my view, there are two “striking or unique” aspects of the ’456 Mark, namely the stylized ‘A’ motif, and the word ALLIANCE. I reject AAP’s contention, raised in respect of all of the AAP Marks, that the “striking or unique” aspect of the marks is the word AUTOPROPANE. In my view, the casual consumer would consider this word to describe the services being offered in connection with the trademark, and not as the distinguishing feature of the mark. I note that this assessment is confirmed by AAP’s own evidence, both in the form of its website, in which the term “autopropane” is used descriptively to refer to propane used in vehicles (such as in a section of the website entitled “*Avantages de l’autopropane*” [“Advantages of autopropane”]), and in the form of Mr. Grégoire’s cross-examination, in which he recognized that autogas is [TRANSLATION] “probably” a synonym of autopropane. In other words, the casual consumer would understand the distinguishing element or “brand” to be ALLIANCE and the services offered in association with that brand to be connected with autopropane, whether considered in English or French: *Masterpiece* at para 61.

[97] I recognize that in French, the words ALLIANCE AUTOPROPANE could be understood to mean “[the] autopropane alliance,” with the word AUTOPROPANE acting as an adjective describing or defining the alliance. Nonetheless, in the context in which it is presented in the ’456 Mark, and given that the word AUTOPROPANE is descriptive of the services being offered, I conclude that the word ALLIANCE would be understood by the casual consumer as the distinctive aspect of the words.

[98] While the trademark must be assessed as registered, I note that this appears consistent with AAP’s documents and website, in which “Alliance AutoPropane” is presented as the name

of the company in both English and French, and the word ALLIANCE is not used in a merely descriptive manner. Rather, the term “*réseau*” or “network” is used to describe the collective of propane retailers operating under the trademark, as in the expression “*Le réseau Alliance AutoPropane*” in French or “the Alliance AutoPropane network” in English.

[99] For the same reasons described above, the word ALLIANCE is also the striking or unique aspect of the trademark ALLIANCE AUTOGAS. The word ALLIANCE is thus the unique aspect of the trademark that distinguishes the particular supplier of autogas-related services from others. In the ALLIANCE AUTOGAS Design trademark, there is the additional striking or unique aspect of the flame and leaf design motif, but the word ALLIANCE retains its striking or unique aspect.

[100] AAP argues that paragraph 1(a) of the Blossman-Caledon Agreement, reproduced at paragraph [18] above, indicates that it is the word AUTOGAS that is the striking element of the ALLIANCE AUTOGAS trademarks. It argues that the language dealing with termination focuses on the use of the word AUTOGAS, and implicitly permits the use of the word ALLIANCE after expiry of the agreement, provided it is not used in association with the word AUTOGAS.

[101] I disagree, as my reading of the provision suggests precisely the opposite. Paragraph 1(a) permits the use of the word AUTOGAS after termination, which is consistent with the fact that “autogas” is simply a synonym for propane used as a vehicle fuel and thus descriptive of the services. However, the provision prevents the licensee from using ALLIANCE together with

AUTOGAS, and invokes concerns about trademark confusion (“or any word confusingly similar thereto”) only in respect of the word ALLIANCE. This indicates that the parties understood that ALLIANCE was the important and distinguishing element and not AUTOGAS. Indeed, on cross-examination, Mr. Grégoire agreed and understood that upon expiry of the agreement, Blossman would take issue if Caledon used any confusingly similar marks containing the word ALLIANCE. While the agreement may not prevent the licensee from using the word ALLIANCE with something entirely unrelated to autogas, it cannot be reasonably read as permitting, either expressly or implicitly, the use of ALLIANCE in association with autogas/propane products through the substitution of the word AUTOPROPANE for AUTOGAS.

[102] Considering the marks as a whole, with a focus on the striking or unique elements, I conclude there is a high degree of resemblance between the '456 Mark and the ALLIANCE AUTOGAS trademark. They each include the identical word ALLIANCE as a distinguishing or striking aspect. The resemblance between the marks in both sound and connotation would be based only on the words, as the stylized 'A' motif would not be sounded. While the design elements, notably the striking stylized 'A' motif, are not present in the ALLIANCE AUTOGAS trademark, in my view, the overall resemblance remains strongly driven by the word elements, particularly given their prominence in the '456 Mark. Overall, I conclude there is a strong resemblance between the '456 Mark and the ALLIANCE AUTOGAS trademark.

[103] The resemblance is diminished in comparing the '456 Mark with the ALLIANCE AUTOGAS Design trademark, due to the different design elements in the marks and the

additional POWERED BY PROPANE words. However, the importance of the words in the trademarks, and of the striking ALLIANCE in particular, means there is still a moderately strong resemblance.

[104] AAP in its submissions and Mr. Grégoire in his evidence strongly contended that despite having the word ALLIANCE in common, ALLIANCE AUTOPROPANE and ALLIANCE AUTOGAS were two completely different things. This contention included the observation that AUTOGAS could include other gases such as butane, despite there being no evidence on this point and despite Mr. Grégoire's recognition that the AUTOGAS in the ALLIANCE AUTOGAS Design referred to propane. I reject this argument. Given the importance of the word ALLIANCE as a striking or unique element, there is a very high resemblance between the words ALLIANCE AUTOGAS and ALLIANCE AUTOPROPANE in appearance, sound, and connotation. Even if "autogas" might conceivably be a broader term than "autopropane," it is clear that autogas and autopropane are highly similar, if not identical, in connotation. I have no hesitation in concluding that a casual consumer seeing the words ALLIANCE AUTOPROPANE in the '456 Mark, having an imperfect recollection of any one of the ALLIANCE AUTOGAS trademarks, and not pausing to give the matter any detailed consideration or scrutiny, would conclude that they represented the same source.

[105] With respect to the other subsection 6(5) factors, I conclude that the '456 Mark has greater inherent distinctiveness than the ALLIANCE AUTOGAS trademark, given the design elements and in particular the stylized 'A' motif, and about the same degree of inherent distinctiveness as the ALLIANCE AUTOGAS Design trademark. The length of use again

favours Blossman, although by a slightly shorter period than for the '034 Mark, based on the May 2013 date of adoption. The nature of the services, business, and trade are the same for both marks, as described above.

[106] In the overall assessment, the resemblance between the marks and the overlapping services are of importance, and merit particular weight, in the current circumstances. While there are some distinguishing features between the '456 Mark on the one hand and the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design marks on the other, I conclude that a casual consumer somewhat in a hurry, with an imperfect recollection of Blossman's trademarks, encountering the '456 Mark would be likely to think that the services offered in association with it were offered by the owner of the ALLIANCE AUTOGAS trademarks.

(vii) The '457 Mark

[107] In the '457 Mark, the word AUTOPROPANE appears in much larger text in the overall design, while both the stylized 'A' motif and the word ALLIANCE are smaller in size. There is also the added slogan element, LE PLUS GRAND RÉSEAU D'AUTOPROPANIERS EN AMÉRIQUE, also appearing in smaller lettering. Does the size of the word AUTOPROPANE in the design or the addition of the slogan change the analysis above with respect to the "particularly striking or unique" elements of the mark? In my view, it does not. In the '457 Mark, although the word AUTOPROPANE is large, it is nonetheless simply a description of the services provided. The word ALLIANCE is a unique or distinguishing element of the mark in the sense that it identifies the particular supplier of the autopropene-related services, even though it appears in smaller lettering: *Masterpiece* at paras 61–64. While the circumstances may be

different depending on the particular mark under review, in my view, lettering size is not the only relevant aspect of what makes elements of a mark striking or unique.

[108] The LE PLUS GRAND RÉSEAU D'AUTOPROPANIERS EN AMÉRIQUE slogan does create an element of distinction with the ALLIANCE AUTOGAS trademark and the ALLIANCE AUTOGAS Design trademark, although it appears in a similar location to the POWERED BY PROPANE slogan element of the ALLIANCE AUTOGAS Design. This slogan language reduces the overall resemblance of the trademarks. In the current case, though, the reduction is attenuated owing to the nature of the slogan itself, which I take to be a relevant surrounding circumstance, as I shall explain.

[109] The parties had conflicting submissions about the meaning of the LE PLUS GRAND RÉSEAU D'AUTOPROPANIERS EN AMÉRIQUE slogan [AMERICA'S LARGEST AUTOPROPANE RETAILERS NETWORK]. Blossman argues it is a clear reference to Blossman and the Alliance AutoGas network. AAP argues it refers only to its own network.

[110] In my view, the evidence shows that the slogan was designed to evoke and draw a connection with the Alliance AutoGas network and would be understood as such by consumers. As noted above, the slogan appears for the first time in the record in the December 2013 "*IMAGINONS...*" marketing proposal from Soleil. That document describes as a "main strength" AAP's membership in the vast Alliance AutoGas North American network, as well as the extent of the distribution network. These aspects of AAP's [TRANSLATION] "DNA" were described as principal differentiating elements for positioning AAP, leading to the crafting of the slogan.

[111] AAP also appears to have meant to convey this meaning of the slogan to potential partners, as seen in a [TRANSLATION] “Brand and Program Book” dated 2015 and apparently targeted to propane retailers to encourage them to join AAP. That book includes pages that ask the question [TRANSLATION] “Who is Alliance Autopropane?” with the answer LE PLUS GRAND RÉSEAU D’AUTOPROPANIERS EN AMÉRIQUE, combined with an explanation that refers to the Alliance AutoGas network, shows a map of Canada and the United States that includes Alliance AutoGas coverage, and refers to statistics about the network that include Alliance AutoGas partners, filling stations, and clients. This connection is repeated in a later section of the Brand and Program Book highlighting [TRANSLATION] “key messages”.

[112] Mr. Grégoire asserted on cross-examination that the slogan was not in any way connected with Blossman because it was AAP itself that had the largest network, based on a definition of “network” that meant that one could use a single card to purchase propane anywhere with a single billing structure. I find Mr. Grégoire’s assertion simply not credible. It is inconsistent with the language of the slogan, the context of the Alliance AutoGas network of which AAP was a licensee, and the references in AAP’s own documents, and is based on a strained and idiosyncratic definition of “network.”

[113] Ultimately, however, the intention of a trader in adopting their trademark is largely irrelevant: *Mattel* at para 90. Rather, it is the understanding of the hypothetical consumer that is important, and the connotation they would draw from the mark. Based on the evidence in the record, I conclude it is more likely than not that an average consumer of the autopropene-related services listed in the registration would, in May 2014, associate the words LE PLUS GRAND

RÉSEAU D'AUTOPROPANIERS EN AMÉRIQUE, particularly when appearing in context with the name ALLIANCE, to connote Alliance AutoGas. The result, as a surrounding circumstance and as part of the assessment of resemblance in the confusion analysis, is that the distinction between the '457 Mark on the one hand and the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks on the other that might otherwise have come from the additional language of the slogan is reduced.

[114] With the foregoing in mind, and considering the trademarks as a whole with particular attention to the striking or unique elements of it, I conclude that the uniqueness of the word ALLIANCE in the '457 Mark, used in association with AUTOPROPANE or the synonymous AUTOGAS, means there is a moderately strong resemblance between the '457 Mark and the ALLIANCE AUTOGAS trademark, and a moderately strong resemblance between the '457 Mark and the ALLIANCE AUTOGAS Design trademark.

[115] Considering this degree of resemblance together with the other subsection 6(5) factors described above, notably the overlapping services, business, and trade, as well as the inherent distinctiveness of the marks and Blossman's prior use of its trademark, I conclude that the '457 Mark is confusing with the ALLIANCE AUTOGAS trademark and the ALLIANCE AUTOGAS Design trademark, in that a casual consumer somewhat in a hurry encountering the '457 Mark while having an imperfect recollection of the Blossman trademarks, would be likely to think that the services offered in association with it were offered by the owner of the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks.



## (viii) The '409 Mark

[116] Although there are design differences between the '409 Mark and the '456 Mark, in my view the analysis of confusion is largely the same. The '409 Mark has the words ALLIANCE and AUTOPROPANE as important elements of the mark, presented in the centre of the octagonal negative space in the eight-pointed star design. For the reasons set out in the discussion of the '456 Mark, I conclude the word ALLIANCE and the star design elements are striking or unique aspects of the mark. I therefore need not repeat the analysis set out above. For essentially the same reasons as for the '456 Mark, I conclude that at the relevant date of May 2014, the '409 Mark was confusing with the trademarks ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design, used previously by Blossman through its licensees.

## (7) Bad faith

[117] A trademark registration is invalid if the application for registration was filed in bad faith: *Trademarks Act*, s 18(1)(e). Blossman argues that AAP applied to register the '034 Mark in bad faith. I note that although Blossman's notice of application and Mr. Hoffman's affidavit also refer to bad faith in the registration of the AAP Marks, Blossman's memorandum of fact and law and its oral submissions on this application limited its allegations of invalidity under paragraph 18(1)(e) to the '034 Mark.

[118] Paragraph 18(1)(e) is a fairly new provision, having come into force on December 13, 2018: *Budget Implementation Act, 2018, No 2*, SC 2018, c 27, s 218. Its counterpart, paragraph 38(2)(a.1), which makes bad faith a ground of opposition as well, was

enacted at the same time but came into force six months later in June 2019: *Budget Implementation Act, 2018, No 2*, s 220.

[119] Although these provisions are new, the concept of bad faith had been previously used under the *Trademarks Act* as a potential ground to refuse registration based on the applicant's obligation to declare its entitlement to use under paragraph 30(i): see, e.g., *Cerverceria Modelo, SA de CV v Marcon*, [2008] TMOB No 131 at paras 31–38; *Julia Wine Inc v Les marques metro, SENC*, 2016 FC 738 at paras 53–61; *Levis v Golubev*, 2019 TMOB 100 at paras 31–35. The requirement to declare an entitlement to use was removed from the *Trademarks Act* at the same time paragraph 38(2)(a.1) came into force, in June 2019: *Economic Action Plan 2014 Act, No 1*, SC 2014, c 20, s 339. Nonetheless, in considering bad faith in the context of paragraph 18(1)(e), this Court has recognized the relevance of earlier cases addressing bad faith in trademarks law: *Norsteel* at paras 64–68.

[120] As the Supreme Court of Canada has noted, the concept of “bad faith” is flexible, and its content will vary from one area of law to another: *Entreprises Sibeca Inc v Frelighsburg (Municipality)*, 2004 SCC 61 at paras 25–26; *MT v J-YT*, 2008 SCC 50 at para 26. The concept must be interpreted in light of the context in which it is used, and need not necessarily include an assessment of morality or intentional fault, but may be economic in nature: *MT* at para 26; *Entreprises Sibeca* at para 25, citing *Finney v Barreau du Québec*, 2004 SCC 36 at para 39.

[121] In the trademarks context, issues such as awareness of prior rights and an intention to harm a prior user's business are relevant to the assessment of bad faith, although mere wilful

blindness or a failure to inquire into a competitor's rights is insufficient to constitute bad faith:

*Advanced Purification Engineering Corporation (APEC Water Systems) v iSpring Water Systems, LLC*, 2022 FC 388 at paras 54–56; *Norsteel* at para 75; *Yiwu* at paras 53–54.

[122] Bad faith has been found where an applicant applied to register well-known marks to coattail on their reputation: *Cerverceria Modelo* at paras 31–36; *Julia Wine* at paras 54–57. It has also been found in a number of cases where a distributor or licensee, or an entity affiliated with them, has attempted to register the trademarks of the licensor: *Turbo-K Limited v Roselli Chemicals Inc*, 2021 TMOB 77 at paras 22–24; *Akbar Brothers (pvt) Ltd v 1648074 Ontario Inc*, 2021 TMOB 62 at paras 23–30; *Dixie Lee (Maritimes) Ltd v Dixie's Pizza-Fried Chicken-Fish Inc*, 2019 TMOB 48 at paras 26–30; *AFD China* at paras 31–39; *Suzhou Parsun Power Machine Co Limited v Western Import Manufacturing Distribution Group Limited*, 2016 TMOB 26 at paras 24–31; *Iltas, SpA v Eurolegno Distribution Inc*, 2014 TMOB 272 at paras 10–18. In *Ling Chi (FCA)*, the Federal Court of Appeal referred to agents who had registered the principal's trademark in their own name without full disclosure to the principal as having “clearly acted in bad faith” by continuing to “assert a trade-mark to which they were not entitled”: *Ling Chi (FCA)* at para 3.

[123] In the present case, at the time of AAP's application to register the '034 Mark, it was a sublicensee of Blossman, having agreed to the terms of the Blossman-Caledon Agreement. That agreement stated that (i) Blossman owned the name Alliance AutoGas with respect to the business of the conversion of motor vehicles to propane and the sale and marketing of propane, conversion kits and ancillary items; (ii) Blossman represented and warranted that it was the sole

owner of the tradenames and marks described in the agreement; and (iii) Caledon, and through it AAP, had the exclusive right to use the Alliance AutoGas name and marks during the agreement, but such right terminated immediately upon termination or expiration of the agreement.

[124] At the time of its application for the '034 Mark in September 2014, therefore, AAP had actual knowledge of Blossman's ALLIANCE AUTOGAS Design trademark. It knew that Caledon was Blossman's licensee of the ALLIANCE AUTOGAS Design trademark. It knew it was only a sublicensee of that mark and not the owner of it. It knew that it had not yet used that mark pursuant to the license. And it knew that it had agreed that its rights to use the mark were dependent on the continuation of the Blossman-Caledon Agreement and the Caledon-AAP Agreement. It nonetheless applied to register the ALLIANCE AUTOGAS Design in its own name, without advising Blossman it was doing so. In such circumstances, I conclude that AAP cannot reasonably or in good faith have applied to obtain for itself the exclusive right to use the trademark in Canada.

[125] AAP responds that the evidence does not show disregard for Blossman's rights or any bad faith or intention on its part and that, in essence, Mr. Grégoire believed AAP had the right to register the mark despite the foregoing facts. The evidence on this is slight. Mr. Grégoire's affidavit does not speak to his knowledge or understanding when applying for the '034 Mark, simply indicating that AAP applied for it on the same date as the AAP Marks. The fact that the application was filed without advising Blossman speaks against Mr. Grégoire's assertion that AAP [TRANSLATION] "always acted in full transparency."

[126] I therefore conclude that AAP applied to register the '034 Mark in bad faith and that this registration is therefore also invalid pursuant to paragraph 18(1)(e) of the *Trademarks Act*. I further conclude that in light of AAP's application in bad faith, the '034 Mark was never validly registered, that is, the registration was invalid *ab initio*: *Group III International Ltd v Travelway Group International Ltd*, 2020 FCA 210 at paras 36–37 [*Group III (2020)*], leave to appeal to SCC dismissed, 2021 CanLII 91645. In this regard, I agree with Blossman that although *Group III (2020)* was not dealing with paragraph 18(1)(e) of the *Trademarks Act* since it was not in force at the time of the underlying proceedings, the Court of Appeal's comments about bad faith apply equally to findings of invalidity under that paragraph.

[127] I note as a supplementary point that the foregoing conclusions are consistent with the approach to bad faith in the European Union and the United Kingdom, where it has been a ground of invalidity for decades. While bad faith under Canada's *Trademarks Act* does not necessarily mean the same thing as bad faith in the trademarks law of other jurisdictions, the experience of other jurisdictions in considering bad faith in this context is of value: David Vaver, *Good Faith in Canadian Trademark Applications* (2020), 33 IPJ 1 at pp 2–3, 7–12.

[128] Justice Arnold, then of the Chancery Division of the High Court of Justice, recently summarized six principles governing bad faith in the EU and UK: (1) good faith is presumed unless the contrary is proved on a balance of probabilities; (2) bad faith includes not only dishonesty but also “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced people in the particular area being examined”; (3) the purpose of bad faith as a ground of invalidity is to prevent abuse of the

trademark system, either vis-à-vis the trademarks office or third parties; (4) the determination of bad faith is an overall assessment taking into account all factors relevant to the particular case; (5) the court or tribunal must ascertain what the applicant knew and then decide whether, in light of that knowledge, their conduct was dishonest or otherwise falls short of the standards of acceptable commercial behaviour, judged by ordinary standards of honest people and not the applicant's own standards; and (6) consideration must be given to the applicant's intention: *Walton International Ltd v Verweij Fashion BV*, [2018] EWHC 1608 (Ch) at para 186, citing *Red Bull GmbH v Sun Mark Ltd*, [2012] EWHC 1929 (Ch) at paras 130–138.

[129] To the extent that bad faith may include “conduct that falls short of the standards of acceptable commercial behaviour,” this would, in my view, cover attempts by a licensee to register the licensor's trademark, particularly given the Canadian case law on this issue. Making the assessment on the basis of objective standards and not based on the applicant's own subjective belief of their rights would prevent the applicant from relying, for example, on its own ignorance of the law, which is generally not accepted as an excuse for misconduct: *Driving Alternative Inc v Keyz Thankz Inc*, 2014 FC 559 at para 70; see also *AFD China* at paras 36–39.

(8) Distinctiveness

[130] Blossman argues that all four trademarks are also invalid for lack of distinctiveness. The assessment of distinctiveness for purposes of invalidity is conducted as of the date of commencement of proceedings, in this case October 5, 2020: *Trademarks Act*, s 18(1)(b).

[131] Distinctiveness is a question of fact, with three conditions that must be established:

(1) the trademark and the goods (or services) must be associated; (2) the mark's owner must use this association in manufacturing and selling its goods (or offering and performing its services); and (3) this association must enable the mark's owner to distinguish its goods (or services) from those of others: *Bodum USA, Inc v Meyer Housewares Canada Inc*, 2012 FC 1450 at para 117, aff'd 2013 FCA 240 at paras 3, 5. In addition to the issues of descriptiveness and generic terms that were at issue in *Bodum*, the third of these conditions invokes the question of confusion, since a mark that leads to confusion as to the source of goods or services cannot enable the owner to distinguish its goods or services from those of others: *Yiwu* at para 32; *8073902 Canada Inc v Vardy*, 2019 FC 743 at para 79.

[132] Blossman's arguments on confusion for purposes of distinctiveness, and AAP's responding arguments, essentially repeated their arguments on confusion for purposes of entitlement. I agree that the overall analysis and outcome is the same, although there are variations in light of the different relevant date.

[133] In particular, I note that there is no difference in the inherent distinctiveness of the marks or the degree of resemblance between the marks, whether they are assessed in May 2014, September 2014, or October 2020. Nor is there any indication that the nature of the services, business, or trade changed in any material respect between these dates.

[134] With respect to acquired distinctiveness, each of the marks may have become known in Canada to some degree by October 2020. During the period of the Blossman-Caledon Agreement

and the Caledon-AAP Agreement, such distinctiveness would accrue to the benefit of Blossman. After the termination of those agreements, any acquired distinctiveness might be considered to accrue to AAP, particularly in respect of the AAP Marks. There was little information in the record, beyond some information associated with AAP's revenues, regarding the extent to which the AAP Marks had become known in association with AAP in the period from 2016 to 2020. There was even less information from Blossman regarding the extent of the use in this period by its licensees such as Superior Propane or Canwest.

[135] With respect to length of use, the use by each party in 2020 was longer than it had been in 2014. However, Blossman remained the senior user in each case and, again, the use during the license period would accrue to Blossman.

[136] In terms of surrounding circumstances, I noted above that the instances of actual confusion put forward by Blossman between 2018 and 2020 had no weight in the analysis in 2014. They have greater influence in 2020, and tend to confirm the existence of a likelihood of confusion.

[137] Having considered these changes in the factors relevant to the confusion analysis and the factors that remain the same, I conclude that the difference in relevant date does not materially change the analysis or my ultimate conclusions regarding confusion between the four registered trademarks and the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design marks. I conclude the four registered trademarks were not distinctive of AAP at the time these



proceedings were commenced and that the trademarks are invalid under paragraph 18(1)(b) of the *Trademarks Act*.

(9) Conclusion on validity

[138] Based on the foregoing, I conclude that the '034 Mark, the '456 Mark, the '457 Mark and the '409 Mark were each, at the earlier of the date of application or the date of first use, confusing with one or more trademarks previously used in Canada by Blossman through its licensees. As a result, AAP was not the person entitled to secure the registration of those marks and the trademarks are therefore invalid: *Trademarks Act*, ss 16(1)(a), 18(1)(d). I also conclude that the '034 Mark, the '456 Mark, the '457 Mark, and the '409 Mark are invalid on grounds of lack of distinctiveness, pursuant to paragraph 18(1)(b). I further conclude that the '034 Mark is invalid because the application for it was filed in bad faith under paragraph 18(1)(e).

[139] The registrations are therefore invalid and an order will issue pursuant to section 57 of the *Trademarks Act* striking those registered trademarks from the Trademark Register as they do not accurately express or define the existing rights of the person appearing to be the registered owner of the trademark.

B. *Passing Off*

[140] Blossman alleges AAP has engaged in passing off, that is, that AAP directed public attention to its services or business in such a way as to cause or be likely to cause confusion in Canada between AAP's services or business and those of Blossman: *Trademarks Act*, s 7(b).

Blossman’s allegations pertain to AAP’s use of the ’034 Mark, the trade name ALLIANCE AUTOPROPANE, the AAP Marks, and the domain name *allianceautopropane.com*.

[141] The parties agree that establishing passing off under paragraph 7(b) requires (1) the existence of goodwill in the applicant’s marks; (2) a deception of the public due to a misrepresentation; and (3) actual or potential damage to the applicant: *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at para 66; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 [*Hamdard Trust (2019)*] at para 38. In addition, given the constitutional limits of paragraph 7(b), the applicant must show it owned a valid and enforceable registered or unregistered mark at the time the respondent first began directing public attention to its own goods and services: *Hamdard Trust (2019)* at para 39.

[142] Before addressing these elements, I address two potential defences to Blossman’s passing off claim: (1) the applicable limitation period; and (2) the registered trademarks that I have found to be invalid.

(1) Limitation period

[143] Provincial limitation periods apply to proceedings in this Court “in respect of any cause of action arising in that province,” while a six-year limitation applies to causes of action “arising otherwise than in a province”: *Federal Courts Act*, RSC 1985, c F-7, ss 39(1)–(2). AAP asserts that it only offers services in Quebec and that all of its conduct occurred in Quebec. It therefore argues, citing the Supreme Court’s decision in *Markevich*, that Blossman’s cause of action in passing off is one “arising in” Quebec, and that Quebec’s three-year limitation period should

apply: *Markevich v Canada*, 2003 SCC 9 at para 27; *Civil Code of Québec*, CQLR c CCQ-1991, art 2925. Blossman argues that it is relying on its goodwill in not only Quebec but other provinces, notably Ontario; that it has presented evidence of confusion outside Quebec; and that it has suffered damage to its trademark rights across Canada. It therefore argues that the six-year limitation in subsection 39(2) of the *Federal Courts Act* applies since the cause of action arose “otherwise than in a province.”

[144] I agree with Blossman although, as will be seen, I do not consider that the applicable limitation period has a significant effect on the availability of remedies.

[145] In *Markevich*, the majority of the Supreme Court of Canada concluded that the six-year limitation period applied in respect of collection proceedings by the federal government under the *Income Tax Act*, RSC 1985, c 1 (5th Supp), since the tax debts arise pursuant to federal legislation, the debt may arise from income earned in a combination of provinces or in a foreign jurisdiction, and the debt is owed to the federal Crown, which is not located in any particular province: *Markevich* at para 39. This Court has similarly recognized that the federal nature of rights under the *Trademarks Act*, and the location of the harm suffered by a plaintiff, as well as the location of the underlying facts, are relevant to determining the applicable limitation period: *Driving Alternative* at paras 28–32, citing *Canada v Maritime Group (Canada) Inc*, [1995] 3 FC 124 (CA) and *Kirkbi AG v Ritvik Holdings Inc*, 2002 FCT 585 at para 161, aff’d 2003 FCA 297, aff’d 2005 SCC 65.

[146] In the present case, Blossman alleges that it has goodwill in the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks that extends beyond Quebec and that has been harmed by AAP's actions constituting passing off. Given my conclusions below that Blossman has established this goodwill and damage, which extends beyond Quebec, I conclude that the six-year limitation period in subsection 39(2) of the *Federal Courts Act* applies. Since the conduct complained of began in June 2016 with the expiry of the license agreements and this application was commenced in October 2020, the limitation period does not act to limit the passing off claim.

[147] In any event, and contrary to AAP's submissions, even if the three-year limitation period did apply, this would only operate to limit Blossman's recovery to AAP's conduct since October 2017 and exclude AAP's conduct between June 2016 and October 2017. It would not preclude the application entirely, nor would it prevent Blossman from obtaining an injunction to prevent future passing off: *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2021 FC 602 [*Hamdard Trust (2021)*] at paras 3, 30, 32, 106; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 [*Hamdard Trust (2016)*] at para 10; *Royal Conservatory of Music v Macintosh (Novus Via Music Group Inc)*, 2016 FC 929 at paras 90, 123; *Wall v Horn Abbot Ltd*, 2007 NSSC 197 at paras 452–456, 474.

(2) Registered trademarks as a defence to passing off

[148] The Federal Court of Appeal has recently confirmed that (a) findings of invalidity under paragraphs 18(1)(b) and (d) of the *Trademarks Act* do not render a trademark void *ab initio*, absent a finding of fraud, wilful misrepresentation, or bad faith; and (b) a registered trademark is

a complete defence to an action in passing off, precluding the award of damages or lost profits for the period prior to the declaration of invalidity: *Group III (2020)* at paras 35–39, 45–47; *Molson Canada v Oland Breweries Ltd/Les Brasseries Oland Ltée*, 2002 CanLII 44947 (ON CA) at paras 2, 12–16; *Remo Imports Ltd v Jaguar Cars Ltd*, 2007 FCA 258 at paras 106–114, 123 [*Remo (FCA)*]; *Concierge Connection Inc v Venngo Inc*, 2015 FCA 215 at para 2.

[149] I have found above that the AAP Marks were invalid under paragraphs 18(1)(b) and (d). However, I did not find, and Blossman did not ask the Court to find, that the AAP Marks were invalid for bad faith and thus void *ab initio*. As a result, the AAP Marks constitute a complete defence to a claim of passing off based on the use of those marks to the date of this judgment.

[150] In order to benefit from the defence, the trademark must be used essentially as registered, that is, with no significant difference between the mark as registered and the mark as used: *Remo (FCA)* at para 111, citing *Jonathan, Boutiques Pour Hommes Inc v Jay-Gur International Inc*, 2003 FCT 106 at paras 4, 6; *Malboro Canada Limited v Philip Morris Products SA*, 2012 FCA 201 at para 103. Most of the conduct complained of, including signage used at propane filling stations and appearing on AAP's website, is of the AAP Marks exactly as registered. In addition, I conclude that AAP's use of the name ALLIANCE AUTOPROPANE, whether as a trademark, trade name, or in the domain name *allianceautopropane.com* constitutes a use of the '456 Mark and the '409 Mark essentially as registered. Although the marks as registered include design elements, the words ALLIANCE AUTOPROPANE predominate and I conclude that use of the words ALLIANCE AUTOPROPANE constitutes use of the essential elements of the '456 Mark and the '409 Mark: *Caterpillar* at para 101; *Ridout & Maybee* at

para 10; *Jonathan* at paras 4–5. I note that I reached the same conclusion in respect of Blossman’s marks, finding use of the ALLIANCE AUTOGAS Design also constituted use of the trademark ALLIANCE AUTOGAS, and that Blossman’s own invalidity arguments focused on the inclusion of the words ALLIANCE AUTOPROPANE as the defining aspect of the marks.

[151] I therefore conclude that Blossman cannot be entitled to recover damages or lost profits for passing off arising from AAP’s use of the various ALLIANCE AUTOPROPANE trademarks and names to the date of this judgment.

[152] This leaves two issues: (i) Blossman’s claim of passing off based on AAP’s use of the ALLIANCE AUTOGAS Design mark, for which AAP’s bad faith registration in the form of the ’034 Mark does not provide a defence; and (ii) Blossman’s request for an injunction to prevent the future use of the ALLIANCE AUTOPROPANE name and trademarks, including the AAP Marks.

- (3) Blossman has established passing off through AAP’s use of the ALLIANCE AUTOGAS Design trademark

[153] I conclude Blossman has established that AAP’s use of the ALLIANCE AUTOGAS Design trademark constituted passing off.

[154] The relevant date for the assessment is the date on which AAP commenced directing public attention to its services using the ALLIANCE AUTOGAS Design trademark: *Trademarks Act*, s 7(b); *Badawy v Igras*, 2019 FCA 153 at para 9; *Sadhu Singh Hamdard Trust v Navsun*

*Holdings Ltd*, 2018 FC 1039 at para 30, rev'd in part on other grounds, *Hamdard Trust (2019)*.

In the present case, as found above, AAP first started using the ALLIANCE AUTOGAS Design in April 2015 on its website. However, this and any other uses until June 2016 were pursuant to its sublicense agreement with Caledon. As discussed above, such use accrued to the benefit of Blossman and had the same effect as use by Blossman: *Trademarks Act*, s 50(1). I therefore consider that the relevant date for the assessment is the date on which AAP commenced directing public attention to *its own* services using the ALLIANCE AUTOGAS Design trademark, rather than as a licensee, namely the date of termination of the license agreements on June 14, 2016.

[155] I am satisfied that Blossman has established it had a valid unregistered trademark and protectable goodwill in the ALLIANCE AUTOGAS trademark and the ALLIANCE AUTOGAS Design trademark at this date. In considering the existence of reputation or goodwill for the purpose of passing off, factors such as inherent distinctiveness, acquired distinctiveness, length of use, volume of sales, extent of marketing, and intentional copying are relevant: *Hamdard Trust (2019)* at para 48.

[156] I have discussed above the inherent distinctiveness of the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks. I have also discussed Blossman's evidence of its use through its licensees Caledon and Canwest prior to September 2014. That use continued through 2016. In addition, in the period from April 2015 to June 2016, AAP's use of the ALLIANCE AUTOGAS Design trademark in Quebec, and the goodwill arising from that use, accrued to the benefit of Blossman. While there is little evidence of the extent or nature of that use by AAP, it appears at least that AAP used the ALLIANCE AUTOGAS Design (i) on its

website; (ii) in email signatures together with the '456 Mark; and (iii) on signage at least at some fuelling stations. AAP's financial productions show information regarding volumes of sales, but there is no evidence, including through the cross-examination of Mr. Grégoire, that correlates the revenues to sales associated with the ALLIANCE AUTOGAS Design in particular. As I have noted above, Blossman also filed little information about the extent of the sales of its other licensees, or the extent of its marketing.

[157] I also consider that AAP's intentional copying and adoption of the identical ALLIANCE AUTOGAS Design shows the existence of goodwill: *Hamdard Trust (2019)* at paras 48, 52. It is clear that AAP considered there was value in using the ALLIANCE AUTOGAS Design in Quebec both when it became a licensee and when it continued to use the trademark after the expiry of the license, suggesting the existence of goodwill. Again, it is worth noting that the association with Blossman and Alliance Autogas was considered a strength when AAP was first launching its business to Canadian customers in Quebec. AAP can only have considered it worthwhile stressing this connection, including through use of the ALLIANCE AUTOGAS Design, because of the existence of goodwill in 2013, which goodwill would only have increased by 2016. This conclusion is further reinforced by the fact that AAP considered it worth continuing the use of the ALLIANCE AUTOGAS Design until at least 2019, with some use continuing to 2021, even after receiving express demands from Blossman in 2016 and 2018 that it stop doing so.

[158] In addition to the goodwill arising from use in Canada, goodwill may arise from the reputation in Canada associated with a mark that has been used outside of Canada: *Hamdard*



*Trust (2016)* at paras 25–26; *Target Brands, Inc v Fairweather Ltd*, 2011 FC 758 at paras 30, 39; each citing *Orkin Exterminating Co Inc v Pestco Co of Canada Ltd et al*, 1985 CanLII 157 (ON CA). As Mr. Hoffman’s evidence attests, Blossman had used the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks in the United States since 2009, and Alliance AutoGas had developed to become a consortium of 98 fuelling and conversion members by 2016. I am satisfied that given the extent and nature of this use and the nature of the industry, including the cross-border vehicle traffic referred to by Mr. Hoffman, some additional protectable goodwill flowed from reputation in Canada arising from Blossman’s use in the US of the ALLIANCE AUTOGAS trademarks.

[159] The second requirement of passing off, a deception of the public due to a misrepresentation, can be through use of a confusing trademark: *Hamdard Trust (2016)* at para 21. For the reasons discussed above at paragraphs [80] to [93], I conclude AAP’s use of the ALLIANCE AUTOGAS Design was confusing with Blossman’s ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks. The passage of time between September 2014 and June 2016 would only increase the likelihood of confusion, as would the comparison of AAP’s actual use of the trademark in the same colours as those in Blossman’s trademark.

[160] With respect to the requirement for actual or potential damage, damages in passing off cannot be presumed; they must be proven: *Cheung v Target Event Production Ltd*, 2010 FCA 255 at para 24; *Nissan Canada Inc v BMW Canada Inc*, 2007 FCA 255 at para 35. However, proof of damages need not be specific pecuniary loss associated with, for example, an identified lost sale. Rather, proof of a loss of control over a mark is sufficient to ground the third

component of the passing off test: *Cheung* at paras 26–28; *Hamdard Trust (2016)* at para 31. The Federal Court of Appeal has also noted that a likelihood of loss of sales and business can be inferred from the use of confusing marks by direct competitors in the same channels: *Group III International Ltd v Travelway Group International Ltd*, 2017 FCA 215 at para 84 [*Group III (2017)*]. While the Court of Appeal later noted that its 2017 finding of passing off should not be followed as authority in future cases, this appears to have been directed at the existence of a registered trademark as a defence, and not at its discussion of the constituent elements of passing off: *Group III (2020)* at para 47.

[161] In the present case, the evidence shows that AAP continued to use the ALLIANCE AUTOGAS Design trademark after its right to do so expired in 2016. As discussed below, I am satisfied that, although difficult to quantify with precision, some aspect of its sales can be attributed to the use of this trademark. This unlicensed use also adversely impacted Blossman’s ability to control its trademark. I am therefore satisfied that Blossman has established the third element of the test for passing off.

(4) Passing off arising from future use of the AAP Marks and ALLIANCE AUTOPROPANE

[162] Although AAP’s registrations for the AAP Marks provide a complete defence to Blossman’s passing off allegations to the date of this decision, I have concluded that the registrations are invalid and should be struck from the Register. Does this preclude an assessment of passing off in respect of the AAP Marks for purposes of assessing whether an injunction should issue?

[163] In *Group III (2020)*, the Federal Court of Appeal confirmed that the existence of a trademark registration would ordinarily preclude recovery of damages for infringement or passing off for the period prior to it being struck from the Register, although compensation was still awarded for passing off in that case given the unusual circumstances and principles of *res judicata*: *Group III (2020)* at paras 6–7, 32–34, 38–39, 46–48. However, the Court of Appeal raised no such concerns with respect to the issuance of a permanent injunction, which had been issued in 2017 to ensure that infringement would not occur in future: *Group III (2017)* at paras 90–91; *Group III (2020)* at paras 4, 30. Similarly, in *Remo (FCA)*, although the Federal Court of Appeal found that damages should not have been granted for the period prior to expungement of the trademark registrations, it upheld the issuance of an injunction in respect of future use: *Remo (FCA)* at paras 3–5, 77, 111–114, 122. These examples from the Court of Appeal, in which the question of remedy in light of an invalid registration was directly at issue, suggest that an injunction may still issue.

[164] This conclusion also has practical value. Were it otherwise, and the Court could not assess whether use after the date of judgment would constitute passing off that should be enjoined, the parties would be put to re-litigating the same or very similar issues to those already before the Court, on the basis of the same or very similar evidence. This would not be in the interests of litigation efficiency.

[165] The question then arises as to what date the Court should use for the assessment of whether any future use should be enjoined to prevent future passing off. As noted above, paragraph 7(b) of the *Trademarks Act* refers to the time when the defendant commenced

directing public attention to its goods, services, or business in such a way as to cause or be likely to cause confusion. For the reasons above, this date would be June 14, 2016, in light of the license agreement existing to that date. In *Alticor*, however, the Federal Court of Appeal noted that the date for considering confusion for purposes of an injunction should be the date of hearing, at least for trademark infringement, while recognizing there is “no unwavering rule as to material date”: *Alticor Inc v Nutravite Pharmaceuticals Inc*, 2005 FCA 269 at paras 14–16.

[166] While the date of hearing appears appropriate for the reasons expressed in *Alticor*, and given the prospective and equitable nature of an injunction, the particular date is not determinative in this case, as I would reach the same conclusion with respect to the existence of goodwill and confusion whether the date used was June 14, 2016, or the date of hearing (or, for that matter, May 2013).

[167] I have discussed above my conclusion that Blossman had protectable goodwill in the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks as of June 14, 2016. As the same trademarks are asserted against AAP’s use of the AAP Marks, that discussion applies equally. There is no evidence that the goodwill in those marks would have disappeared between June 2016 and the date of hearing. To the contrary, Mr. Hoffman’s evidence, while limited on the point, was that Blossman’s licensees continue to use the trademark in Canada.

[168] My conclusions with respect to the likelihood of confusion between the AAP Marks and the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks as they relate to the date of first use (in respect of entitlement) and the date this application was commenced (in

respect of distinctiveness) also apply at the date of hearing. For the same reasons, I conclude that the ongoing use of the AAP Marks would cause confusion in Canada with the ALLIANCE AUTOGAS and ALLIANCE AUTOGAS Design trademarks. I also conclude that this ongoing confusion would cause damage of the same nature described above in respect of AAP's use of the ALLIANCE AUTOGAS Design, including the loss of control over the ALLIANCE AUTOGAS trademarks. These conclusions apply equally to the use of the trademark and trade name ALLIANCE AUTOPROPANE without the design elements reflected in the AAP Marks.

[169] I therefore conclude that the ongoing use of the AAP Marks and/or the ALLIANCE AUTOPROPANE trade name or trademark would constitute passing off, and that this passing off is remediable as of the date of this judgment invalidating the trademark registrations for the AAP Marks, including through a prospective permanent injunction.

C. *Remedies*

(1) Damages

[170] For the reasons set out above, Blossman's claim for past damages in passing off is limited to damages arising from AAP's use of the ALLIANCE AUTOGAS Design trademark. I have concluded that AAP's use of the ALLIANCE AUTOGAS Design trademark caused harm to Blossman through at least its loss of control over the use of its mark in Canada and the resulting harm to its goodwill.

[171] The extent of that harm, and the resulting damages attributable to the use of the ALLIANCE AUTOGAS Design trademark, will be related to the extent and nature of AAP's use of the trademark. As indicated, there is limited evidence on the record with respect to these issues. Mr. Hoffman's affidavit presents no evidence of AAP's actual use of the mark beyond (i) stating that AAP did not comply with the demands in counsel's letters; and (ii) referring to the instance of confusion in which a truck displayed the ALLIANCE AUTOGAS trademarks.

[172] Mr. Grégoire's affidavit states or shows that AAP (i) used the name Alliance AutoGas between September 26, 2013 and the spring of 2019, while also suggesting that AAP still used the name; (ii) had the ALLIANCE AUTOGAS Design on its website since the summer of 2014 (corrected to April 2015 in response to undertakings); and (iii) used the ALLIANCE AUTOGAS Design in employee email signatures. In cross-examination, Mr. Grégoire stated that AAP progressively stopped using the ALLIANCE AUTOGAS Design until it was fully stopped in the spring of 2019. At the same time, he agreed that an image dated April 2021 of an AAP fuelling station in the Beauce region showed the use of the ALLIANCE AUTOGAS Design mark. In response to an undertaking, AAP advised on December 23, 2021, that no filling stations still used or displayed the ALLIANCE AUTOGAS trademark, and that no conversion centres were actively and currently using the ALLIANCE AUTOGAS trademark.

[173] The only other evidence regarding use is AAP's declaration of use, filed with the Canadian Intellectual Property Office in November 2016, stating in the usual form that it had, itself or through a licensee, commenced the use of the ALLIANCE AUTOGAS Design in Canada in association with all of the services in the application. Without further details or any

evidence from Mr. Grégoire regarding this declaration, I am unwilling to put material weight on this declaration regarding the extent of AAP's use of the trademark.

[174] Based on the evidence before me, including the statements of Mr. Grégoire in particular, I conclude that the ALLIANCE AUTOGAS Design mark was widely used at AAP filling stations in June 2016, that its use declined between then and some point between April and December 2021, at which point AAP ensured that its use fully ceased thereafter. I also conclude that AAP used the ALLIANCE AUTOGAS Design mark in its electronic communications, including on its website and emails, but that this use ceased at some point, likely around 2019.

[175] Blossman submitted that it was entitled to receive AAP's total profits subsequent to the termination of the Caledon-AAP Agreement in 2016, based on its passing off claim in respect of all of the trademarks. For the reasons above, Blossman is not entitled to an accounting of AAP's past profits derived from the use of the AAP Marks, since AAP had registrations for those marks. As for the ALLIANCE AUTOGAS Design, there is no information that would allow any accurate assessment of AAP's profits attributable to that mark in particular: see *Philip Morris Products SA v Marlboro Canada Ltd*, 2015 FC 364 at para 27, aff'd 2016 FCA 55. In this regard, I note that the only example in the record of the use of the ALLIANCE AUTOGAS Design mark at an AAP filling station shows the mark being much less visible and prominent in signage than the AAP Marks: it appears at the bottom of fairly small banner that also displays the '456 Mark, while a large propane tank displays an overlay of the '457 Mark and the star design of the '409 Mark, and the filling pump again shows the '456 Mark. As AAP points out, there is no indication that its sales declined as its use of the ALLIANCE AUTOGAS Design mark declined or ceased.

In this context, attributing all or even a material portion of AAP's profits to the use of the ALLIANCE AUTOGAS Design is not justified.

[176] Alternatively, Blossman seeks damages based on a calculation derived from a royalty rate applied to propane sales by AAP and its fueling partners. The royalty rate it seeks to apply comes from negotiations between the parties for a new license agreement in the period leading up to the expiry of the Blossman-Caledon Agreement. I cannot accept Blossman's damages claim on these terms for two reasons. First, the claim is again based on propane sales or license revenues derived from the use of both the AAP Marks and the ALLIANCE AUTOGAS Design. Second, I do not agree that the proposed royalty rate, drawn from a draft agreement that was not accepted by the parties, can be taken to reflect the value of the license rights at the time. Blossman has not put forward the royalty terms of any other license agreement from the relevant time, such as that with Superior Propane. The Blossman-Caledon Agreement had a maximum royalty payable of US\$30,000 for the term of the agreement, which was three years plus any extensions.

[177] It is thus difficult to assess either AAP's profits or the damages to Blossman attributable to AAP's use of the ALLIANCE AUTOGAS Design after June 2016. But "[d]ifficulty in assessing damages does not relieve the court from the duty of assessing them and doing the best it can": *Ragdoll Productions (UK) Ltd v Doe*, 2002 FCT 918 at para 40, citing *Aluminum Co v Tisco Home Building Products (Ontario) Ltd*, 1977 CarswellNat 667, 33 CPR (2d) 145 (FCTD) at para 33, adopting Harold G. Fox, *Canadian Law of Trade Marks and Unfair Competition*, 3rd ed (Toronto: Carswell, 1972), at pp 648–649.



[178] In the Court's best estimate, the damage to Blossman from AAP's passing off through use of the ALLIANCE AUTOGAS Design is \$20,000. This figure is based on (i) the importance of the mark to Blossman; (ii) the direct use of the identical trademark by AAP; (iii) the period of AAP's use from June 2016 to 2021; (iv) and the apparent value attributed by AAP to continuing that use despite Blossman's demands to cease; (v) the decline in use during that period, including after 2019; (vi) the nature of the use as described above, including the extent of use of the ALLIANCE AUTOGAS Design vis-à-vis that of the AAP Marks; (vii) the evidence regarding AAP's sales, revenues, and profits during this period; and (viii) consideration of other cases of this Court related to estimates of damages in passing off or trademark infringement in the absence of specific evidence of lost sales: see, e.g., *Biofert Manufacturing Inc v Agrisol Manufacturing Inc*, 2020 FC 379 at Annex B. While this total amount is considerably lower than the amounts sought by Blossman, this reflects in part the fact that no past damages may be awarded in respect of the use of the AAP Marks prior to their invalidation. This can in turn be attributed to the passage of time before Blossman decided to commence this application to invalidate those marks.

[179] I note that even if the three-year limitation period advocated by AAP were applied, this would simply reduce the period of passing off from one commencing in June 2016 to one commencing in October 2017. This would tend to reduce the damages awarded, even on a best estimate basis. However, given the paucity of information regarding the timing and extent of AAP's reduction in use of the ALLIANCE AUTOGAS Design, its continued use both before and after Canadian counsel's letter of August 31, 2018, and the relative time periods involved, I do not consider that the application of the different limitation period would materially affect the

overall damages amount. I also note without deciding that, although not raised by the parties, any difference in the relevant time periods might be further reduced by operation of the *Time Limits and Other Periods Act (COVID-19)*, SC 2020, c 11, s 11 and/or its Quebec equivalent, Orders No. 2020-4251 and 2020-4303.

(2) Punitive damages

[180] Blossman seeks punitive damages in the amount of \$100,000, based on what it asserts to be AAP's outrageous and highly reprehensible conduct and callous disregard for Blossman's trademark rights. To support this assertion, it points primarily to AAP's registration of the '034 Mark in bad faith and its continued use and registration of that mark despite Blossman's demand letters.

[181] Punitive damages are awarded where a party's conduct is "malicious, oppressive and high-handed," and represents a "marked departure from ordinary standards of decent behaviour": *Whiten v Pilot Insurance Co*, 2002 SCC 18 at para 36. Punitive damages are designed to serve the objectives of retribution, deterrence, and denunciation where other remedies are inadequate to achieve these objectives: *Whiten* at para 94. In the trademark context, such damages are awarded where compensatory damages would amount to nothing more than a "licence fee" to earn profit through the outrageous disregard of the rights of others: *Whiten* at paras 72, 124; *Louis Vuitton Malletier SA v Singga Enterprises (Canada) Inc*, 2011 FC 776 at paras 165, 170.

[182] Bad faith is an important factor in assessing whether punitive damages are warranted: *Fidler v Sun Life Assurance Co of Canada*, 2006 SCC 30 at paras 60–75. Nonetheless, in my view, a finding of bad faith under paragraph 18(1)(e) does not automatically give rise to a claim

for punitive damages. Consideration must also be given to whether other remedies—in which I would include the remedy of invalidity imposed by the *Trademarks Act*—are adequate in the circumstances to achieve the objectives of retribution, deterrence, and denunciation. In the current case, I have concluded that AAP acted in bad faith by applying to register the '034 Mark when it knew that it was merely the licensee of the ALLIANCE AUTOGAS Design and that Blossman was the owner of the mark. It did not advise Blossman of its application or registration and, importantly, it maintained its registration for several years, refusing to abandon or transfer the registration long after it should have become apparent that it had no legal justification to do so.

[183] I agree that in the circumstances, this bad faith conduct merits an award of punitive damages to achieve the objectives of retribution, deterrence, and denunciation, although in an amount considerably lower than that proposed by Blossman. In my view, a punitive damages award of \$5,000 is proportionate to the nature of the conduct while demonstrating that AAP's conduct is worthy of sanction and serving as a deterrent reminder to licensees that attempts to register their licensor's trademarks may come with financial consequences.

(3) Injunction and delivery up

[184] As I have concluded above, use of the AAP Marks or the ALLIANCE AUTOPROPANE trade name or trademark after the invalidation of the registrations would constitute passing off. Given AAP's ongoing use of the AAP Marks and its stated intention to continue to use them, in my view a permanent injunction enjoining it from doing so is warranted. As explained in the discussion of confusion, my conclusions are dependent upon the presence in the AAP Marks of

the words ALLIANCE AUTOPROPANE. It will therefore be understood that the injunction enjoining AAP from using the AAP Marks does not prevent it from ongoing use of the stylized 'A' motif seen in the '456 Mark, for which it has a registered trademark in the '408 Mark, nor the 8-pointed star design seen in the '409 Mark.

[185] With respect to the ALLIANCE AUTOGAS Design, AAP has stated that it has ceased using that mark. In some cases, this may obviate the need for injunctive relief: *Hamdard Trust (2021)* at para 99. Nonetheless, two factors lead me to consider that an injunction is appropriate in respect of the '034 Mark. First, while AAP has stated that it has ceased using the '034 Mark, it has not undertaken not to do so and has indeed resisted a finding that it is obliged to do so. Second, although Mr. Grégoire asserted that AAP had ceased all use of the ALLIANCE AUTOGAS Design as of 2019, it appeared at his cross-examination in 2021 that there was still ongoing use. An injunction will serve to ensure that there is no future passing off with respect to this trademark as well.

[186] Blossman requests an order for delivery up of materials that would violate the injunction. AAP makes no specific representation in response to this request. I conclude that such an order is justified in the circumstances, with certain modifications to the order requested by Blossman.

#### D. *Costs*

[187] The parties presented bills of costs following the hearing of the application. Blossman seeks a lump sum award of fees in the amount of \$30,000, representing 22% of its actual costs, plus \$6,662 in disbursements. The \$30,000 amount compares to Tariff fees of \$8,550 based on Column III or \$22,200 based on the top of Column V. AAP presented similar Tariff amounts,

namely \$11,760 based on Column III or \$21,504 based on Column V, together with disbursements in the amount of \$1,409.

[188] In my view, Blossman is entitled to costs in its favour. It was largely successful in its application, obtaining the invalidation of AAP's marks, establishing at least part of its case in passing off, and obtaining injunctive relief. I would reduce its claimed costs award to some degree to reflect the fact that some of the costs incurred by the parties pertained to preparing evidence and argument with respect to Blossman's claim for past damages for passing off arising from use of the AAP Marks, for which AAP's registrations were a complete defence.

Considering the parties' bills of costs and the factors set out in Rule 400(3) of the *Federal Courts Rules*, SOR/98-106, and in particular factors (a), (b), (c), and (g), I conclude that Blossman is entitled to its costs in the amount of \$25,000, plus its claimed disbursements of \$6,662, for a total of \$31,662.

#### IV. Conclusion

[189] Blossman's application is therefore granted in part. The AAP Marks and the '034 Mark will be struck from the Trademark Register. Blossman will be awarded \$20,000 in damages for passing off in respect of AAP's use of the ALLIANCE AUTOGAS Design trademark in the period after the expiry of the Blossman-Caledon Agreement and the Caledon-AAP Agreement. Blossman will also be awarded \$5,000 in punitive damages on the basis of AAP's bad faith conduct in respect of the registration of the '034 Mark. An injunction will issue permanently enjoining AAP from using the ALLIANCE AUTOGAS Design, the AAP Marks, and the trade name or trademarks ALLIANCE AUTOGAS and/or ALLIANCE AUTOPROPANE.

**JUDGMENT IN T-1184-20**

**THIS COURT'S JUDGMENT is that**

1. The application is granted in part.
2. Canadian Registered Trademark No TMA916,456 is declared invalid and shall be struck by the Registrar from the Register of Trademarks, effective the date of this judgment.
3. Canadian Registered Trademark No TMA916,457 is declared invalid and shall be struck by the Registrar from the Register of Trademarks, effective the date of this judgment.
4. Canadian Registered Trademark No TMA916,409 is declared invalid and shall be struck by the Registrar from the Register of Trademarks, effective the date of this judgment.
5. Canadian Registered Trademark No TMA954,034 is declared to have always been invalid and shall be struck by the Registrar from the Register of Trademarks, effective the date of its registration.
6. Alliance Autopropane Inc shall pay to Blossman Gas, Inc the sum of \$20,000 as damages in passing off.
7. Alliance Autopropane Inc shall pay to Blossman Gas, Inc the sum of \$5,000 in punitive damages.
8. Alliance Autopropane Inc, its officer, directors, shareholders, agents, servants, employees, successors, and assigns, are hereby permanently enjoined from, directly or indirectly:

- a. using the trademark ALLIANCE AUTOGAS Design currently represented in Canadian Registered Trademark No TMA954,034, or any trademark confusing therewith in association with services related to the sale, installation, and maintenance of vehicle propane conversion systems and/or services related to vehicle propane filling stations [Propane Vehicle Services];
  - b. using the trademark or trade name ALLIANCE AUTOGAS or any trademark confusing therewith in association with Propane Vehicle Services;
  - c. using the trademarks currently represented in Canadian Registered Trademarks No TMA916,456; TMA916,457; and /or TMA916,409 in association with Propane Vehicle Services;
  - d. using the trademark or trade name ALLIANCE AUTOPROPANE or any trademark or trade name confusing therewith, including in the domain name *allianceautopropane.com* in association with Propane Vehicle Services;
  - e. directing public attention to its services and/or business in such a way as to cause or be likely to cause confusion with the services and/or business of Blossman Gas, Inc through the use of the trademark ALLIANCE AUTOGAS Design; the trademark or trade name ALLIANCE AUTOGAS, the trademarks currently represented in Canadian Registered Trademarks No TMA916,456; TMA916,457; and /or TMA916,409; and/or the trademark or trade name ALLIANCE AUTOPROPANE or any trade name or trademark confusing therewith;
9. Alliance Autopropane Inc shall, at its own expense, deliver up to Blossman Gas, Inc any materials that would offend the injunctions issued herein and that cannot be

modified or altered so as to not offend the injunctions issued herein, including but not limited to packaging, stationery, and promotional, advertising, and marketing materials. In the alternative, Alliance Autopropane Inc may elect to destroy such materials and provide to Blossman Gas, Inc a statement under oath that such destruction has occurred. In either case, Alliance Autopropane Inc may preserve in its own possession a single copy of any such materials for archival or reference purposes, provided the same is not used in commerce. The foregoing shall occur within 30 days of the date of this judgment.

10. Alliance Autopropane Inc shall pay to Blossman Gas, Inc costs in the total amount of \$31,662.

“Nicholas McHaffie”

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Judge



## APPENDIX "A"

**Services listed in Canadian trademark registrations  
TMA916,456; TMA916,457; TMA916,409; and TMA954,034**

Translation:	Version originale:
<p><i>Assembly of propane gas conversion systems for vehicles; Sale of propane gas conversion systems and conversion system parts for vehicles; Operation of propane gas conversion centres consisting of the sale, installation, maintenance, and repair of propane gas conversion systems and conversion system parts for vehicles; Operation of a network of propane gas conversion centres for vehicles; Operation of propane gas filling stations for vehicle gas tanks; Operation and sale of propane gas through a network of filling stations for vehicle propane gas tanks.</i></p>	<p><i>Assemblage de systèmes de conversion au gaz propane pour véhicules; Vente de systèmes de conversion et de pièces de systèmes de conversion au gaz propane pour véhicules; Exploitation de centres de conversion au gaz propane consistant en la vente, l'installation, l'entretien et la réparation de systèmes de conversion et de pièces de systèmes de conversion au gaz propane pour véhicules; Exploitation d'un réseau de centres de conversion au gaz propane de véhicules; Exploitation de stations de remplissage au gaz propane de réservoirs de véhicules; Distribution et vente de gaz propane par le biais d'un réseau de stations de remplissage de réservoirs de véhicules</i></p>

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

**DOCKET:** T-1184-20

**STYLE OF CAUSE:** BLOSSMAN GAS INC v ALLIANCE AUTOPROPANE  
INC

**PLACE OF HEARING:** HELD BY VIDEOCONFERENCE

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**JUDGMENT AND REASONS:** MCHAFFIE J.

**DATED:** DECEMBER 23, 2022

**APPEARANCES:**

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