

Federal Court



Cour fédérale

Date: 20120430

Docket: T-2168-10

Citation: 2012 FC 496

Ottawa, Ontario, April 30, 2012

PRESENT: The Honourable Mr. Justice O'Reilly

BETWEEN:

PRECISION DOOR & GATE SERVICE LTD.

Applicant

and

PRECISION HOLDINGS OF BREVARD, INC.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

I. Overview

[1] The applicant, Precision Door and Gate Service Ltd, has been selling, installing and repairing various kinds of doors throughout the lower mainland of British Columbia since 1997. I will refer to it as Precision Door. It uses the following trade-mark:



[2] The respondent, Precision Holdings of Brevard, Inc, is based in Titusville, Florida. Precision Holdings sells and services garage doors through more than 70 franchises. It is the registered owner of Canadian trade-marks for PRECISION DOOR SERVICE, PRECISION, and PRECISION OVERHEAD GARAGE DOOR SERVICE & Design. Precision Holdings applied for these trade-marks in 2002, at which time it was unaware of Precision Door. The trade-marks were registered in 2009.

[3] In 2005, Precision Door applied for the trade-mark PRECISION DOOR & GATE SERVICE LTD, with the design shown above. The Canadian Trade-marks Office rejected the application because the mark would be confusing when compared with Precision Holdings' registered marks.

[4] Precision Door asks me to expunge Precision Holdings' registered trade-marks from the register on the basis that Precision Holdings was not entitled to register those marks because they were likely to be confused with Precision Door's trade-mark. Precision Door also argues that Precision Holdings' marks do not meet the statutory requirement of distinctiveness. Precision Door relies on s 57(1) of the *Trade-marks Act*, RSC 1985, c T-13 (statutory references are set out in an Annex). In addition to contesting Precision Door's submissions, Precision Holdings also maintains that Precision Door acquiesced in the registration of its trade-marks and cannot, therefore, oppose them now.

[5] I agree with Precision Door that Precision Holdings was not entitled to register its trade-marks because they were confusing. Further, Precision Door did not acquiesce in Precision Holdings' registrations. Given my conclusion on these two issues, it is unnecessary to consider the question of distinctiveness. Therefore, I will grant this application. The issues are:

1. Are Precision Holdings' registrations invalid because it was not entitled to register them?
2. Did Precision Door acquiesce in the registration of Precision Holdings' trade-marks?

II. Factual Background

[6] Precision Door started using the name "Precision Door Ltd" in relation to door and gate installation and services after it was incorporated on September 23, 1997. The name appeared on service trucks, stationery, business cards, invoices and purchase orders, as well as on stickers affixed to the doors and gates it installed. Its President, Mr John Crang, was not aware of any other door company using that name at the time.

[7] Beginning in 1998, Precision Door advertised its name in the Vancouver, Richmond, Langley-Surrey and New Westminster Yellow Pages. In early 1999, it moved to a new building which bore its name. In 2000, it changed its name to "Precision Door & Gate Service Ltd". It has used that name and the corresponding logo (above) continuously since July 2000, on invoices, business cards, service trucks and in the Vancouver Yellow Pages.

[8] Precision Door has been a long-time member of various professional organizations, including the BC Chapter of the Canadian Door Institute, the Delta Chamber of Commerce and the Professional Association of Managing Agents. Its sales in Canada totalled more than \$3 million in the last five years.

[9] Prior to moving into the Canadian market, Precision Holdings looked for trade-marks that might conflict with its proposed marks. It found none, so it proceeded to file applications for its trade-marks on October 18, 2002. The applications were advertised on November 26, 2003, and March 17, 2004.

[10] Precision Holdings' first service call in Canada took place in February 2005, through a franchisee located in Seattle, Washington. All services performed in Canada to date have been performed by that single franchisee. Apparently, economic conditions have limited its growth, but Precision Holdings intends to sell more new franchises in the future.

[11] Precision Holdings first became aware of Precision Door in 2005. It sought Precision Door's consent to use its marks and then offered to buy them. Precision Door refused. At that point, it was too late to oppose Precision Holdings' applications.

[12] In July 2005, Precision Door applied to register its own mark, "Precision Door and Gate Service Ltd". However, a trade-mark examiner concluded that Precision Door's application was subsequent to Precision Holdings', and its proposed trade-mark would be confusing when compared to Precision Holdings'.

III. Issue One – Are Precision Holdings’ registrations invalid because it was not entitled to register them?

[13] A person who, like Precision Holdings, has used and registered a trade-mark in its country of origin (ie the United States) is entitled to register it in Canada, unless another person in Canada previously used a confusingly similar trade-mark or a trade-name (*Trade-marks Act*, s 16(2)). In this context, “use” means “used or displayed in the performance or advertising” of services (*Trade-marks Act*, s 4).

[14] Here, Precision Door bears the burden of displacing the presumption that Precision Holdings’ registrations are valid by proving that it used its trade-mark in Canada prior to the filing date of Precision Holdings’ applications, namely, October 18, 2002, and that its trade-mark is confusing when compared to Precision Holdings’. If it meets that burden, then Precision Holdings was not entitled to register its trade-marks.

1. Precision Door’s Use of its Trade-mark

[15] Precision Holdings argues that the evidence regarding Precision Door’s use of its trade-mark prior to October 18, 2002 is inconsistent and weak. It says Precision Door has not met the burden of showing it used its trade-mark prior to October 18, 2002.

[16] In my view, Precision Door has shown that it used its trade-mark during the relevant time-frame.

[17] Precision Holdings points out that Precision Door has provided evidence of stationery bearing its original trade-mark (PRECISION DOOR LTD), but it has not proved that these items were actually used. Precision Door relies on a business card allegedly used in 1997, but it bears the name of an employee who did not join the company until 1998. Further, the card includes an address that the company did not occupy until 1999.

[18] Precision Door also points to a photograph of a service truck bearing its trade-mark. Mr. Crang states in his affidavit that this was a vehicle used in 1997; however, on cross-examination, he admitted that the truck was first used in 1998 or 1999.

[19] Similarly, Precision Door relied on photographs of a door bearing a sticker showing Precision Door's original mark. Mr Crang deposed that these photographs were taken in 1998, but on cross-examination, he stated that the sticker was applied to the door in 1999.

[20] Some of the evidence relied on by Precision Door post-dated 2002, for example, Vancouver Yellow Pages advertisements from 2003-2004; photos of service trucks taken in 2011; and invoices from 2004 and 2005.

[21] There are some problems with this evidence. A business card believed to have been used in 1997 was actually not used until 1999. A truck believed to have gone into service in 1997 was not

on the road until 1998. A sticker on the door dated from 1999, not 1997. However, this is still good evidence of use of Precision Door's trade-mark prior to October 18, 2002. And there is other evidence, including other business cards, purchase orders, and photographs. Some of the invoices in the record are dated 2002 or later, but there are many others that preceded the filing date.

[22] I am satisfied that Precision Door has proved use of its trade-mark prior to October 18, 2002, continuously from 1997 onward. In 2000, Precision Door changed its full name from "Precision Door Ltd" to "Precision Door & Gate Service Ltd". The latter is a minor variant on the former name, and there is evidence of use by Precision Door of both versions. Customers would likely infer that it was the same company (*Canada (Registrar of Trade Marks) v CII Honeywell Bull, SA*, [1985] 4 CPR (3d) 523, at 525).

2. Is Precision Door's Trade-mark Confusing?

[23] Precision Holdings maintains that it is virtually impossible to tell whether any confusion between the parties' trade-marks ever occurred. It submits that Precision Door has provided no credible evidence of confusion.

[24] I disagree. There is a strong similarity between the parties' trade-marks and some evidence of actual confusion. Confusion is likely.

[25] To determine whether trade-marks are confusing, the Court must consider the likelihood that in areas where both trade-marks are used, prospective customers will infer incorrectly that the wares or services being provided are supplied by the same person.

[26] The test for confusion is: What is the first impression in the mind of a casual consumer somewhat in a hurry with an imperfect recollection of the trade-marks, who does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks? Would this consumer be likely to think that the trade-marks are from the same source? (See *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23, at para 20; *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, at para 41; *Mattel Inc v 3894207 Canada Inc*, 2006 SCC 22, at para 6.)

[27] All the surrounding circumstances must be considered, as well as five specific elements set out in s 6(5) of the *Trade-marks Act*. The weight given to each of these elements varies (*Mattel*, above, at para 54; *Veuve Clicquot*, at para 21).

- (a) The degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them;

[28] While this is the last factor listed in s 6(5), it is often the most significant (*Masterpiece*, above, at para 49).

[29] The trade-marks must be compared as a whole, not by looking at their constituent elements separately (*Park Avenue Furniture Corp v Wickes/Simmons Bedding Ltd*, [1991] FCJ No 546 (CA)). Emphasis should be put on the first word of the parties' trade-marks (*Andres Wines Ltd v Canadian Marketing International Ltd*, [1987] 2 FC 159, at para 28; *Conde Nast Publications Inc v Union des éditions modernes* (1979), 46 CPR (2d) 183 (FCTD), at 188).

[30] Here, all the trade-marks in issue are dominated by the word PRECISION. They are strikingly similar and, in essence, virtually the same.

- (b) The inherent distinctiveness of the trade-marks and the extent to which they have become known;

[31] The parties' trade-marks are not particularly distinctive. They are all dominated by the word "Precision" which is a fairly common noun, associated with exactitude and care. It is used widely in the names of a variety of businesses (*Mattel*, above, at para 75).

[32] In connection with door services, Precision Door has been using its trade-mark in Canada for a longer period of time than Precision Holdings. Invoices and other evidence show frequent use of the trade-mark, which increases the likelihood of public recognition of it. Precision Holdings has used its trade-marks sporadically, and only since 2005. There is evidence that in 2010, radio advertisements by Precision Holdings in Seattle may have reached listeners in BC, but there is no evidence that they promoted services available in BC.

(c) The length of time the trade-marks have been in use;

[33] Precision Door has used its mark since 1997. Precision Holdings first used the trade-mark PRECISION DOOR SERVICE in 1989 in Arizona and registered that mark in the US in 1998. There is little evidence that Precision Holdings has actually used its mark in Canada. The sole piece of evidence is a copy of an invoice dated February 18, 2006 in relation to services performed by Precision Holdings for a customer who subsequently complained to Precision Door.

(d) The nature of the wares, services or business;

[34] Both parties offer primarily garage door services. The nature of their wares and services is essentially identical. This suggests that the potential for confusion is high.

(e) The nature of the trade;

[35] The nature of the trade of the parties is similar if they both target the same end consumer (*Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120, at paras 57-59). In this case, the two parties both target primarily persons seeking installation or servicing of garage doors.

(f) Other factors.

[36] Looking to other relevant circumstances, Precision Door cites four alleged instances of confusion. The first, in 2006, involved a complaint from a customer of Precision Holdings who

complained to Precision Door about poor service and high prices. Another Surrey customer also complained. In both cases, Precision Door, at no charge, made repairs to doors installed by Precision Holdings. The third and fourth events involved a courier delivery and invoice that Precision Door received in error.

[37] Precision Holdings submits that this evidence is weak. There was some confusion in the evidence about who attended at the homes of confused customers and what the error was on the part of the courier company. I am satisfied, however, that there is at least some evidence of actual confusion.

[38] I also note that the trade-mark examiner refused Precision Door's trade-mark application, partly because it was confusing. Further, Precision Holdings itself presumably believed there was possible confusion when it asked for permission to use Precision Door's trade-mark, and then offered to purchase it.

[39] I am satisfied that, given the overall circumstances, together with the factors considered above – the lack of inherent distinctiveness of the trade-marks, the short length of time they have co-existed, the identical nature of their trade and services, and the close resemblance of the marks – the likelihood of confusion is high. I do not believe the “somewhat hurried consumer” would be able to distinguish between “Precision Door & Gate Service Ltd”, “Precision Door Service”, “Precision” and “Precision Overhead Garage Door Service” when used in relation to garage doors and related services. Similarly, with respect to the design marks used by both companies, both display prominently the word “Precision”.



[40] Overall, looking at all of the trade-marks in issue, consumers would likely believe the wares and services associated with those marks come from the same source. Therefore, the trade-marks are confusing within the meaning of s 6 of the *Trade-marks Act*. As Justice Teitelbaum stated when striking the trade-marks in *Eurofase Inc v Industrias Fase, SA*, [1999] FCJ No 1377 (TD), at para 26:

The evidence introduced by the Applicant sufficiently establishes that the use of the two trade-marks in Canada would lead to the inference that the products associated with both were made by the same manufacturer. (...) I am satisfied that confusion would be inevitable in this case given that the trade names are not merely similar but identical and deal with the same type of wares (...)

[41] Therefore, I am satisfied that Precision Holdings' registrations are invalid because it was not the person entitled to register them.

IV. Issue Two – Did Precision Door acquiesce in the registration of Precision Holdings' trade-marks?

[42] Precision Holdings argues that Precision Door acquiesced in the registration of Precision Holdings' trade-marks and, therefore, cannot challenge them now. Precision Door became aware of Precision Holdings' proposed use and registration of its trade-marks in Canada back in 2005, but waited until 2010 to challenge them.

[43] It is an open question whether this issue can be raised on an application for expungement (*Ling Chi Medicine Co (HK) v Persaud*, 1998 CarswellNat 1169 (FCA), at para 2). It is unnecessary to decide this question here since the evidence does not show acquiescence on Precision Door's part in any case.

[44] To succeed in its argument, Precision Holdings would have to show that Precision Door did something more than just delay its challenge to the registration. There must be proof that Precision Door's conduct encouraged Precision Holdings to believe that Precision Door did not intend to enforce its rights, and that Precision Holdings relied on that belief to its detriment: *Canadian Memorial Services v Personal Alternative Funeral Services Ltd*, [2000] FCJ No 140 (TD), at para 52; *Remo Imports Ltd v Jaguar Cars Ltd*, 2005 FC 870, at para 53.

[45] In my view, Precision Holdings has not shown more than mere delay on Precision Door's part. There is no evidence that Precision Door did anything that might have caused Precision Holdings to believe that it did not intend to assert its rights to its mark. In fact, the evidence is to the contrary. Precision Door refused to give permission to Precision Holdings to use its mark and declined to sell its rights. Precision Door then tried to register its own mark in 2005. There is no evidence of any detrimental reliance on Precision Holdings' part.

[46] Therefore, in my view, Precision Door did not acquiesce in Precision Holdings' registrations.

V. Conclusion and Disposition

[47] Based on Precision Door's prior use of its trade-mark and the likelihood of confusion between its mark and Precision Holdings' marks, Precision Holdings was not entitled to register its marks on October 18, 2002. Further, Precision Door did not acquiesce in Precision Holdings' registrations. Therefore, those registrations (Nos TMA738668, TMA738669 and TMA738737) are invalid under ss 16 and 18 of the *Trade-marks Act*, and should be struck from the register under s 57 of the *Trade-marks Act*.

[48] Precision Door is entitled to its costs. It submitted a Bill of Costs setting out total fees of \$8,081.86 (based on Column III) and disbursements of \$4,147.38. I am satisfied that these amounts are reasonable in the circumstances and, therefore, will fix total costs in the amount of \$12,229.24.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. Trade-mark registrations No TMA738668, TMA738669 and TMA738737 shall be struck from the register under s 57 of the *Trade-marks Act*;
2. Precision Door is entitled to costs in the amount of \$12,229.24.

“James W. O’Reilly”

Judge

Annex

Trade-marks Act, RSC 1985, c T-13

Loi sur les marques de commerce, LRC 1985, ch T-13

When deemed to be used

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

Persons Entitled to Registration of Trade-marks

16. (2) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that the applicant or the applicant's predecessor in title has duly registered in or for the country of origin of the applicant and has used in association with wares or services is entitled, subject to section 38, to secure its registration in respect of the wares or services in association with which it is registered in that country and has been used, unless at the date of filing of the application in accordance with section 30 it was confusing with

(a) a trade-mark that had been previously used in Canada or made known in Canada

Quand une marque de commerce est réputée employée

4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l'exécution ou l'annonce de ces services.

Personnes admises à l'enregistrement des Marques de Commerce

16. (2) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a dûment déposée dans son pays d'origine, ou pour son pays d'origine, et qu'il a employée en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard des marchandises ou services en liaison avec lesquels elle est déposée dans ce pays et a été employée, à moins que, à la date de la production de la demande, en conformité avec l'article 30, elle n'ait créé de la confusion:

a) soit avec une marque de commerce antérieurement

by any other person;
(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or
(c) a trade-name that had been previously used in Canada by any other person.

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 a été antérieurement produite au Canada par une autre personne;
c) soit avec un nom commercial antérieurement employé au Canada par une autre personne.

When registration invalid

18. (1) The registration of a trade-mark is invalid if

- (a) the trade-mark was not registrable at the date of registration,
- (b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or
- (c) the trade-mark has been abandoned,

and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.

Quand l'enregistrement est invalide

18. (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

- a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
- b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;
- c) la marque de commerce a été abandonnée.

Sous réserve de l'article 17, l'enregistrement est invalide si l'auteur de la demande n'était pas la personne ayant droit de l'obtenir.

Exclusive jurisdiction of Federal Court

57. (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

Jurisdiction exclusive de la Cour fédérale

57. (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

SOLICITORS OF RECORD

DOCKET: T-2168-10

STYLE OF CAUSE: PRECISION DOOR & GATE SERVICE LTD. v
PRECISION HOLDINGS OF BREVARD, INC.

PLACE OF HEARING: Vancouver, British Columbia

DATE OF HEARING: November 23, 2011

**REASONS FOR JUDGMENT
AND JUDGMENT:** O'REILLY J.

DATED: April 30, 2012

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