

Federal Court



Cour fédérale

Date: 20130911

Docket: T-1493-12

Citation: 2013 FC 946

Toronto, Ontario, September 11, 2013

PRESENT: The Honourable Madam Justice Mactavish

BETWEEN:

THE CARBON TRUST

Applicant

and

PACIFIC CARBON TRUST INC.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] The Carbon Trust appeals from a decision of the Registrar of Trade-marks sitting as the Trade-marks Opposition Board, refusing its application to register its “working with the Carbon Trust’ and footprint design” as a trade-mark. A copy of the Carbon Trust’s mark (which will be referred to in these Reasons as “the Carbon Trust mark”) is reproduced below:

**working with
the Carbon Trust**



[2] The refusal was based on sections 38(2)(c) and 16(3)(c) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 [the Act], with the Board finding that the Carbon Trust mark was confusing with the “Pacific Carbon Trust” trade-name of the Pacific Carbon Trust Inc..

[3] The Carbon Trust claims that the Board erred in refusing the registration of the Carbon Trust mark, submitting that the Pacific Carbon Trust does not own a trade-name as defined in the Act, as it is not a “business” nor does it carry on a “business” as contemplated by section 2 of the Act. It further asserts that the Board erred in finding that the Pacific Carbon Trust had used its trade-name prior to the September 22, 2008 application date. Finally, the Carbon Trust submits that the Board misapplied the test for confusion in subsections 6(4) and 6(5) of the Act.

[4] For the reasons that follow, I have not been persuaded that the Board erred as alleged. Consequently, the Carbon Trust’s appeal will be dismissed.

Background

[5] The Carbon Trust is a company registered in England and Wales that was set up in 2001 as part of the British government’s Climate Change Programme. It provides certification services to companies whose products or services meet certain standards relating to carbon footprinting. The Carbon Trust also advises public and private-sector entities and helps to develop and deploy low carbon technologies and solutions.

[6] The respondent, Pacific Carbon Trust, is a Crown Corporation in British Columbia that was set up as part of that province’s Climate Action Plan. It was incorporated on March 14, 2008. The

Pacific Carbon Trust's mandate is to deliver carbon offsets to help public and private sector clients meet their carbon reduction goals and support the growth of British Columbia's low carbon economy.

[7] The Pacific Carbon Trust also provides co-marketing opportunities to private sector clients who have retired offsets under four categories: carbon neutral companies, carbon neutral vehicles, carbon neutral events and carbon neutral flights. Where these clients meet certain criteria, they are permitted to use the Pacific Carbon Trust's logo designs, each of which feature the Pacific Carbon Trust trade name. These logos certify that the client is operating a carbon neutral company, vehicle, event or flight.

[8] The Pacific Carbon Trust is the only entity in Canada using the words "Carbon Trust" as part of a trade-mark or trade-name.

[9] The Carbon Trust applied to register the Carbon Trust mark on September 22, 2008 (application no. 1,411,596), based upon its proposed use in Canada in association with the:

certification of companies, persons, processes, products and systems with the purpose of monitoring and improving quality and measuring standards as to energy consumption, energy efficiency, carbon dioxide emissions, greenhouse gas emissions or other environmental standards, namely, international, domestic and national environment limits (whether regulatory or voluntary) with respect to the development and protection of natural and physical resources.

[10] The trade-mark application was advertised for opposition purposes in the Trade-marks Journal on October 21, 2009. The Pacific Carbon Trust filed a statement of opposition on December 21, 2009, alleging that the application had not been filed by a legal entity, but rather by a "trading

style”. It further alleged that the Carbon Trust mark was non-registerable as it was likely to be mistaken for that of a public authority, namely the Pacific Carbon Trust, a Crown Corporation.

[11] The Pacific Carbon Trust also asserted that the Carbon Trust mark was confusing with its Pacific Carbon Trust trade-mark, which it had previously used for services of the same general class, and with its Pacific Carbon Trust trade-name, which it had also previously used in Canada.

[12] Finally, the Pacific Carbon Trust asserted that the Carbon Trust mark was not distinctive, as it did not distinguish the applicant’s services from those offered by the respondent.

[13] In support of its opposition, the Pacific Carbon Trust filed affidavits from D. Scott MacDonald (the “first MacDonald affidavit”) and Andrew Dooner. Mr. MacDonald is the Chief Executive Officer of the Pacific Carbon Trust and Mr. Dooner is its Managing Director. The Carbon Trust did not cross-examine either of the Pacific Carbon Trust’s affiants, nor did it file any evidence with the Board in support of its application for registration.

The Board’s Decision

[14] The Board rejected all of the grounds of opposition, save and except the claim of non-entitlement under sections 38(2)(c) and 16(3)(c) of the *Trade-marks Act* based upon confusion with the Pacific Carbon Trust trade-name.

[15] The Pacific Carbon Trust did not pursue its claim that the application had not been filed by a legal entity, but rather by a “trading style” and this ground of opposition was thus dismissed by the Board.

[16] With respect to the Pacific Carbon Trust’s claim that the Carbon Trust mark was likely to be mistaken for its official mark, the Board found that the most striking aspect of the proposed trade-mark was the footprint design, and not the words “the Carbon Trust”. The Board also found that the presence of additional words in the proposed mark differentiated it from the Pacific Carbon Trust’s mark.

[17] The Board did agree with the Pacific Carbon Trust that the words “working with” in the Carbon Trust mark might suggest a connection between the two entities. Nevertheless, the Board found that the words “working with” created both visual and audible differences between the marks. It therefore rejected this ground of opposition.

[18] The Board also did not accept the Pacific Carbon Trust’s claim that the Carbon Trust mark was confusing with the Pacific Carbon Trust trade-mark.

[19] The Board noted that the Pacific Carbon Trust had to establish that its trade-mark was used prior to the filing date of the application for the Carbon Trust mark on September 22, 2008, and had not been abandoned when the application was advertised on October 21, 2009.

[20] The Board reviewed the first MacDonald affidavit, which set out the Pacific Carbon Trust's mandate and principal activities, notably, the purchase of carbon offsets on behalf of public and private sector entities. The Board observed that much of the evidence introduced by Mr. MacDonald (including photographs and references to certain projects) was undated. The Board therefore inferred that the evidence was current to the date of the affidavit (July 9, 2010), and did not establish the use of the Pacific Carbon Trust trade-mark prior to the September 22, 2008 application date. Accordingly, the Board dismissed this ground of opposition.

[21] The Board also rejected the Pacific Carbon Trust's argument that the Carbon Trust mark was not distinctive, as it did not distinguish the Carbon Trust's services from those offered by the Pacific Carbon Trust. The Board noted that for this ground of opposition to succeed, the Pacific Carbon Trust had to establish that its trade-name was known to some extent in Canada as of the date at which the statement of opposition was filed, namely December 21, 2009. The Board concluded that the Pacific Carbon Trust was known only to "a small and specific group in BC", and that its reputation was not "substantial, significant or sufficient". This ground of opposition was thus rejected.

[22] The Board did, however, accept that the Carbon Trust mark was confusing with the Pacific Carbon Trust's trade-name, which the Board found had been used in Canada prior to the September 22, 2008 filing date for the application for the Carbon Trust mark, and had not been abandoned. In particular, the Board found, based on information contained in the Dooner affidavit, that the Pacific Carbon Trust had commenced operations under the trade-name "Pacific Carbon Trust" in July of 2008, and had offered its carbon offset services under the "Pacific Carbon Trust" trade-name as of

that date. The Board was further satisfied that the Pacific Carbon Trust trade-name had not been abandoned.

[23] Having concluded that the Pacific Carbon Trust had met its burden insofar as its trade-name was concerned, the Board turned to consider whether the Carbon Trust had established, on a balance of probabilities, that there was no likelihood of confusion between the proposed Carbon Trust mark and the Pacific Carbon Trust trade-name.

[24] The Board identified the test for confusion as being one “of first impression and imperfect recollection”. The Board further noted that the use of a trade-mark may cause confusion with another trade-mark or trade-name if “the use of both in the same area would be likely to lead to the inference that the wares or services associated with them are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class”: Board decision at para. 43.

[25] In analyzing the question of confusion, the Board considered the five factors enumerated under section 6(5) of the Act.

[26] Regarding the inherent distinctiveness of the trade-mark and trade-name, (section 6(5)(a) of the Act), the Board found that the Carbon Trust footprint design possessed “only a very limited degree of inherent distinctiveness” given that it could be interpreted as referencing either a carbon or environmental footprint. Similarly, the Board found that the Pacific Carbon Trust trade-name has

little inherent distinctiveness since it evoked its geographical location (“Pacific”) and its carbon offset activities.

[27] With respect to the extent to which the trade-mark and trade-name had become known within Canada, the Board noted that there was no evidence that the Carbon Trust had used the Carbon Trust mark in Canada. In contrast, the Board noted that the Pacific Carbon Trust had been referenced on a number of BC government websites, and had also been referred to by name in the provincial Speech from the Throne. Although the Board had previously concluded that the Pacific Carbon Trust was known only to “a small and specific group in BC” and that its reputation was not “substantial, significant or sufficient”, it was nevertheless satisfied that the Pacific Carbon Trust had “established some reputation for the trade-name Pacific Carbon Trust but that any such reputation would be restricted to BC”.

[28] As concerned the length of time each trade-mark or trade-name had been in use (section 6(5)(b)), the Board noted that the Carbon Trust mark had never been used in Canada, whereas the Pacific Carbon Trust trade-name had been used in Canada since 2008.

[29] With respect to the nature of the parties’ services/business and trade (sections 6(5)(c) and (d)), the Board was satisfied that the parties’ services could overlap, that they were “highly related” and that they shared “a significant degree of similarity as both parties operate in the carbon emissions field and offer services certifying companies with respect to carbon emissions”: Board decision at paras. 56 and 57.

[30] The Board rejected the Carbon Trust's argument that because its services are expensive, its consumers are sophisticated and would not be confused by the marks. The Board agreed with the Pacific Carbon Trust that the price of the wares was irrelevant when assessing confusion. Rather, the test for confusion is one of first impression, and subsequent steps that may be taken by consumers in an attempt to remedy any first instance confusion were therefore irrelevant.

[31] Insofar as the degree of resemblance between the marks (section 6(5)(e)) was concerned, the Board relied on its earlier analysis in relation to the Pacific Carbon Trust's official mark.

[32] The Board concluded that in light of the nature of the parties' services and the ideas suggested by their respective trade-mark or trade-name, consumers "may infer an association" between them, thus resulting in confusion. This ground of opposition was therefore successful.

Issues

[33] The Carbon Trust claims that the Board erred in refusing the registration of the Carbon Trust mark on the basis that the Pacific Carbon Trust does not own a trade-name as defined in the Act, as it is not a "business", nor does it carry on a "business" as contemplated by section 2 of the Act.

[34] The Carbon Trust also asserts that the Board erred in finding that the Pacific Carbon Trust had used its trade-name prior to the September 22, 2008 application date.

[35] Finally, the Carbon Trust says that the Board misapplied the test for confusion in subsections 6(4) and 6(5) of the Act.

Analysis

1. Does the Pacific Carbon Trust Carry on a “Business” within the Meaning of the *Trade-marks Act*?

[36] Section 2 of the *Trade-marks Act* defines a “trade-name” as “the name under which any business is carried on, whether or not it is the name of a corporation, a partnership or an individual”. The Carbon Trust submits that the Pacific Carbon Trust cannot own a trade-name within the meaning of section 2 of the Act because it does not carry on a “business”. According to the Carbon Trust, the Board erred by failing to consider this issue.

[37] Citing the decision in *Heritage Life Assurance Co. v. Heritage Life Insurance Co.*, (1978) 43 C.P.R. (2d) 203 at 210-11 (T.M.O.B.), the Carbon Trust submits that the Pacific Carbon Trust is not a “business” because its object is not to make profit. While conceding that the Pacific Carbon Trust’s activities undoubtedly “occupy time, attention, labour, and/or effort within the meaning of carrying on business in the *Heritage* decision”, the Carbon Trust submits that none of the evidence of use of the Pacific Carbon Trust’s trade-name relates to any business activities aimed at financial gain. According to the Carbon Trust, the Pacific Carbon Trust was created by the British Columbia government not to make a profit, but rather to implement public policy.

[38] I begin my analysis by observing that the Carbon Trust did not raise this issue before the Board, and consequently there is no decision of the Board on this point. Accordingly, the issue of the standard of review does not arise.

[39] I agree with the Pacific Carbon Trust that the Carbon Trust's definition of the word "business" as it is used in the *Trade-marks Act* is overly narrow. I also agree with the Pacific Carbon Trust that the *Heritage Life* decision relied upon by the Carbon Trust does not deal with the question of whether Crown corporations or not-for-profits carry on a "business" within the meaning of the *Trade-marks Act*.

[40] Indeed, more recent Board decisions have adopted a broader definition of "business" as one which "could encompass any purposeful activity which might well ... be charitable or educational in purpose": *Harvard Club of Montreal v. Vêtements Howick Apparel Ltd./Ltée*, 8 C.P.R. (3d) 493 at 496 (T.M.O.B.).

[41] I acknowledge that this comment was made in relation to the use of the word "business" in the definition of "person" in section 2 of the *Trade-marks Act* (which defines "person" as including "any lawful trade union and any lawful association engaged in trade or business or the promotion thereof..."). However, the principle of consistent expression would suggest that unless there is a clear indication otherwise, words should have the same meaning throughout a statute: *Thomson v. Canada (Deputy Minister of Agriculture)*, 1 S.C.R. 385, 89 D.L.R. (4th) 218, at para. 27; *R. v. Zeolkowski*, [1989] 1 S.C.R. 1378, 61 D.L.R. (4th) 725 at para. 19. There is no such clear indication in the *Trade-marks Act*.

[42] I am also satisfied that the Pacific Carbon Trust engages in commercial activity in the carbon offset industry. As discussed in the earlier of the two affidavits of Mr. MacDonald filed in connection with this application (the second MacDonald affidavit), the Pacific Carbon Trust

engages in commercial activity through carbon trading, buying and selling carbon offsets and the supporting business of greenhouse gas management.

[43] It is, moreover, noteworthy that the evidence adduced by the Carbon Trust itself recognizes that the purchase and trade of carbon offsets is the Pacific Carbon Trust's "sole area of commercial activity" and specifically refers to its "business model" and "clients": see the affidavit of Darran Messem, the Managing Director of Carbon Trust Certification Ltd., a wholly owned subsidiary of the Carbon Trust, at paras. 18 and 19.

2. Use of the "Pacific Carbon Trust" Trade-name Prior to September 22, 2008

[44] The Carbon Trust asserts that the Board also erred in finding that the Pacific Carbon Trust had used its trade-name prior to September 22, 2008. It is common ground that the September 22, 2008 application date is the material date for assessing non-entitlement based upon prior use of a confusingly similar trade-name.

[45] In addressing this issue, it is first necessary to address the question of the appropriate standard of review.

A. Standard of Review

[46] The parties agree that the standard of review identified in *John Labatt Limited v. Molson Companies Limited*, (1990), 36 F.T.R. 70, 30 C.P.R. (3d) 293 at 298 (F.C.T.D.), and *Molson Breweries v. John Labatt Ltd.*, [2000] 3 F.C. 145, 5 C.P.R. (4th) 180 at 196 (F.C.A.) applies to

appeals under section 56 of the *Trade-marks Act* from decisions of the Registrar of Trade-marks sitting as the Trade-marks Opposition Board.

[47] That is, where no new evidence is filed on an appeal that would have materially affected the Board's findings of fact or the exercise of its discretion, the test is whether the Board was clearly wrong.

[48] However, where additional evidence is filed on the appeal that would have materially affected the Board's findings of fact or law, or the exercise of the Board's discretion, the standard of review is that of correctness. Although not an entirely apt description, some cases refer to this as a hearing *de novo*. In such cases, the Court is entitled to substitute its opinion for that of the Board.

[49] The Carbon Trust has filed new evidence in this proceeding, as has the Pacific Carbon Trust. What remains to be determined, however, is the significance of this evidence.

[50] In deciding whether the impact of this new evidence is sufficient to warrant a review on the standard of correctness, I am guided by the comments in *Garbo Group Inc. v. Harriet Brown & Co.*, (1999), 176 F.T.R. 80, 3 C.P.R. (4th) 224 (F.C.T.D.). There, Justice Evans noted that in assessing the impact that additional evidence will have for the standard of review, the question is the extent to which the additional evidence has a probative significance that extends beyond the material that was before the Board. If the new evidence adds nothing of significance but is merely repetitive of existing evidence, without enhancing its cogency, the issue will be whether the Board was clearly wrong.

[51] None of the new evidence adduced in the context of this application for judicial review would, in my view, have affected the Board's findings with respect to the issue of the use of the Pacific Carbon Trust's trade-name prior to September 22, 2008.

[52] Most of Mr. Messem's affidavit is directed to a description of the Carbon Trust and a comparison of the services provided by the Carbon Trust with those offered by the Pacific Carbon Trust. It adds little to the issue of prior use. Similarly, the affidavit of Jill Roberts adds little to the question of prior use.

[53] Moreover, the evidence of use referred to in the new evidence adduced by the Pacific Carbon Trust is directed to the period after September 22, 2008, and adds nothing to the issue of pre-September 22, 2008 use of the Pacific Carbon Trust trade-name.

[54] Indeed, nowhere in the section of the Carbon Trust's memorandum of fact and law dealing with the question of pre-September 22, 2008 use of the Pacific Carbon Trust trade-name does the Carbon Trust identify *any* new evidence that could have materially affect the Board's findings of fact on this point.

[55] Consequently, I can only intervene in the Board's decision on this point in the event that I am persuaded that the Board's decision was clearly wrong. I would note, however, that nothing turns on my conclusion with respect to the standard of review to be used in connection with this issue, as, in my view, the Board was correct in its assessment of the question of prior use.

B. *Use of the Pacific Carbon Trust Trade-name before September 22, 2008*

[56] The Board found that the Pacific Carbon Trust had demonstrated that its trade-name had been used in Canada prior to September 22, 2008 and had not subsequently been abandoned.

[57] Based in part on information contained in the Dooner affidavit, including a July 2008 Request for Information [RFI], the Board found that the Pacific Carbon Trust had commenced operations under the trade-name “Pacific Carbon Trust” in July of 2008, and had offered its carbon offset services under the name “Pacific Carbon Trust” as of that date.

[58] The Carbon Trust argues that the July 2008 RFI shows that the Pacific Carbon Trust was not actually acquiring carbon offsets at that time. The Carbon Trust further contends that there is no indication of how, where or how many RFIs were distributed. According to the Carbon Trust, the RFI does not demonstrate “use” of the trade-name in the ordinary course of business.

[59] Similarly, the Carbon Trust contends that a July 2008 press release indicating that the Pacific Carbon Trust offset travel emissions for 800 delegates attending the 18th annual Pacific Northwest Economic Region summit sponsored by the Government of British Columbia does not demonstrate “use” of the trade-name, especially since the press release in question was not issued by the Pacific Carbon Trust itself. The Carbon Trust submits that the reference to the Pacific Carbon Trust is merely descriptive and is “buried” in the press release. The Carbon Trust further notes that the Pacific Carbon Trust has not filed any invoices or other documents demonstrating use of its trade name for this event.

[60] The Board also relied on a presentation at the conference given by the British Columbia Minister of the Environment in which reference was made to the Pacific Carbon Trust trade-name as evidence that the trade-name was in use.

[61] Based upon the evidence of Mr. Dooner, supported by the RFI, the press release and the Minister's statement, the Board was satisfied that the Pacific Carbon Trust had demonstrated use of its trade-name by July of 2008.

[62] The Carbon Trust argues that, as was the case with the press release, the mention of the Pacific Carbon Trust trade-name was "buried" within the Minister's speech and, once again, the document in question was not a publication released by the Pacific Carbon Trust itself. The Carbon Trust further notes that the British Columbia Emission Offsets Regulation relating to acquisition of carbon offsets did not even come into effect until December of 2008, and that the Pacific Carbon Trust has yet to register a trade-name under provincial corporate laws.

[63] Finally, citing the decision in *Mirabed AG v. Springwall Sleep Products Ltd.*, 4 C.P.R. (3d) 45 at para. 11, 1985 CarswellNat 1096 at para. 11 (T.M.O.B.), the Carbon Trust contends that even if the Pacific Carbon Trust did use its trade-name prior to September 22, 2008, the use was minor and insufficient because the Pacific Carbon Trust failed to show that it had established a reputation in the relevant industry.

[64] In my view, the Board's finding that the Pacific Carbon Trust had demonstrated that it had used its "Pacific Carbon Trust" and "Pacific Carbon Trust Inc." trade-names prior to September 22, 2008 was not clearly wrong.

[65] As Justice Strayer observed in *Professional Publishing Associates Ltd. v. Toronto Parent Magazine Inc.*, (1986), 8 F.T.R. 207, 9 C.P.R. (3d) 207 at 217 (F.C.T.D.), unlike "use" of a trade-mark which is specifically defined in section 4 of the Act, there is no definition of "use" in the *Trade-marks Act* in relation to trade-names. He concluded that to be consistent with the purposes of the Act, "use" would have to be in the normal course of trade and in relation to the class or classes of persons with whom such trade is to be conducted": see also *J.C. Penney Co. v. Gaberdine Clothing Co.*, 2001 FCT 1333, 213 F.T.R. 189, at paras. 91-92.

[66] I agree with the Carbon Trust that the *Mirabed* decision does indeed address the importance of 'sufficient' use (at para. 9). However, as the Pacific Carbon Trust pointed out, the opponent's reputation in the relevant industry is also an important aspect of the confusion analysis.

[67] I also agree with the Carbon Trust that it is incumbent on an opponent to demonstrate that it had established a reputation in connection with the trade-name before the Board will consider whether, having regard to that reputation, the possibility of confusion will arise: *Mirabed*, above, at para. 11, citing *British Petroleum Co. Ltd. v. Bombardier Ltd.* (1971), 4 C.P.R. (2d) 204 at 214, 1971 CarswellNat 511 at 214 (F.C.T.D.).

[68] That said, as long as the opponent's services are available in Canada, and a trade-mark or trade-name has been used or displayed in the advertising of those services, the mark or name will be deemed to have been used within the meaning of the Act: *Kelly v. Alexander*, [2001] T.M.O.B. No. 129, 14 C.P.R. (4th) 567 at 573.

[69] The RFI demonstrates that by July of 2008, the Pacific Carbon Trust was actively seeking information from interested parties for the supply of qualifying greenhouse gas offsets to assist it in its future procurement process.

[70] In addition, the press release and the Minister's presentation relating to the offsetting of travel emissions at the July 2008 conference specifically mention Pacific Carbon Trust by name. These references demonstrate a certain reputation in connection with the trading style (*Mirabed*). In addition, the Pacific Carbon Trust's offsetting of the carbon emissions for the 800 delegates attending the July 2008 summit was clearly a promotional activity.

[71] Moreover, the fact that the Pacific Carbon Trust offset the travel emissions for the July 2008 summit is evidence of the fact that its services were actually available, and were not merely displayed or advertised.

[72] Even if the references to the Pacific Carbon Trust were "buried" (to use the Carbon Trust's term) within the Minister's speech and the press release, this does not take away from the fact that the trade-name was in use by July of 2008, and these references are evidence of that use.

[73] The Carbon Trust also argues that the Board erred in considering documents demonstrating use of the Pacific Carbon Trust trade-name that post-date the September 22, 2008 application date. These documents included printouts from the Pacific Carbon Trust's website, corporate presentations, a Service Plan, Information Bulletins and sample business cards and letterhead. However, when paragraphs 39 and 40 of the Board's reasons are read together, it is apparent that the Board's comments with respect to this evidence were directed to the issue of abandonment and not to use prior to September 22, 2008. Consequently no error was demonstrated in this regard.

3. The Potential for Confusion

A. *Standard of Review*

[74] While the Carbon Trust did not file evidence with the Board in the opposition proceedings, there was information before the Board with respect to its certification services which had been detailed in Carbon Trust's trade-mark application. As noted earlier, these services included the "certification of companies, persons, processes, products and systems with the purpose of monitoring and improving quality and measuring standards as to energy consumption, energy efficiency, carbon dioxide emissions, greenhouse gas emissions or other environmental standards". These standards included "international, domestic and national environmental limits (whether regulatory or voluntary) with respect to the development and protection of natural and physical resources": Board decision at para. 1.

[75] The Board was also aware of the nature of the services provided by the Pacific Carbon Trust: Board decision at paras. 26-39.

[76] That said, as was noted earlier, Mr. Messem's affidavit is largely directed to a description of the Carbon Trust and a comparison of the services provided by the Carbon Trust and those offered by the Pacific Carbon Trust. Given the additional detail provided by Mr. Messem, I am prepared to accept that this evidence could have materially affected the Board's findings of fact with respect to the nature of each of the parties' businesses and services. As a result, I will consider this issue anew.

[77] Before turning to address the issue of confusion, however, I would note that my finding that there is evidence before the Court that could have materially affected the Board's findings of fact in relation to this one component of the confusion analysis does not open up the entire decision to review on the correctness standard: *Garbo Group Inc.*, above at para. 23; *Canadian Council of Professional Engineers v. APA - Engineered Wood Assn.*, (2000), 184 F.T.R. 55, 7 C.P.R. (4th) 239 at para. 38 (F.C.T.D.).

[78] I have not been persuaded that the new evidence would have materially affected the Board's findings in relation to the other aspects of the confusion analysis, and I will thus consider these findings on the more deferential standard of review.

B. *The Confusion Analysis*

[79] In *Mattel, Inc. v. 3894207 Canada Inc.*, (2000), 184 F.T.R. 55, 7 C.P.R. (4th) 239 at para. 38 (F.C.T.D.), the Supreme Court of Canada confirmed that the object of a trade-mark "is to function as a symbol of the source and quality of wares and services, to distinguish those of the merchant from those of another, and thereby to prevent 'confusion' in the marketplace": as cited in paragraph 18 of *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. No. 824.

[80] As will be explained below, taking all of the surrounding circumstances into account, including the factors enumerated in subsection 6(5) of the *Trade-marks Act*, I have come to the same conclusion on the issue of confusion as did the Board. That is, that in light of the overlap in the type of services offered by each of the parties and the ideas suggested by their respective trade-mark or trade-name, consumers “may infer an association” between the two entities, thereby resulting in confusion.

[81] Having regard to the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known (paragraph 6(5)(a) of the Act), the Carbon Trust argues that while, upon reflection, it could be that its proposed mark could be interpreted as meaning a ‘carbon footprint’ or ‘environmental footprint’, the test for confusion is one of first impression: *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. No.387.

[82] The Carbon Trust further submits that where two trade-marks or names possess little inherent distinctiveness (as the Board found to be the case here) small differences between the marks will be sufficient to distinguish them: *Sarah Coventry Inc. v. Abrahamian et al.*, [1984] F.C.J. No. 1194, 1 C.P.R. (3d) 238 at 240.

[83] The Board found that the Carbon Trust footprint design possessed “only a very limited degree of inherent distinctiveness” given that it could be interpreted as referencing either a carbon or environmental footprint. In coming to that conclusion, the Board clearly understood the test for

confusion as being one “of first impression and imperfect recollection”: see para. 43 of the Board’s decision.

[84] The Board also found that the Pacific Carbon Trust trade-name has little inherent distinctiveness since it evoked its geographical location (“Pacific”) and its carbon offset activities. As a consequence, the Board held that the inherent distinctiveness of each of the marks was low and I see no basis for interfering with this finding.

[85] With respect to the extent to which the trade-mark and trade-name had become known within Canada, it is common ground that the Carbon Trust mark had never been used in Canada. The Board accepted that the Pacific Carbon Trust had been referenced on a number of BC government websites, and had also been referred to by name in the Speech from the Throne. The Board therefore concluded that the Pacific Carbon Trust “has established some reputation for the trade-name Pacific Carbon Trust but that any such reputation would be restricted to BC”.

[86] The Carbon Trust argues that in making this finding, the Board improperly relied on materials which post-date September 22, 2008 or materials “which are not significant”. I agree that the Board erred in relying on materials post-dating September 22, 2008 in concluding that the Pacific Carbon Trust had established a reputation for its trade name as of the application date.

[87] That said, the Board specifically stated that it had considered this evidence “in association with the evidence as a whole”. This would have included the evidence pre-dating September 22, 2008. A review of the record, in particular the RFI, the press release and the Minister’s presentation

relating to the offsetting of travel emissions referred to earlier in these Reasons confirm that the Pacific Carbon Trust had established some reputation for the Pacific Carbon Trust trade-name by September 22, 2008, if only in British Columbia.

[88] The affidavit of Jill Roberts provides information regarding other entities in this sector that have adopted the word “trust”, including the “Canada Carbon Trust” and the “Energy Saving Trust”. The evidence does not, however, establish that the Canada Carbon Trust has ever been engaged in any business activity, nor is there any evidence that the Energy Saving Trust has ever engaged in any activity in Canada. The evidence also does not suggest that either entity has established any reputation in Canada.

[89] Insofar as the nature of the parties’ services or business and the nature of the trade were concerned (paragraph 6(5)(c) and (d) of the Act), the Board found that the parties’ services could overlap, that they were “highly related” and that they shared “a significant degree of similarity as both parties operate in the carbon emissions field and offer services certifying companies with respect to carbon emissions”.

[90] The Carbon Trust argues that the parties do not operate within the same sub-category of the carbon emissions industry. Citing the decisions in *Via Rail Canada Inc. v. Location Via-Route et al.*, [1992] R.J.Q. 2109, 45 C.P.R. (3d) 96 at 115 (C.A.) and *Immuno AG v. Medicorp Sciences Inc.*, (1995) 60 C.P.R. (3d) 527 at 532, 1995 CarswellNat 2938 at 532 (T.M.O.B.), the Carbon Trust argues that distinctions between types of services and specializations within a same industry are important.

[91] While the Carbon Trust certifies that businesses have met greenhouse gas and other environmental standards, it submits that the Pacific Carbon Trust's "sole commercial activity" is the purchase and trade of carbon offsets. According to the Carbon Trust, these are "discrete, specialist service[s]" offered to different end users and would be of interest to different types of professionals.

[92] I acknowledge that, unlike the Pacific Carbon Trust, the Carbon Trust is not involved in the purchase or trade of carbon offsets. However, as will be explained below, I disagree with the Carbon Trust's contention that this constitutes the Pacific Carbon Trust's "sole area of commercial activity". Moreover, having carefully reviewed the evidence with respect to the nature of the parties' respective services and businesses and the nature of their trade (including the affidavits of Mr. Messem and Jill Roberts, as well as the affidavits of Mr. MacDonald), there is, in my view, enough overlap between the parties' activities for me to find that their respective marks would be confusing.

[93] For example, Mr. Messem deposes that the Carbon Trust provides certification services and licenses the footprint mark to companies who meet certain standards for product carbon footprinting. Similarly, the evidence of Mr. MacDonald in his first affidavit is that the Pacific Carbon Trust allows clients who have implemented emission reduction and efficiencies which qualify as offsets to use its logo.

[94] According to Mr. Messem, the Carbon Trust advises businesses, governments, and the public sector on sustainable, low-carbon opportunities. Likewise, Mr. MacDonald asserts that the

Pacific Carbon Trust also provides advisory services, teaching organizations how to report, reduce and offset carbon emissions and educates its clients about carbon emissions reductions and offsets.

[95] Mr. Messem states that the Carbon Trust's clients include businesses, governments and the public sector. According to Mr. MacDonald, the Pacific Carbon Trust's clients also include both public and private sector clients.

[96] As a consequence, having taken the new evidence into account, I nevertheless agree with the Board that services offered by the parties were related and could overlap, as both parties operate in the carbon emissions field and both offer services certifying companies with respect to carbon emissions. Moreover, as acknowledged by Mr. Messem, the users of the services offered by the Carbon Trust and the Pacific Carbon Trust could be the same: see Messem affidavit at paras. 26 and 27.

[97] The Board rejected the Carbon Trust's argument that because its services are expensive, its consumers are sophisticated and would not be confused by the marks. The Board held that the price of the wares was irrelevant when assessing confusion as the test for confusion is one of first impression. As a result, the Board held that subsequent steps taken by consumers in an attempt to remedy any first instance confusion were irrelevant.

[98] The Carbon Trust contends that the Board erred in failing to consider the sophistication of the consumers of its services and in misinterpreting the Supreme Court's decision in *Masterpiece* in finding that subsequent steps taken by sophisticated consumers are irrelevant. The Carbon Trust

says that in holding that the cost of wares and services is indeed relevant, the Supreme Court in *Masterpiece* was, moreover, addressing the issue of expensive services, not sophisticated consumers.

[99] Indeed, the Carbon Trust says that where, as here, the trade-mark and trade-name are “less similar”, the cost of services becomes a relevant factor. Had the Board considered this, the Carbon Trust submits that it would have found in the Carbon Trust’s favour.

[100] Given that the Messem affidavit provides new evidence with respect to the nature of the clients of both the Carbon Trust and the Pacific Carbon Trust, I am prepared to address this issue on a *de novo* basis.

[101] Although the Carbon Trust is correct to state that the cost of wares or services can be relevant, this does not change the fact that the test is still one of “first impression”. The possibility of subsequent research by an attentive consumer of expensive wares or services was addressed by the Supreme Court in *Masterpiece* (above). There, Justice Rothstein stated that:

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

trade-mark, as Binnie J. observed in *Mattel* [*Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] S.C.J. No. 23] is a shortcut for consumers. That observation applies whether they are shopping for more or less expensive wares or services.

[71] It is not relevant that [...] consumers are “unlikely to make choices based on first impressions” or that they “will generally take considerable time to inform themselves about the source of expensive goods and services”. Both of these - subsequent research or consequent purchase - occur after the consumer encounters a mark in the marketplace.

[72] This distinction is important because even with this increased attentiveness, it may still be likely that a consumer shopping for expensive goods and services will be confused by the trade-marks they encounter. Careful research and deliberation may dispel any trade-mark confusion that may have arisen. However, that cannot mean that consumers of expensive goods, through their own caution and wariness, should lose the benefit of trade-mark protection. It is confusion when they encounter the trade-marks that is relevant [*sic*]. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.

[...]

[74] For these reasons, it was an error to discount the likelihood of confusion by considering what actions the consumer might take after encountering a mark in the marketplace. The trial judge should have instead limited his consideration to how a consumer, upon encountering the Alavida mark in the marketplace, with an imperfect recollection of the Masterpiece Inc. mark, would have reacted. Because consumers for expensive retirement residence accommodation may be expected to pay somewhat more attention when first encountering a trade-mark than consumers of less expensive wares or services, cost is not irrelevant. However, in circumstances where a strong resemblance suggests a likelihood of confusion, and the other s. 6(5) factors do not point strongly against a likelihood of confusion, then the cost is unlikely to lead to a different conclusion.

[102] From this, it is apparent that the Board's blanket statement that "the fact that wares are expensive is not a relevant factor" is somewhat problematic. As noted in *Masterpiece*, a consumer shopping for expensive goods or services is "likely to be somewhat more alert and aware of the trade-mark associated with the wares or services they are examining and its similarity or difference with that of the prior trade-mark": at para. 70.

[103] That being said, the test remains one of "first impression and imperfect recollection".

[104] I accept the Carbon Trust's submission that in assessing confusion, regard must be had to the persons who are likely to make a purchase: see *BBM Canada v. Research In Motion Ltd.*, 2012 FC 666, 408 F.T.R. 300 at para. 34.

[105] However, I agree with the Pacific Carbon Trust that having regard to the other factors in subsection 6(5) of the Act, the "universe of consumers" in the market for services of the type provided by the parties, upon encountering the Carbon Trust mark, with an imperfect recollection of the Pacific Carbon Trust trade name, would be confused.

[106] Insofar as the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them (section 6(5)(e) of the Act) are concerned, the Board accepted that the footprint logo is the most striking aspect of the Carbon Trust mark. However, it also found that the marks at issue suggest similar ideas, and more specifically suggest that the Carbon Trust is "working with" the Pacific Carbon Trust.

[107] The Carbon Trust submits that its new evidence with respect to the nature of the parties' services, their channels of trade and their end users indicates that they "operate in completely different industries within the broader carbon emissions industry". It further contends that the first word of its mark – which was deemed by the Board to be important – is different from that of the respondent - namely "working" as opposed to "Pacific". It also argues that the Carbon Trust's distinctive footprint design will not lead to confusion on a first impression, which is to be assessed in light of "all the surrounding circumstances": *Mattel*, above at para. 51 [emphasis in the original].

[108] There is no material new evidence addressing this question, with the result that the deferential standard of review applies to the Board's finding on this point.

[109] While the Carbon Trust's footprint logo is clearly distinctive, the Board's finding that the words "working with" in the Carbon Trust mark could suggest an association between the two entities was not clearly wrong. The words "working with" do suggest a relationship with the "Carbon Trust" which – at least in British Columbia – may appear to be associated with the Pacific Carbon Trust.

C. The Pacific Carbon Trust's Challenge to the Board's Findings in Relation to the Other Grounds of Opposition

[110] In light of my findings in relation to the Board's confusion analysis, it is not necessary to address the Pacific Carbon Trust's arguments with respect to the other grounds of opposition, nor is it necessary to consider whether those arguments are properly before the Court in the context of this application.

Conclusion

[111] For these reasons, the Carbon Trust's appeal is dismissed. The Pacific Carbon Trust is entitled to its costs, not including the cost of second counsel, at the mid-point of Column III of the table to Tariff B, together with its reasonable disbursements.

JUDGMENT

THIS COURT ORDERS AND ADJUDGES that the appeal is dismissed, with costs.

“Anne L. Mactavish”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1493-12

STYLE OF CAUSE: THE CARBON TRUST v.
PACIFIC CARBON TRUST

PLACE OF HEARING: Vancouver, British Columbia

DATE OF HEARING: June 20, 2013

**REASONS FOR JUDGMENT
AND JUDGMENT:** MACTAVISH J.

DATED: September 11, 2013

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