Federal Court of Appeal

Cour d'appel fédérale

Date: 20140603

Docket: A-300-13

Citation: 2014 FCA 146

CORAM: **MAINVILLE J.A.**
SCOTT J.A.
BOIVIN J.A.

BETWEEN :

OSMOSE-PENTOX INC.

Appellant

and

SOCIÉTÉ LAURENTIDES INC.

Respondent

Hearing held at Montréal, Quebec, on May 12, 2014.

Judgment delivered at Ottawa, Ontario, on June 3, 2014.

REASONS FOR JUDGMENT BY: BOIVIN J.A.

CONCURRED IN BY: MAINVILLE J.A.
SCOTT J.A.

Cour d'appel fédérale Federal Court of Appeal

Date: 20140603

Docket: A-300-13

Citation: 2014 FCA 146

CORAM: **MAINVILLE J.A.**
SCOTT J.A.
BOIVIN J.A.

BETWEEN:

OSMOSE-PENTOX INC.

Appellant

and

SOCIÉTÉ LAURENTIDES INC.

Respondent

REASONS FOR JUDGMENT

BOIVIN J.A.

[1] This is an appeal from a decision of Justice Martineau of the Federal Court (the judge) dated June 11, 2013, the reasons for which bear citation number 2013 FC 626. The judge dismissed the trade-mark infringement action brought by the appellant (Osmose-Pentox).

[2] For the reasons that follow, it is my opinion that the appeal must be dismissed.

I. Background

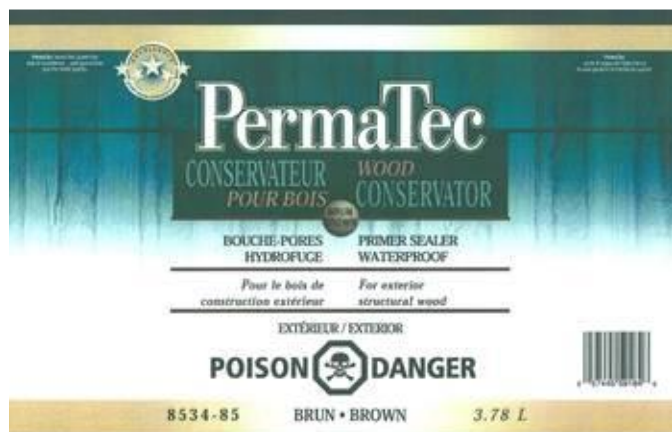
[3] The essential facts of this case are the subject of an agreement between the parties and are relatively straightforward.

[4] Osmose-Pentox is a company that manufactures and sells wood coatings and wood preservatives under various trade-marks, including Pentox. Since 1996, it has been producing wood primer sealer sold in containers bearing a label with the PENTOX mark and the following design mark: CONSERVATOR (the design mark).

[5] The CONSERVATOR products have the same general properties as other wood preservatives, but they contain no pesticides and can be painted over once they have been applied to the wood.

[6] The respondent (Société Laurentides) is a company that manufactures and sells various wood stain and wood preservative products under the PermaTec mark. In 1999, Société

Laurentides brought a new wood primer sealer to market, the labels for which include the terms “*wood* CONSERVATOR” and “CONSERVATEUR *pour bois*”.



[7] In 2000, Osmose-Pentox discovered that Société Laurentides was selling and delivering to branches of the RONA chain, its main client at the time, containers of PermaTec primer sealer on which appeared the words “*wood* CONSERVATOR” and “CONSERVATEUR *pour bois*”. Osmose-Pentox instituted an action before the Federal Court on April 30, 2002, for infringement of its right to the exclusive use of its registered mark CONSERVATOR.

[8] Since the beginning of the proceedings in 2002, numerous orders and interlocutory decisions have been issued by prothonotaries, judges of the Federal Court and also judges of the Federal Court of Appeal. It should also be noted that Société Laurentides stopped producing the primer sealer with the disputed labels in 2005, and it assigned ownership of the PermaTec trade-mark to a company in British Columbia in 2012.

II. The trial judge's reasons

[9] In his reasons for decision dated June 11, 2013, the judge held that there was no infringement under section 20 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act), since Société Laurentides used the words CONSERVATOR and CONSERVATEUR not as trade-marks, but simply to describe its products. The judge explained that what made the design mark CONSERVATOR truly distinctive was the hard hat symbol, while the underlying words "conservator" and "conservateur", as such, were essentially descriptive.

[10] The judge nonetheless considered the limited defence provided for in subparagraph 20(1)(*b*)(ii) of the Act, and he also analyzed the factors that may suggest that a mark is confusing within the meaning of subsection 6(5) of the Act. In so doing, the judge assumed for the purpose of his analysis that the words "*wood* CONSERVATOR" and "CONSERVATEUR *pour bois*" had been used as trade-marks.

[11] On this basis, the judge concluded that the use of the words "*wood* CONSERVATOR" and "CONSERVATEUR *pour bois*" was covered by the limited defence provided for in subparagraph 20(1)(*b*)(ii) of the Act. He noted, however, that no direct evidence of actual confusion had been presented and that there was only a very small risk that an ordinary consumer would purchase the wood primer sealer of Société Laurentides in the belief that he or she was actually buying that of Osmose-Pentox.

[12] Lastly, the judge found that Osmose-Pentox's allegation of passing-off within the meaning of paragraph 7(*b*) of the Act was gratuitous, as goodwill attaching to the Osmose-

Pentox design mark was virtually non-existent, and no evidence of depreciation in the value of this goodwill or of confusion had been presented.

III. Issues

[13] The three (3) issues in this appeal are the following:

> 1. Did the judge err in his interpretation and application of the concept of use of a trade-mark as set out in subsection 20(1) of the Act and in his interpretation of the limited defence provided for in subparagraph 20(1)(*b*)(ii) of the Act?
>
> 2. Did the judge err in concluding that use of the words "*wood* CONSERVATOR" and "CONSERVATEUR *pour bois*" was not confusing within the meaning of subsection 6(5) of the Act?
>
> 3. Did the judge err in concluding that there was no passing-off within the meaning of paragraph 7(*b*) of the Act?

IV. Analysis

1. Did the judge err in his interpretation and application of the concept of use of a trade-mark as set out in subsection 20(1) of the Act and in his interpretation of the limited defence provided for in subparagraph 20(1)(b)(ii) of the Act?

[14] From the outset, I would note that the Supreme Court of Canada recently reiterated, in *Masterpiece Inc. v. Alavida Lifestyles Inc.,* 2011 SCC 27, [2011] 2 S.C.R. 387 at paragraph 102 [*Masterpiece*], the standard of review applicable on appeal in the context of a trade-mark infringement. Generally speaking, there is no reason to interfere with the findings of the judge unless "the facts [found] and inferences were based on an error of law or constituted a palpable or overriding error of fact: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235."

[15] The fundamental issue underlying this case concerns the scope of the protection afforded to the CONSERVATOR design mark by the Act. This design mark consists of a commonly used word in which one letter is replaced by a design, in this case, a hard hat. Through its trade-mark infringement action, Osmose-Pentox is ultimately seeking to establish that the registration of the design mark CONSERVATOR gives it a monopoly over the use of the words "conservator" and "conservateur" in association with wood preservative products. Challenging the judge's conclusions, Osmose-Pentox is of the opinion that the judge erred in his analysis of subsection 20(1) of the Act and incorrectly concluded that Société Laurentides was not using the words "*wood* CONSERVATOR" and "CONSERVATEUR *pour bois*" as a trade-mark.

[16] Subsection 20(1) reads as follows:

20. (1) The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name, but no registration of a trade-mark prevents a person from making	**20.** (1) Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne non admise à l'employer selon la présente loi et qui vend, distribue ou annonce des marchandises ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion. Toutefois, aucun enregistrement d'une marque de commerce ne peut empêcher une personne :
(*a*) any *bona fide* use of his personal name as a trade-name, or	*a*) d'utiliser de bonne foi son nom personnel comme nom commercial ;
(*b*) any *bona fide* use, other than as a trade-mark,	*b*) d'employer de bonne foi, autrement qu'à titre de marque de commerce :
(i) of the geographical name of his place of business, or	(i) soit le nom géographique de son siège d'affaires,

(ii) of any accurate description of the character or quality of his wares or services,	(ii) soit toute description exacte du genre ou de la qualité de ses marchandises ou services,
in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade-mark.	d'une manière non susceptible d'entraîner la diminution de la valeur de l'achalandage attaché à la marque de commerce.

[17] There is no doubt that Osmose-Pentox enjoys the exclusive right to use the design mark CONSERVATOR. However, as a design mark, the protection it has under the Act covers only the representation of the word "conservator" where the letters "o" or "eu" have been replaced by a hard hat, and does not extend to the words suggested by the design mark. In other words, the distinguishing feature of Osmose-Pentox's design mark is only the hard hat. In the absence of the hard hat, it would be difficult to imagine that there would be any protection under the Act.

[18] Consequently, I agree with the judge's first conclusion that the words at issue, "*wood* CONSERVATOR" and "CONSERVATEUR *pour bois*", were not used as a trade-mark but solely for descriptive purposes. As the judge noted at paragraph 74 of his reasons:

> [74] . . . I endorse the defendant's preliminary proposition that the words "CONSERVATEUR *POUR BOIS*" and "*WOOD* CONSERVATOR" which appears [*Sic*] side-by-side below PermaTec and in smaller characters, are not used as a trade-mark but as a mere description of the defendant's product. . . .

[19] This conclusion in itself could have ended the judge's analysis. The judge, however, carried it further. Specifically, with respect to the arguments of Osmose-Pentox concerning subparagraph 20(1)(*b*)(ii) of the Act, the judge concluded that the words "*wood*

CONSERVATOR" and "CONSERVATEUR *pour bois*" used by Société Laurentides fall under the limited defence provided for by the Act.

[20] Relying on the decision in *Bagagerie S.A v. Bagagerie Willy Ltée*, (1992) CarswellNat 1068, (1992) 45 C.P.R. (3d) 503, Osmose-Pentox disputes that the words "CONSERVATOR" and "CONSERVATEUR" are an "accurate description" within the meaning of subparagraph 20(1)(*b*)(ii) and is of the opinion that they are, at most, [TRANSLATION] "suggestive" but not [TRANSLATION] "descriptive". Osmose-Pentox also points out that these words are defined in various dictionaries as referring to people and not wood primer sealer products. Therefore, according to Osmose-Pentox, they are not sufficient to describe the product in the PermaTec container and cannot be covered by the limited defence in question.

[21] I cannot agree with this argument. In the first place, the judge did not err in accepting the argument of Société Laurentides that the words "CONSERVATEUR *pour bois*" and "*wood* CONSERVATOR" do not identify the source of Société Laurentides's product—the label indicating clearly that it is PermaTec—but rather describe its essential features in both English and French. Secondly, the word "conservateur" appears on the web sites of Environment Canada and the World Intellectual Property Organization in relation to wood preservative products (Appeal Book, Vol. II, Tabs 29 and 32). The word "CONSERVATOR" in the present context is to be interpreted as the English translation of the word "CONSERVATEUR". The judge was therefore correct in concluding that the use of the words at issue is not contrary to the Act given that their purpose is only to describe the wares in question, namely, wood preservative products. Similarly, I can find no error in the judge's conclusion regarding the two other requirements of

subparagraph 20(1)(*b*)(ii), namely, those relating to *bona fide* use and the goodwill attaching to Osmose-Pentox products.

2. *Did the judge err in concluding that use of the words "wood CONSERVATOR" and "CONSERVATEUR pour bois" was not confusing within the meaning of subsection 6(5) of the Act?*

[22] The question of confusion is largely a question of fact (*Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824). Under subsection 6(5) of the Act, in order to determine whether there is confusion, the judge must therefore consider all the surrounding circumstances, including the following factors: (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; (b) the length of time the trade-marks or trade-names have been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

[23] In beginning his analysis with regard to confusion, the judge correctly referred to the test of the first impression in the mind of a casual consumer. Osmose-Pentox submits, however, that the judge went too far in his comparison of the design mark and the words used by Société Laurentides, in particular by carefully counting the number of letters in the words used and referring to the label on the back of Societé Laurentides's PermaTec container. It goes without saying that such a detailed analysis might indeed at first glance seem hard to reconcile with the test of the first impression in the mind of the "casual consumer somewhat in a hurry" (*Masterpiece* at paragraphs 40-41). I am of the view, however, that the judge's detailed approach reflects rather a concern to explain more fully his basic observation, namely, that if he assumed

that the words "*wood* CONSERVATOR" and "CONSERVATEUR *pour bois*" were used as trade-marks, he would be ". . . unable to conclude that the use of same and the *conservator* design-mark in the same area would be likely to lead to the inference that the wares in issue are manufactured or sold by the same person" (judge's reasons at paragraph 74).

[24] As noted above, the inherent distinctiveness of Osmose-Pentox's mark lies in the replacement of the letters "o" or "eu" in the word "conservator" by a hard hat. As we are dealing with a design mark, it is the letters and the picture of the hard hat that must be compared to Société Laurentides's contested words, which include a direct reference to the material to which the product is applied ("wood" and "bois"), and not just the words "CONSERVATOR" and "CONSERVATEUR".

[25] In light of these elements, and also given the differences in terms of colour and font and the prominent presence of the Pentox and PermaTec marks on the labels of the products at issue, the judge's conclusion that the degree of resemblance was not sufficient to be confusing is well-founded in fact and in law. As the judge's conclusions regarding the other factors under subsection 6(5) of the Act are not seriously challenged by Osmose-Pentox, I find that, on the whole, Osmose-Pentox has not raised any determinative deficiencies in the judge's analysis regarding confusion.

3. Did the judge err in concluding that there was no passing-off within the meaning of paragraph 7(b) of the Act?

[26] Lastly, I find that no error was made that would justify this Court's intervention with respect to the issue of passing-off under paragraph 7(*b*) of the Act. Since Osmose-Pentox was unable to establish that use of the impugned words by Société Laurentides was confusing and did not provide any convincing evidence of goodwill or of actual or potential harm, none of the criteria set out in *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120, has been met.

[27] For these reasons, I would dismiss the appeal with costs to Société Laurentides.

"Richard Boivin"

J.A.

"I concur.
Robert M. Mainville J.A."

"I concur.
A.F. Scott J.A."

Certified true translation
Erich Klein

FEDERAL COURT OF APPEAL

SOLICITORS OF RECORD

DOCKET:	A-300-13
STYLE OF CAUSE:	OSMOSE-PENTOX INC. v. SOCIÉTÉ LAURENTIDES INC.
PLACE OF HEARING:	MONTRÉAL, QUEBEC
DATE OF HEARING:	MAY 12, 2014
REASONS FOR JUDGMENT BY:	BOIVIN J.A.
CONCURRED IN BY:	MAINVILLE J.A. SCOTT J.A.
DATED:	JUNE 3, 2014

APPEARANCES:

Greg Moore	FOR THE APPELLANT OSMOSE-PENTOX INC.
Alain Chevrier Pierre Archambault	FOR THE RESPONDENT SOCIÉTÉ LAURENTIDES INC.

SOLICITORS OF RECORD:

Joli-Coeur Lacasse, LLP Montréal, Quebec	FOR THE APPELLANT OSMOSE-PENTOX INC.
Dunton Rainville LLP Montréal, Quebec	FOR THE RESPONDENT SOCIÉTÉ LAURENTIDES INC.