

Federal Court



Cour fédérale

Date: 20240328

Docket: T-1118-23

Citation: 2024 FC 500

Ottawa, Ontario, March 28, 2024

PRESENT: The Honourable Madam Justice Furlanetto

BETWEEN:

THI CANADA INC.

Applicant

and

KING RACK INDUSTRIAL CO., LTD.

Respondent

JUDGMENT AND REASONS

[1] This is an appeal under section 56 of the *Trademarks Act*, RSC 1985, c T-13 [Act] by the Applicant, THI Canada Inc. [THI], of a decision of the Trademarks Opposition Board [TMOB], refusing THI's opposition to the registration of Canadian Trademark Application No. 1,830,449 [Application], owned by the Respondent, King Rack Industrial Co., Ltd. [King Rack] for the stylized trademark, BUZZRACK Design, depicted below [Mark]:

BUZZRACK

[2] THI argues that the TMOB made reversible errors when assessing the degree of resemblance between the Mark and THI's registered BACKRACK and BACKRACK & Design trademarks in its confusion analysis under sections 12(1)(d), 16 and 2 of the Act. However, I do not agree that any error of law or error of mixed fact and law has been made. For the reasons set out below, the appeal is dismissed.

I. Background

[3] On March 31, 2017, King Rack filed the Application seeking registration of the Mark in association with the following goods, based on use in Canada since June 2013 for goods (1) and proposed use for goods (2):

- (1) bicycle carriers for automobiles, and parts and fittings for all the aforementioned goods;
- (2) ski carriers for automobiles, sailboard carriers for automobiles, kayak carriers for automobiles, surfboard carriers for automobiles, boat carriers for automobiles, luggage carriers for automobiles, spare tire carriers for automobiles, and parts and fittings for all the aforementioned goods.

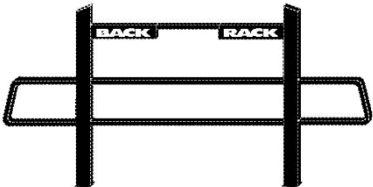
[4] The Application was advertised on May 30, 2018.

[5] On July 12, 2018, THI filed a Statement of Opposition, opposing registration of the Mark on the basis of *inter alia* the following grounds, which are relevant to this appeal and can be summarized as follows:

- (a) that the Mark is not registerable, pursuant to section 12(1)(d) of the Act as it is confusing with the Opponent's THI Trademarks;

- (b) that the Respondent is not entitled to registration of the Mark pursuant to paragraphs 16(1)(a) and 16(3)(a) of the Act because the Mark was confusing with the THI Trademarks which were previously used and made known in Canada; and
- (c) that the Mark is not distinctive within the meaning of section 2 of the Act as it does not distinguish, nor is it adapted to distinguish, the Respondent's goods from the goods of THI.

[6] The asserted trademarks of THI [THI Trademarks] were the following:

<u>Trademark</u>	<u>Reg. No.</u>	<u>Goods/Services</u>
BACKRACK	TMA857,619	<u>Goods</u> : Pick-up truck racks, namely, headache racks
 <p>Colour is claimed as a feature of the trademark. The words BACK RACK are in the colour white on a black pick up truck rack as shown in the drawing.</p>	TMA857,615	<u>Goods</u> : designed to protect the cab and mount a variety of accessories, namely, light, antenna and toolbox brackets <u>Services</u> : distribution services in the field of automotive parts

[7] On March 31, 2023, the TMOB rejected the opposition to the Mark on all grounds. In concluding there was no reasonable likelihood of confusion between the Mark and the THI Trademarks at the material dates for each of the sections 12(1)(d), 16 and 2 grounds, the TMOB placed significant emphasis on its analysis of the degree of resemblance between the marks – *i.e.*, its analysis under subsection 6(5)(e) of the Act. It found that this tipped the balance in King

Rack's favour, notwithstanding that THI's Trademarks had a significant degree of acquired distinctiveness, or that the nature of the parties' goods and services and channels of trade overlapped. The material parts of the decision are as follows:

[20] I now have to determine, on a balance of probabilities, if the Mark is likely to cause confusion with either of the Opponent's trademarks at any of the material dates. As the material dates, do not appear to have a significant impact on my findings under section 6(5) in this case, I propose to deal with all three of the confusion grounds of opposition together. I will focus my analysis on the Opponent's BACKRACK trademark as I consider it to represent the Opponent's strongest case. That is, if the Opponent is not successful based on this trademark, then it will not be successful based on its other trademark.

[...]

Degree of Resemblance

[29] The degree of resemblance between the trademarks will often have the greatest effect on the confusion analysis. When considering the degree of resemblance, the law is clear that the trademarks must be considered in their totality. The appropriate test is not a side by side comparison but an imperfect recollection in the mind of a consumer of an opponent's trademark [*Veuve Clicquot, supra* at para 20]. The preferable approach when comparing trademarks is to begin by determining whether there is an aspect of a trademark that is particularly striking or unique [see *Masterpiece* at para 64].

[30] Here, I find the most striking part of the Mark is the component BUZZ. I find the remaining word component RACK to be suggestive or descriptive of the associated goods. With respect to the Opponent's trademarks, I find the most striking component to be the rhyming aspect of the trademark BACKRACK.

[31] I do not find that the trademarks resemble each other to a significant degree in appearance, sound or idea suggested when considered as a whole as the most striking components of the trademarks are dissimilar. In particular, the trademarks suggest different ideas – a rack at the back versus the concept of buzzing or buzz. The trademarks also look and sound different as the Mark does not have the rhyming aspect. Further, the Opponent's focus on the individual parts of the Mark that are the same as its mark – the first letter B along with the second component RACK - appears

to involve a side-by-side comparison of the type warned against by the courts [*Veuve Clicquot, supra* at para 20; *International Stars SA v Simon Chang Design Inc*, 2013 FC 1041 at para 9]. Finally, I find the degree of resemblance would be low even if the Mark is presented in all white on a black rack as the Opponent's BACKRACK & Design trademark is presented [see *Arterra Wines Canada, Inc v Diageo North America, Inc*, 2020 FC 508 at para 62 which indicates that possible future presentations of a trademark available to a registered trademark owner and an applied for trademark owner must be considered citing *Masterpiece*, at paras 55-56, 85; *Cheah v McDonald's Corporation*, 2013 FC 774 at paras 3-4; *Pizzaiolo*, above at para 24].

Conclusion

[32] The question posed by section 6(2) of the Act is whether customers of the Goods with the Mark would believe that these goods are provided, authorized or licensed by the Opponent owing to its trademarks BACKRACK and BACKRACK & Design. I have assessed this 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 either of the BACKRACK trademarks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

[33] Having considered all of the surrounding circumstances, I find that the Applicant has met the legal onus on it to show, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and either of the Opponent's trademarks BACKRACK and BACKRACK & Design at each of the material dates. Notwithstanding the fact that the Opponent's trademarks have a significant degree of acquired distinctiveness, and the nature of the parties' goods and services and channels of trade overlap, I find the fact that the parties' trademarks are more different than alike and this tips the balance of probabilities in the Applicant's favour. Accordingly, the sections 16, 12(1)(d) and 2 grounds of opposition are rejected.

II. Issues and Standard of Review

[8] The Applicant raises the following issues on this appeal through its written and oral submissions:

- (a) Did the TMOB err in law, or commit an error of mixed fact and law, by focussing its analysis on the BACKRACK word mark instead of the BACKRACK & Design trademark?
- (b) Did the TMOB err in law by failing to consider the marks in their totality?
- (c) Did the TMOB commit an error of mixed fact and law by failing to consider the design elements common to the marks?
- (d) Did the TMOB commit an error of mixed fact and law by finding the marks do not resemble each other to a significant degree in appearance?
- (e) Did the TMOB commit an error of mixed fact and law by dissecting the marks and prioritizing differences in meaning and sound?

[9] As neither party adduced new evidence on this appeal, there is no preliminary issue relating to the materiality and admissibility of new evidence.

[10] The standard of review for appeals under section 56 of the Act is the appellate standard of review: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 36-52; *Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 [*Clorox*] at

paras 22-23. For questions of fact or mixed fact and law, where the legal principle is not extricable, the standard of review is palpable and overriding error; for pure or extricable questions of law, the standard of review is correctness: *Housen v Nikolaisen*, 2002 SCC 33 at paras 8 and 36.

[11] Palpable means an obvious error, while an overriding error is one that affects the decision-maker's conclusion or goes to the core of the outcome of the case: *Clorox* at para 38; *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 [*Mahjoub*] at paras 62-64. Palpable and overriding error is a highly deferential standard of review, while the correctness standard applies no deference to the underlying decision-maker: *Clorox* at para 23; *Mahjoub* at para 61.

III. Analysis

A. *Did the TMOB err in law or commit an error of mixed fact and law by focussing its analysis on the BACKRACK word mark instead of the BACKRACK & Design trademark?*

[12] The Applicant argues that the first issue arises from the application of the teachings in *Masterpiece v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*] to the facts of this case. While it characterizes the issue as an error of law, it has not pointed to any misstatement of law made by the TMOB. By its nature the error proposed is one of mixed fact and law as it relates to the application of law to the facts. In my view, it does not solely relate to an extricable legal principle and therefore must be reviewed on the palpable and overriding error standard.

[13] The Applicant highlights paragraph 61 of *Masterpiece* where in consideration of the degree of resemblance involving the word mark “Masterpiece Living”, the Supreme Court focussed its analysis on the closest mark of the Opponent, "Masterpiece the Art of Living":

[61] ... Here, because Alavida's proposed trade-mark is only the words "Masterpiece Living", the difference between or similarity with each of Masterpiece Inc.'s trade-marks and trade-name must be assessed only on the basis of these words alone. In my opinion, Alavida's "Masterpiece Living" is closest to Masterpiece Inc.'s "Masterpiece the Art of Living". I think that comparing this Masterpiece Inc. trade-mark with the Alavida trade-mark is decisive. If Alavida's mark is not likely to cause confusion with this Masterpiece Inc. mark, it is unnecessary to consider the other Masterpiece Inc. marks and trade-name which are less similar to the Alavida trade-mark. Conversely, if Alavida's trade-mark is found to be likely to cause confusion with this Masterpiece Inc. mark, it is unnecessary to test resemblance of its trade-mark with other Masterpiece Inc. trade-marks or its trade-name, although they may be relevant as part of the surrounding circumstances when likely confusion with the "Masterpiece the Art of Living" trade-mark is considered.

[14] The Applicant asserts that this type of shortcut was possible in *Masterpiece* because the mark in issue was a word mark and did not involve a design component. It asserts that the same shortcut cannot be applied here.

[15] The Applicant asserts that in this case, where the proposed mark is a design mark, it was incumbent on the TMOB to compare the Mark with THI's design trademark, TMA857,615, not just the BACKRACK word mark. I do not find this argument persuasive.

[16] First, it should be noted that the proposed Mark is a stylized trademark. The only design aspects of the Mark relate to the stylization, font and spacing of the component words in the Mark. There are no separate design elements.

[17] Second, in my view, the TMOB did not err in identifying the BACKRACK mark as the closer of the two THI Trademarks to the Mark. While the “all caps” and font type of the characters are similar between the two design marks, there is a significant space between the placement of the words “BACK” and “RACK” as they appear on the rack in the BACKRACK & Design mark that impacts the overall impression of the design mark. When considered as a whole this creates a lower degree of resemblance with the Mark.

[18] Moreover, in any event, the TMOB did not limit its analysis to consideration of the TMA857,619 word mark alone. While the TMOB began its analysis by identifying the BACKRACK mark as the closest of the two THI Trademarks, its analysis went on to consider and assess the design aspects of the BACKRACK & Design mark. Citing to *Arterra Wines Canada, Inc v Diageo North America, Inc*, 2020 FC 508 [*Arterra*], the TMOB was alive to the fact that there was no colour claim for the Mark and that it could be used in the same colour scheme and manner presented in TMA857,615. However, the TMOB found that, “even if the Mark is presented in all white on a black rack as the Opponent’s BACKRACK & Design trademark is presented” there would be a low degree of resemblance.

[19] I do not consider there to be any error in the application of the principles from *Masterpiece*.

B. *Did the TMOB err in law by failing to consider the marks in their totality?*

[20] The Applicant argues that the TMOB erred in its analysis of the degree of resemblance by failing to consider the marks in their totality. The Applicant argues in its written materials that

this is an error of law; however, it has not pointed to any misinterpretation of the law in the TMOB's decision.

[21] Indeed, the TMOB expressly states that it is the totality of the marks that must be considered in its analysis, warning against conducting a side-by-side comparison of the marks:

[29] ... When considering the degree of resemblance, the law is clear that the trademarks must be considered in their totality. The appropriate test is not a side by side comparison but an imperfect recollection in the mind of a consumer of an opponent's trademark [*Veuve Clicquot, supra* at para 20].

[22] Upon applying the legal principles, the TMOB found that the trademarks did not “resemble each other to a significant degree in appearance, sound or idea when considered *as a whole*” [*emphasis added*] (paragraph 31 of the decision).

[23] While the TMOB's analysis focusses on the most striking aspects of the marks, this approach is not inconsistent with viewing the totality of the marks, nor is it inconsistent with the governing legal principles. Indeed, as noted by the TMOB, this is the same approach recognized in *Masterpiece* at paragraphs 62-64 and also at paragraph 84:

[62] Resemblance is defined as the quality of being either like or similar; see *Shorter Oxford English Dictionary on Historical Principles* (5th ed. 2002), at p. 2544, under the definition of "resemblance". The term "degree of resemblance" in s. 6(5)(e) of the Act implies that likelihood of confusion does not arise solely from identical trade-marks. "[D]egree of resemblance" recognizes that marks with some differences may still result in likely confusion.

[63] The first word in both Alavida's and Masterpiece Inc.'s trade-marks is the identical word "Masterpiece". It has been held that for purposes of distinctiveness, the first word is important (see *Conde Nast Publications Inc. v. Union des éditions modernes* (1979), 46 C.P.R. (2d) 183 (Fed. T.D.), at p. 188, *per* Cattanach J.).

[64] While the first word may, for purposes of distinctiveness, be the most important in some cases, I think a preferable approach is to first consider whether there is an aspect of the trade-mark that is particularly striking or unique. Here there is nothing striking or unique about the word "Living" or the words "the Art of Living". "Masterpiece" is the word that distinguishes Alavida and Masterpiece Inc. from other sources of retirement residence services. It is a reasonable conclusion that "Masterpiece" is the dominant word in these trade-marks, and it is obviously identical as between Alavida and Masterpiece Inc. By the same token, in the context of the retirement residence industry, the idea evoked by the word "Masterpiece", high quality retirement lifestyle, is the same for both Alavida and Masterpiece Inc. Finally, the word "Living" is identical as between the Alavida and Masterpiece Inc. trade-marks.

[...]

[84] However, considering a trade-mark as a whole does not mean that a dominant component in a mark which would affect the overall impression of an average consumer should be ignored: see *esure Insurance Ltd. v. Direct Line Insurance plc*, 2008 EWCA Civ 842, [2008] R.P.C. 34, at para. 45, *per* Arden L.J. This is because, while the consumer looks at the mark as a whole, some aspect of the mark may be particularly striking. That will be because that aspect is the most distinctive part of the whole trade-mark. In this case, contrary to the view of the expert, the most distinctive and dominant component of the marks in issue is in all cases the word "Masterpiece" because it provides the content and punch of the trade-mark. The word "Living" is bland by comparison.

[24] The Applicant has not established that the TMOB erred in this aspect of its analysis.

C. *Did the TMOB commit an error of mixed fact and law by failing to consider the design elements common to the marks?*

[25] The Applicant argues that the TMOB failed to consider the design elements common to the marks as part of its analysis.

[26] The Applicant asserts that an ordinary consumer in a hurry would look at the Mark but would not read it. It argues that seeing the same uniform presentation of characters as in the BACKRACK & Design mark (or that could be used for the BACKRACK word mark (*Arterra* at paras 62-63), the ordinary consumer in a hurry would obscure the differences between the words used in the marks. I cannot agree.

[27] First, the Applicant has cited no evidence to support this assertion. Second, such assertion relies on a side-by-side comparison of the marks as its premise. It is not grounded in the overall impression conveyed by the mark to the hypothetical consumer, nor a consideration of the most striking aspects of the marks.

[28] It also asks the Court to ignore the sound and ideas conveyed by the marks which are strong factors that are required to be considered under paragraph 6(5)(e) of the Act.

[29] In this case, the stylization of the Mark in its basic block cap font is not itself dominant or striking. Even if the style of the letters were consistent, this consistency does not overcome the low degree of resemblance highlighted by the TMOB in terms of the appearance, sound and ideas conveyed by the marks when their most striking aspects are considered.

[30] As highlighted by the TMOB, “the trademarks suggest different ideas – a rack at the back versus the concept of buzzing or buzz” and “look and sound different as the Mark does not have the rhyming aspect.” The stylization of the marks has no impact on these factors.

[31] In my view, the Applicant has not established a palpable and overriding error in this analysis.

D. *Did the TMOB commit an error of mixed fact and law by finding the marks do not resemble each other to a significant degree in appearance?*

[32] The Applicant takes issue with the conclusion that was reached by the TMOB under paragraph 6(5)(e) of the Act and in particular, its finding on the degree of resemblance in appearance. It seeks to refer to further decisions of the TMOB and Federal Court to compare with the TMOB's findings.

[33] The Applicant highlights *Coca-Cola Limited v Fujian Panpan Foodstuff Co, Ltd*, 2022, TMOB 179 [*Coca-Cola*] and *Destro Enterprises Ltd v CMA Distributors Ltd*, (1982), 72 CPR (2d) 210 (TMOB) as decisions where design elements overwhelmed the differences in the characters of the word components of the marks. However, I do not find these cases to be comparable to the present situation. In each of these cases, the common design elements were striking features of the marks that were themselves distinctive and in the case of *Coca-Cola*, subject to separate trademark registrations owned by Coca-Cola. In this case, the common design features relate to the font type and casing of the words – these are not distinctive elements, but instead only minor design features.

[34] The Applicant also points to the *SC Johnson & Son Inc v C-I-L Inc*, (1989) 25 CPR (3d) 125 (TMOB) and *Canadian Schenley Distilleries Ltd v Canada's Manitoba Distillery Ltd*, (1975) 25 CPR (2d) 1 (FCTD) decisions that deal with word marks. However, each of these cases are factually distinct from the present matter and are of little relevance. Each of these cases

involved single word marks where the degree of resemblance turned on the similarity in the appearance and/or sound conveyed by the marks. In the present matter, multiple factors, including the idea conveyed by the Mark play a role in the overall impression created on the hypothetical consumer.

[35] Further, while THI argues that the acquired distinctiveness of the THI Trademarks should have factored into the TMOB's analysis, I do not agree that this forms part of the subsection 6(5)(e) analysis. While the inherent distinctiveness of an element of the mark may be relevant to identifying its most striking aspect, acquired distinctiveness speaks to the reputation in the mark not its uniqueness or appearance. It does not factor into an assessment of the degree of resemblance.

[36] In any event, the TMOB did consider acquired distinctiveness as one of the surrounding circumstances in its overall assessment of confusion. As stated at paragraph 33 of the decision:

[33] ... Notwithstanding the fact that the Opponent's trademarks have a significant degree of acquired distinctiveness, and the nature of the parties' goods and services and channels of trade overlap, I find the fact that the parties' trademarks are more different than alike and this tips the balance of probabilities in the Applicant's favour.

[37] As set out in *Mahjoub* at paragraph 70, a disagreement as to the result does not give rise to a palpable and overriding error:

[70] Palpable and overriding error is often best defined by describing what it is not. If an appellate court had a free hand, it might weigh the evidence differently and come to a different result. It might be inclined to draw different inferences or see different factual implications from the evidence. But these things,

without more, do not rise to the level of palpable and overriding error.

[38] While the Applicant may have wished that the TMOB placed more emphasis on the subsection 6(5)(a) factor when considering confusion, the weight given to these factors does not amount to a palpable and overriding error in the TMOB's subsection 6(5)(e) analysis.

E. *Did the TMOB commit an error of mixed fact and law by dissecting the marks into two words and prioritizing differences in meaning and sound?*

[39] Contrary to the Applicant's assertions, I also do not consider the TMOB to have conducted any improper dissection of the marks as part of its analysis.

[40] As set out earlier, the TMOB followed the guidance set out in *Masterpiece* by beginning its analysis on the resemblance between the marks by determining whether there is an aspect of each mark that is particularly striking or unique. However, it did so while noting that it was the totality of the mark overall that must be considered. I do not consider this to be the same as a dissection exercise.

[41] Indeed, the TMOB contrasted its approach with that proposed by THI which sought to draw a side-by-side comparison between the marks, picking out those aspects that were in common, instead of looking at the striking aspects and the impression the mark would make on the consumer:

[31] ... the Opponent's focus on the individual parts of the Mark that are the same as its mark – the first letter B along with the second component RACK - appears to involve a side-by-side comparison of the type warned against by the courts [*Veuve*

Clicquot, supra at para 20; *International Stars SA v Simon Chang Design Inc*, 2013 FC 1041 at para 9].

[42] In this case, the TMOB highlighted that the most striking element of the Mark when considered as a whole was its “BUZZ” element in contrast to the BACKRACK mark which had a rhyming nature.

[43] The TMOB considered the degree of resemblance from the perspective of the appearance, sound and the ideas suggested by the marks, but found that “the trademarks suggest different ideas – a rack at the back versus the concept of buzzing or buzz” and also “look and sound different as the Mark does not have the rhyming aspect.”

[44] Each of the factors – the appearance, sound, and idea conveyed – was considered separately as required by the Act.

[45] While there is no suggestion that the TMOB placed more emphasis on sound and the idea conveyed, even if it did so, this would not be an error. As highlighted by the Respondent, the law is clear that the factors considered in the confusion analysis may be given different weight in a context specific assessment: *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 54.

[46] THI has not identified a palpable and overriding error in the TMOB’s analysis.

IV. Conclusion

[47] I note that in addition to the above issues, in oral argument counsel for the Applicant raised certain proposed “risks” to the Applicant associated with the TMOB’s findings. None of these “risks” are properly before the Court, nor do they relate to the issues before me on this appeal. Accordingly, I shall not comment on these further.

[48] For the reasons given, it is my view that the Applicant has not identified any reversible errors with the TMOB’s paragraph 6(5)(e) analysis. The appeal is accordingly dismissed with costs payable to the Respondent.

[49] The parties each provided submissions on the quantum of costs to be awarded. The Applicant asserted that upon application of the Tariff and applying a multiplying factor, costs should be awarded in an amount of \$1,774 x 2 or \$3,548. The Respondent asserted that upon application of the Tariff costs should be awarded as a fixed amount of \$4,130.15. Applying my discretion, I will award \$4,000 in costs inclusive of disbursements, payable to the Respondent.

JUDGMENT IN T-1118-23

THIS COURT'S JUDGMENT is that:

1. The appeal is dismissed.
2. Costs are awarded to the Respondent in the amount of \$4,000.00, inclusive of disbursements.

"Angela Furlanetto"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1118-23

STYLE OF CAUSE: THI CANADA INC. v KING RACK INDUSTRIAL CO., LTD.

PLACE OF HEARING: HELD BY VIDEOCONFERENCE

DATE OF HEARING: MARCH 20, 2024

JUDGMENT AND REASONS: FURLANETTO J.

DATED: MARCH 28, 2024

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