

Federal Court



Cour fédérale

Date: 20151203

Docket: T-2041-12

Citation: 2015 FC 1336

Ottawa, Ontario, December 03, 2015

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

SCOTT TECHNOLOGIES, INC.

Plaintiff

and

**783825 ALBERTA LTD., (FORMERLY KNOWN AS
SCOTT SAFETY SUPPLY SERVICES, LTD.) AND
SCOTT SAFETY SUPPLY SERVICES INC.**

Defendants

JUDGMENT AND REASONS

[1] This litigation involves three trade-marks registered under the *Trade-marks Act*, RSC, 1985, c T-13. The plaintiff alleges that the defendants:

- a. Have directed public attention to their services, wares, and business in such a way as to be likely to cause confusion between their services, wares, and business and those of the plaintiff, contrary to paragraph 7(b) of the *Trade-marks Act*;

- b. Have passed off their wares or services as and for those of the plaintiff, contrary to paragraph 7(c) of the *Trade-marks Act*;
- c. Have infringed the plaintiff's rights in its registered trade-marks, contrary to sections 19 and 20 of the *Trade-marks Act*; and
- d. Have depreciated the value of the plaintiff's goodwill in its registered trade-marks, contrary to section 22 of the *Trade-marks Act*.

The Trademarks

[2] The three trademarks at issue are:

- a. TMA 183,312 registered on May 26, 1972, for the following stylized trademark:

The image shows the word "SCOTT" in a bold, black, stylized font. The letters are thick and blocky, with a slightly irregular, hand-drawn appearance. The 'S' and 'T's have a distinctive shape, with the 'T' having a very short crossbar. The overall style is reminiscent of a classic, rugged logo.

with respect to:

(1) Hydraulic and fuel line valves, and pneumatic pressure control valves, aircraft tailwheel, stabilizer yoke and aileron assemblies, and brake cylinders and valves; aircraft instruments and gauges-namely, air temperature and oil pressure gauges, and ammeters, measuring and testing apparatus for breathing [*sic*] equipment and components thereof, portable directreading [*sic*] toxic gas detectors of the type for use in conjunction with breathing equipment with a hand operated bellows pump and interchangeable glass detector tubes calibrated to show the amount of toxic gas present in the air being tested, and electrical instruments for detecting and measuring explosive or toxic gases; breathing equipment-namely, portable and fixed air and oxygen breathing systems and self-contained underwater breathing systems, and seat back portable oxygen holders, mask hose connections, demand regulators, pressure regulators, audible low pressure alarms, therapeutic plug-ins, oxygen outlets, filler and charging couplings, plug-in couplings, manifold assemblies, cylinder valves and turn-on valves, masks and mask assemblies, flow

indicators, oxygen flow control units, oxygen cylinder and valve assemblies, external recharging valve assemblies, harness assemblies, connectors, breathing tubes, filter and control assemblies and oxygen drop-out compartment latches for such systems and first aid kits, inhalation and inhalation-resuscitation equipment, and chemical oxygen generators.

b. TMA 193,968 registered on September 1973 for the word mark AIR-PAK with respect to “breathing equipment;” and

c. TMA 667,252 registered on July 11, 2006, for the word mark SCOTT with respect to:

(1) Portable and fixed instruments and instrument systems used by industrial, laboratory and emergency personnel to detect, measure, indicate and/or record the level of toxic and/or combustible gases in ambient air or in other gases and which may provide an alarm when certain levels are exceeded, namely, toxic or combustible gas detectors and gas detecting systems utilizing catalytic thermal conductivity, electrochemical, pyrolyzing, paper tape and infrared detection means and remote receivers for single or multiple detector locations and transmitters for the transmission of gas detection information; portable toxic or combustible gas detecting dosimeter devices used in industrial, laboratory and emergency personnel to indicate the cumulative exposure over time to toxic gases by means of visible color change; portable and fixed instruments used by industrial, laboratory and emergency personnel to detect flame by ultraviolet and ultraviolet/infrared means and to provide electrical signals and/or warnings or alarms; and portable heat detectors used by industrial, laboratory and emergency personnel to monitor ambient temperature using a thermistor and to provide an alarm when certain temperature levels are exceeded.

(2) Compressed breathing air gases; portable combination air compressor, filtration and purification apparatus for charging tanks with air for breathing; compressed breathing air storage cylinders; breathing air charging systems designed for measuring and analyzing air for breathing, and pressurizing respiratory breathing air cylinders used by scuba divers and emergency personnel, comprising an air compressor assembly, drive motor, air purifiers, air storage cylinders, and automatic controls; breathing air storage cylinders for use by scuba divers and emergency personnel; instruments for breathing air gases and breathing air gas handling equipment, sold separately or as a unit, consisting of breathing air charging systems designed for measuring and analyzing air for breathing, and pressurizing respiratory breathing air cylinders used by scuba divers and emergency personnel, comprising an air compressor assembly, drive motor, air purifiers, air storage cylinders, and automatic controls.

The Plaintiff

[3] The plaintiff, Scott Technologies, Inc. [Scott Technologies], traces its corporate history back many decades to Uniloy Accessories Corporation, a US company started in 1932 by Earl Scott which manufactured the first pivoting tailwheel for airplanes. The company's name was soon changed to Scott Aviation Corp.

[4] The company developed a walk-around on-board oxygen system for pilots, enabling them to fly at high altitude. From that invention, the company developed the first North American self-contained breathing apparatus [SCBA] which became known as the Scott AIR-PAK. It was marketed to fire departments whose firefighters until that time had nothing to prevent smoke from entering their lungs or to provide them with clean air. The plaintiff remains one of two major manufacturers and suppliers of SCBA.

[5] Scott Aviation Corp. was purchased by Figgie International in 1967. Figgie International sold off all of its businesses except the Scott business in 1997, and changed its name to Scott Technologies Inc. In 1999, the company split into two separate business units – Scott Aviation and Scott Health and Safety. In the early 2000s, Scott Technologies Inc. was purchased by Tyco International and was placed into its fire and security division, where it operated using the trade name Scott Health & Safety. The aviation component of the business was sold, leaving only the SCBA business operating as Scott Health & Safety.

[6] In or about 2011, Tyco International decided to brand its fire and security division internationally as Scott Safety. On February 24, 2011, it applied for the following trade-mark, which application is opposed by the defendants and remains outstanding:



The goods to which this trade-mark was applied are described as the following:

Self-rescue apparatus, namely, self-contained breathing units; measuring and controlling devices for oxygen breathing units, namely, compressor controllers, compressor gauges and compressor valves; thermal imaging cameras; face masks for breathing; apparatus for transmission of communication, namely, voice amplifiers and two way radios; safety garments for use by firefighters, industrial workers, first responders, and military personnel, namely, safety garments, fire protective clothing, fire retardant clothing and haz-mat suits; non-medical respirator equipment, namely, stationary and mobile air charging stations; electronic devices for assisting emergency personnel for people needing assistance comprised of sensors for determining status of person and apparatus for sending electronic alerts to emergency personnel; respirators; filters for respiratory masks; gas masks; portable and fixed gas detectors; protective clothing, namely, gloves, suits, socks, shoes, boots, ear muffs, face masks, hats and caps; self-rescue apparatus, namely, oxygen breathing units used in the airline industry; air purifying units; hearing protection headsets, not for medical use; industrial safety eye protection; computer hardware and software system for tracking equipment and assets using GPS data on a device on the tracked equipment and asset, not including any of the aforesaid goods for sports or sporting activities.

[7] Scott Technologies does not directly sell its SCBA in Canada; rather it has distributorship agreements with a number of businesses across Canada. Personnel of Scott Technologies

become involved when negotiating large sales contracts, but otherwise the Canadian market is left to its distributors.

[8] Originally, the exclusive Canadian distributor of Scott Technologies' SCBA was Safety Supply Company, which also distributed equipment made by others. Safety Supply Company was later acquired by Aucklands Auto Parts which itself was later acquired by an American company named Grainger, now known as Aucklands Grainger. The day-to-day sale of Scott Technologies' SCBA in Alberta was done by Fides Marketing and its local representative Mr. Madiema.

[9] Scott Technologies offers three levels of maintenance training regarding its SCBA. The user level maintenance is for companies and persons that have purchased the product and want to be trained on how to use it. The field level or specialist level maintenance trains an owner on how to do basic repairs to the equipment. The technician level maintenance involves all repairs plus verification, adjustment, and repair of the critical components of the SCBA. The only persons permitted to be trained to that high level work for a Scott Technologies authorized service centre or an in-house service centre. An in-house service centre, such as a large fire department, repairs and services its own equipment but not that of others. An authorized service centre repairs and maintains SCBA owned by others under an agreement with Scott Technologies.

The Defendants

[10] The business of the defendants may be traced to 1995, when Brent Stark, as he then was, began the business. Mr. Stark was 18 years old and working for Flint Canada “on the end of a shovel.” His girlfriend, Tanya Scott, became pregnant. When he told his father, his father’s advice was: “If you breed, you feed. Get your crap together.”

[11] Mr. Stark took this advice to heart and started a business filling and repairing fire extinguishers. He knew something of this work as he had done it for his grandparents’ and parents’ businesses. The unique feature of the new business, and that which appears to have been instrumental in its growth, was that rather than requiring customers needing their fire extinguishers filled or repaired to come to his place of business, Mr. Stark purchased a used van and went to them.

[12] Mr. Stark registered his business in Alberta on May 24, 1995, as “Scott Safety Supply & Services,” describing the business as “Fire extinguisher sales and maintenance.” By December 1995, the ampersand in the trade name disappeared and the business was called simply “Scott Safety Supply Services.” An advertisement in a local newspaper dated December 13, 1995, shows the business using a descriptive trade-mark:



[13] On November 29, 1996, Brent Stark changed his name to Brent Scott. He continued to use that name until August 5, 2008, when he and Tanya Scott separated and he changed it back to Brent Stark.

[14] By April 1998, in addition to listing fire alarms, fire hose, first aid supplies, emergency lights, fire suppression systems, and sprinkler systems, the advertising of Scott Safety Supply Services indicated that it also provides "S.C.B.A. Service & Rentals." In 1998, Mr. Scott took field level maintenance training on the Scott AIR-PAK through Mr. Madiema.

[15] In 1998, Scott Safety Supply Services expanded into British Columbia, and on May 5, 1998, the business was incorporated in Alberta as Scott Safety Supply Services Ltd.

[16] On June 16, 2000, Scott Safety Supply Services Ltd. entered into an "in-house repair center agreement" with Scott Technologies, giving it "the right to inspect, repair, and service" the Scott SCBA it owned. That agreement continued until it was terminated by Scott Technologies effective December 31, 2003.

[17] Over the years, Scott Safety Supply Services Ltd. used a variety of logos, abbreviated its trade name to Scott Safety, and by 2007 had developed its current logo which is the following:



FIRE PROTECTION SPECIALISTS

1-888-517-3389

Email: scotsafe@telusplanet.net

[18] In 2011, Scott Safety Supply Services Ltd. entered into an agreement with the Town of Whitecourt, Alberta, to sponsor a local hockey team. The hockey arena was renamed “Scott Safety Centre.”

[19] Counsel for the plaintiff sent a letter on September 30, 2011, demanding that Scott Safety Supply Services Ltd. “discontinue all use of the trade-mark and tradename SCOTT alone, or as part of any trade-mark, trade name or any other commercial designations in association with your business.”

[20] On December 3, 2012, Scott Safety Supply Services Ltd. [Old Scott Safety] sold substantially all of its assets to Scott Safety Supply Services Inc. [New Scott Safety] for \$24,850,000. Thereafter, Scott Safety Supply Services Ltd. changed its name to 783825 Alberta Ltd. A term of the sale agreement is that Old Scott Safety and Brent Stark indemnify New Scott Safety against all costs arising from this litigation.

[21] Except where a distinction between the two defendants is necessary, Old Scott Safety and New Scott Safety shall be referred to collectively as Scott Safety.

The Evidence

[22] The Court heard the testimony of five witnesses. With minor exceptions, noted below, there was no conflict between their testimony and other evidence tendered orally or through documents. They each testified in a straightforward manner and none overstated their evidence. There was no conflict among these witnesses with respect to material matters. The testimony of one witness, Brent Stark, is problematic in that he previously provided false evidence by way of an affidavit. As noted below, the Court has exercised care in assessing his testimony.

[23] Scott Technologies called three witnesses: Casper Gelein, Monica Ratzke, and Derek Roy.

[24] Mr. Gelein is employed by Talisman Energy Inc. in Alberta. In 2010 he was promoted to the position of Health, Safety and Environment Coordinator; a position he held until April 2014. In this position he was responsible for the maintenance and repair of his employer's SCBA equipment. He talked to a sales rep from Scott Safety and testified that "when I first made contact with them, I thought they were affiliated with Scott Technologies." He contacted Scott Technologies, having obtained their phone number from the web site www.scottsafety.com, and was told that Scott Safety was not affiliated with Scott Technologies, and that Scott Safety had no agreement with Scott Technologies to repair and maintain the latter's SCBA.

[25] After this conversation Mr. Gelein again spoke to the sales rep and told her that he had been informed that Scott Safety was not qualified to do the work required. She showed him two certificates of training dated July 27, 2006, naming two employees of Scott Safety and showing their attendance at a course on “Specialist Level Maintenance” on Scott AIR-PAK equipment. Mr. Gelein decided not to engage Scott Safety but to go with an authorized Scott Technologies service centre.

[26] Derek Roy, who was also called by the plaintiff, testified on cross-examination that the plaintiff frequently receives calls from users of its SCBA wanting to know if a company or person that the user is considering doing business with is authorized to repair and service Scott SCBA.

[27] Monica Ratzke is a private investigator who was asked by an agent of the plaintiff “to gather evidence of advertising and promotion or any representations that [Scott Safety Supply Services Ltd.] or its employees suggest they are either owned, licensed or authorized by Scott Technologies Inc. to offer their services or sell their products.”

[28] She and her husband, posing as prospective customers, attended at the business premises of Scott Safety in Whitecourt, Alberta, on April 23, 2012, and she prepared a report. She writes that she was told by Scott Safety staff that they “do not sell Scott fire extinguishers; however they do service and repair Scott fire extinguishers.” The audio of the recording was difficult to comprehend at times; however, I heard no statement made to the investigator to this effect. I

conclude she wrote this in error as it is uncontroverted that the plaintiff does not manufacture or sell fire extinguishers. In my view, this error does not materially impact her credibility.

[29] The portion of her investigation relied upon by Scott Technologies goes to its allegation of confusion. She recorded her conversation with Ambre, an employee of Scott Safety. Ambre made it very clear that Scott Safety was not a licensed or authorized distributor of Scott SCBA, but as required obtains Scott SCBA from an authorized dealer. She also stated that their technicians service some parts of the Scott SCBA but other parts require them to send the equipment to authorized centres for servicing. That evidence is consistent with the testimony of both Brent Stark and Russell Rogers called by Scott Safety. It also accords with the evidence of Mr. Roy called by Scott Technologies, who explained that the company provides three levels of training and it is only the third level that is unique to in-house repair centres and authorized service centres.

[30] Scott Technologies relies on a portion of the evidence collected by Monica Ratzke as evidence of confusion. It consists of the following exchange between the investigator and Ambre - the man referred to in their discussion is the investigator's husband:

Investigator: Now with the Scott Air would it be cheaper for him to find a dist - like you're not a distributor.

Ambre: We're not a distributor. We can order them in. That's - it gets confusing -

Investigator: Oh Yeah.

Ambre: - especially with us being called Scott Safety Supply -

Investigator: Yeah like that's why he wanted to stop, right, because we saw the sign and he's like -

Ambre: Yeah. That gets confused a lot. We're not actually a distributor. We can sell the products, we can service the products, but we're not an actual distributor of Scott products.

Investigator: Oh okay.

Ambre: you mostly find distributors in the bigger cities and I think its [sic] predominately in the States and I know I've been called a few times by people that call from the States for a distributor but no its just kind of a naming coincidence but -

Investigator: Oh okay.

[31] Derek Roy is the Associate Sales Director for North America for Scott Technologies. He joined the company in 2008 as the zone manager for Canada. Mr. Roy testified as to the history and products of Scott Technologies, that it offers three levels of training, that it sells and repairs its SCBA in Canada through authorized service centres, and that for three years from 2000 to 2003, Scott Safety was under contract with Scott Technologies as an in-house repair centre and some of its staff received training from Scott Technologies. He admitted that at least from the date of the in-house repair agreement (June 16, 2000), and probably up to six months earlier, Scott Technologies was aware of Scott Safety but took no action to prevent it from using that name. He further admitted that Scott Technologies would have known of Scott Safety earlier through Scott Technologies' local representative Mr. Madiema. He also admitted that Scott Technologies would have been aware that Scott Safety used the email address scotsafe@telusplanet.net from 2003. Lastly, he admitted that Scott Technologies was aware that Scott Safety was using the two words "Scott Safety" and it used those two words before the plaintiff did. He acknowledged that the evidence showed that the defendants used the phrase "Scott Safety" as early as 1995, that the plaintiff branded itself as Scott Health and Safety in about 2000, and that it did not use "Scott Safety" until 2011.

[32] He accepted that Scott Technologies has no control over who services its products after they are sold and agreed that “the users are operating in environments that are dangerous and they are – they have some level of sophistication and understanding of their environment.” As noted earlier, he acknowledged that Scott Technologies is regularly faced with inquiries as to whether businesses that sell or rent its SCBA are or are not authorized service centres.

[33] Mr. Roy was also cross-examined on three alleged instances of actual confusion relied upon by the plaintiff, in addition to Ms. Ratzke’s conversation with Ambre. The first related to evidence from LinkedIn of an employee of the defendants. The capture of the web page shows that she has been a Registered EMR, EMT of Scott Safety for four months. Under the heading “Background” and opposite her “Experience” listing of “EMR, Scott Safety” is the plaintiff’s current logo reproduced at paragraph 6, above. Mr. Roy admitted that when someone enters their employer’s name, the LinkedIn program automatically fills in their “supposed” employer and that the plaintiff had put its details on LinkedIn. The reasonable conclusion to be drawn from this is that if one enters the name “Scott Safety” on this web site, the plaintiff’s current logo will be automatically filled in opposite that name because the plaintiff has entered that information. The Court notes that the LinkedIn page for the defendants’ employee and witness Russell Rogers does not show the plaintiff’s logo and that he entered as his employer “Scott Safety Supply Services Inc.” and not simply “Scott Safety.”

[34] Mr. Roy also testified that the plaintiff relied on an email message received from Brogan Safety Supplies on November 12, 2012, seeking “clarification whether or not Scott Safety of Whitecourt Alberta is authorized in any fashion to service, flow, repair, or adjust any SCOTT

breathing air equipment.” Mr. Roy testified that “the confusion was whether or not Scott Safety of Whitecourt, Alberta, is authorized in any fashion to service, flow, repair, or adjust any Scott breathing air equipment.” He agreed on cross-examination “that’s a common question that you get regularly in connection with those that hold themselves out as having the capacity to service.”

[35] Lastly, Mr. Roy was questioned about an email inquiry sent to the plaintiff by Mr. Chernichen L.L.B., Manager, Corporate Security, Canadian Natural Resources Limited, who was concerned about reductions in the labour force of Scott Safety. He wrote on February 2, 2015, at 1:24 p.m.:

There is some urgency to my request. I’ve been informed by one of your employees working in your Whitecourt Alberta office that Scott Safety personnel are being given **verbal notice** to the effect that they are being let go at the end of this month.

Canadian Natural is a client of Scott Safety. If the information I have been given is accurate, this could have a detrimental effect on the performance of the Scott Safety personnel working with Canadian Natural staff in the field. [emphasis in original]

Just over two hours later at 3:44 p.m. he wrote again:

My apologies. I have confused “Scott Safety” and “Scott Safety Services”. The organization I am concerned with is the latter. My apologies. Please ignore my previous email.

[36] When cross-examined, Mr. Roy admitted that there had been no contact with Mr. Chernichen other than these two email messages.

[37] The defendants called two witnesses: Brent Stark and Russell Rogers.

[38] Brent Stark, as noted above, started Scott Safety in 1995 and remained its principal shareholder until its sale in 2014.

[39] Brent Stark changed his name to Brent Scott on November 29, 1996, after he had established his business. The plaintiff notes that until very recently the defendants took the position that he was named Brent Scott when he started the business. At paragraph 3 of the Amended Statement of Defence (dated October 17, 2014), Scott Safety pleads: “Beginning in 1995, Brent Scott (as he then was) began conducting business in Alberta under the name Scott Safety Supply & Services ...” [underlining in original]. Also, in response to the plaintiff’s demand letter, counsel for Scott Safety in his reply writes: “[A]t the time that Mr. Brent Stark commenced operating the Scott Safety Business, his name was Mr. Brent Scott.” Lastly, in his affidavit sworn April 22, 2013, filed with the Trade-marks Office in opposition to the plaintiff’s application to register its trade-mark SCOTT SAFETY & DESIGN, Brent Stark attests at paragraph 3: “In 1995 at the time I commenced business my legal name was Brent Scott.” Exhibit A to that affidavit is the change of name application which clearly shows that his statement is false. There are other serious difficulties with that affidavit, including attesting that pictures attached as exhibits show company logos at a much earlier date than is true. These previous statements go to Mr. Stark’s credibility as a witness at this trial. Accordingly, I shall not accept his testimony unless it is confirmed by other testimony or documentary evidence, or unless the circumstances attest that it has a ring of truth.

[40] I do accept his evidence of the origin of the business name Scott Safety Supply & Services in May 1995.

[41] The plaintiff pleads in its Reply at paragraphs 2 and 10 that:

The name “Scott” was adopted for the business for the purpose of concealing or obscuring the identity of the proprietor of the business.

...

By adopting the name Scott after founding the business, Mr. Stark sought to mislead the plaintiff as to his true identity and provide himself with a basis upon which he and the defendants could rely on s. 20(1)(a) of the Trade-marks Act. The defendants were determined to build their business on the Scott name regardless of the plaintiff's actions.

[42] Brent Stark testified that he adopted the name “Scott” for his new business because it was his pregnant girlfriend's family name, that her father, Cec Scott, had a company named Scott Wireline serving oil and gas customers in the area, that he was about to retire, and that he had a good business reputation. Mr. Stark's parents, on the other hand, had run a previous fire extinguisher company, and did not have a good business reputation. In short, Mr. Stark did intend to trade on someone's reputation but it was not the plaintiff's reputation; it was his future father-in-law's reputation.

[43] Mr. Stark's testimony in this respect has the ring of truth and was not contradicted by any other evidence. There is no evidence that Mr. Stark was aware of the plaintiff or Scott SCBA at the time he started his business. More importantly, when he started his business with the “Scott” name, the business was restricted to filling and repairing fire extinguishers – a business in which the plaintiff was not then and has never been engaged. Even counsel for the plaintiff admitted in his closing address that Brent Stark did not name his business Scott Safety with a view at that

time to trading on the plaintiff's business reputation. Rather, the plaintiff submits that later on Mr. Stark did do just that.

[44] How did Mr. Stark adapt his business from servicing only fire extinguishers to also servicing Scott SCBA? The only evidence is from Mr. Stark and again I accept his testimony as it aligns with the documentary evidence of the period and has the ring of truth. He testified that as he travelled around servicing fire extinguishers, he was asked if he could also service the Scott breathing apparatus and that made by its competitors. He testified that as he was just starting up he would do anything. So, he told his customers that he could do it, and then retained someone else to do so, marked up the cost, and provided this service and others to clients. This explanation rings true. First, Mr. Stark was just starting up and he is a man with an obvious (in hindsight given the value of his business some 20 years later) entrepreneurial bent. Second, he was travelling to remote areas of the Alberta oil patch providing a service and it rings true that his customers would prefer to have someone who is coming to them provide as many services as possible, thus saving them the time and money that it would take to travel to cities to have the work performed.

[45] The remainder of Mr. Stark's testimony, to the extent that it is relevant, dealt with his business, the changes in name and the various logos it used over time. To the extent that his evidence was relevant to the issues required to be determined by the Court, it was corroborated by documents produced and by other witnesses, including the detective hired by the plaintiff.

[46] The Court notes in particular that one of the documents produced by the defendants and spoken to by Mr. Stark is an advertisement in the “Whitecourt Star Small Business Week October 22, 2003.” It contains an ad under the heading “Scott Safety” and, although the ad itself reflects the defendants’ earliest logo reproduced at paragraph 12 above, the ad’s heading and content refer to the business simply as “Scott Safety” and not by its full business name. This evidence is the earliest use by the defendants of the trade-mark “Scott Safety” – some seven and one-half years before the plaintiff rebranded itself as Scott Safety in 2011.

[47] Mr. Stark changed his name back from Scott when he and his partner separated.

[48] The other witness called by the defence was Russell Rogers, Vice President Business Development for New Scott Safety. He had worked since 2007 for Old Scott Safety and continued with the purchaser after it was sold. He confirmed that, at the time he was hired, the company was using the logo reproduced in paragraph 17 above.

[49] Mr. Rogers confirmed the evidence of Brent Stark that the level of work done for others on their Scott SCBA consisted of testing the integrity of the air tank and minor repairs, such as strap or buckle replacement, but that any other service work was contracted out to a third party. He also testified about an offer received from a US company to purchase up to 2000 refurbished Scott SCBA, an offer that was not accepted because the reselling of refurbished SCBA is not part of the defendants’ core business.

[50] Mr. Rogers also addressed two of the situations relied on by the plaintiff as evidence of confusion. First, he confirmed the evidence of Derek Roy, that when one types one's employer's name in a LinkedIn profile, it automatically fills in the employer's logo, if it has been previously uploaded to that web site.

[51] He also addressed the email received from Mike Chernichen of Canadian National Resources Limited, a customer of Scott Safety. He explained that he had laid off Kirk Madden, Mr. Chernichen's stepson. He offered his interpretation of the email as: "If you're going to lay him off, make sure you take care of him, or it could affect your business." The Court accepts that interpretation as reasonable given that Mr. Chernichen was not directly involved in his employer's contract with Scott Safety.

Issues to be Decided

[52] The matters the Court must decide based on the pleadings and evidence are these:

- a. Have the defendants directed public attention to their services, wares, and business in such a way as to be likely to cause confusion between their services, wares, and business and those of the plaintiff, contrary to paragraph 7(b) of the *Trade-marks Act*;
- b. Have the defendants passed off their wares or services as and for those of the plaintiff, contrary to paragraph 7(c) of the *Trade-marks Act*;

- c. Have the defendants infringed the plaintiff's rights in its registered trade-marks, contrary to sections 19 and 20 of the *Trade-marks Act*; and
- d. Have the defendants depreciated the value of the plaintiff's goodwill in its registered trade-marks, contrary to section 22 of the *Trade-marks Act*.

If the answer to any of these is "yes" then the Court must consider the defences raised by the defendants; namely, (1) delay and acquiescence by the plaintiff, (2) estoppel, (3) that the defendants have used the trade-marks only to describe the services and products that they offer for re-sale and rental, (4) *bona fide* use of a personal name, and (5) loss of distinctiveness of the Scott trade-mark.

If none of the defences are made out then the Court must then assess the damages to be awarded for infringing the plaintiff's trade-mark, for passing off, or for the depreciation of its goodwill.

Analysis

[53] The plaintiff claims that the defendants have engaged in passing off, contrary to subsection 7(b) of the *Trade-marks Act*. In order to make out that statutory claim, it must prove:

1. That there is goodwill associated with a valid trade-mark held by the plaintiff:
Kirkbi AG v Ritvik Holdings Inc / Gestions Ritvik Inc, 2005 SCC 65, [2005] 3 SCR 302 at para 67, *BMW Canada Inc v Nissan Canada Inc*, 2007 FCA 255 [BMW Canada] at paras 14 and 30;

2. That the defendants have made a negligent or deliberate misrepresentation that causes, or is likely to cause, confusion between their goods, services, or business, and the plaintiff's: *Kirkbi AG v Ritvik Holdings Inc / Gestions Ritvik Inc*, 2005 SCC 65, [2005] 3 SCR 302 at para 68; and

3. That the defendants' misrepresentation has caused, or is likely to cause, damage to the plaintiff: *Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 at para 33, *Remo Imports Ltd v Jaguar Cars Ltd*, 2007 FCA 258, [2008] 2 FCR 132 at para 90, *Pharmacommunications Holdings Inc v Avencia International Inc*, 2009 FCA 144 at paras 6-12, *Target Event Production Ltd v Cheung*, 2010 FCA 255 at paras 20, 24, *Hollick Solar Systems Ltd v Matrix Energy Inc*, 2011 FC 1213 at para 118.

[54] The plaintiff claims that the defendants have "pass[ed] off other wares or services as and for those ordered or requested" contrary to paragraph 7(c) of the *Trade-marks Act*. There is no evidence before the Court that supports this allegation and it will not be further considered.

[55] The plaintiff further claims that the defendants have infringed its registered trade-mark. In order to succeed in a trade-mark infringement action, the plaintiff must prove that: "(1) it is entitled to commence the action with respect to the registered trade-mark in issue; and that (2) a sale, distribution or advertisement of any wares or services has occurred; (3) in association with a confusing trade-mark or trade-name; (4) by a person not entitled under the Trade-marks Act to the use of the registered trade-mark; (5) as a trade-mark" (Kelly Gill, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed (Toronto: Carswell, 2014) at s 7.4(b)).

[56] Central to the concepts of passing off and infringement is the concept of confusion. The passing off prohibition in paragraph 7(b) “prohibits a person from directing public attention to his wares, services or business in such a way as to cause or be likely to cause confusion.” *BMW Canada* para 14. The infringement prohibition in sections 19 and 20 requires that there is or is likely to be confusion. Confusion results if the defendants lead the public to believe that their goods, services, or business is that of the plaintiff or is approved, authorized, or endorsed by the plaintiff, or that there is some business connection between them.

[57] The plaintiff submits that there is a likelihood of confusion between “Scott Safety” and the plaintiff’s trade-mark SCOTT. Allegations respecting the trade-mark AIR-PAK were not seriously pursued and need not be considered. If the plaintiff cannot establish that there is a likelihood of confusion between the defendants’ use of Scott Safety and its trade-mark SCOTT, then this claim must fail.

[58] The plaintiff submits that the predominant element of the trade-mark used by the defendants is “Scott.” It also submits that adding the descriptor “Safety” to the word “Scott” does not serve to distinguish the defendants’ mark from the plaintiff’s, because the products and services of all parties are safety-related.

[59] The defendants, on the other hand, submit that the additional word “Safety” is very important. Indeed, they submit that this litigation is all about the plaintiff’s decision to add the word “Safety” to its mark SCOTT, following Tyco’s decision to rebrand its business globally as “Scott Safety,” the name that has been used by the defendants for many years.

[60] I suspect that the defendants are correct in pointing to this global rebranding as the impetus for this litigation; however, while that may have some relevance to the defence of delay, acquiescence, and estoppel, it is not relevant to the inquiry regarding confusion.

[61] The test for confusion is one of first impression and imperfect recollection by the relevant consuming public. Subsection 6(5) of the *Trade-marks Act* sets out a non-exhaustive list of criteria that the Court should consider when determining whether a trade-mark or trade-name is confusing:

In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (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 goods, 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.

[62] Factor (a), inherent distinctiveness and extent known, cuts slightly against the plaintiff because the word “Scott” is a common name, lacking inherent distinctiveness. I accept and find that the plaintiff’s mark is well known in Canada (including in the Alberta oil patch) in relation to its SCBA product. However, it is equally clear that, within the principle market the defendants serve (the Alberta oil patch), its trade-mark - Scott Safety - is equally well known.

[63] Factor (e), the degree of resemblance of the marks, cuts slightly in favour of the plaintiff because “Scott” resembles “Scott Safety.” This is an important factor because if two marks do not resemble each other then “it is unlikely that a strong finding on the remaining factors would lead to a likelihood of confusion.” *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, [2011] 2 SCR 387 at para 49.

[64] It is unclear which party factors (b)-(d) favour. With respect to factor (b), period of use, the plaintiff has used “Scott” as a trade-mark in Canada for longer than the defendants have used “Scott Safety.” However, this factor is not telling in this case. The Supreme Court of Canada stated in *Mattel USA Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 [*Mattel*] at para 77 that “[length] of user [sic] is only important in considering the question of fact, whether the trade mark has really and truly become distinctive” (citing Harold G Fox, *The Canadian Law of Trade Marks and Unfair Competition*, 3d ed (Toronto: Carswell, 1972) at 133). In this case, the evidence shows that both the plaintiff and the defendants’ trade-marks are distinctive in western Canada and in the Alberta oil patch in particular. It has not been shown that one is more distinctive than the other.

[65] Similarly, the evidence with respect to factors (c) and (d), nature of the goods and trade, cuts both ways. On one hand, the plaintiff and defendants offer different goods/services. The plaintiff is primarily involved in the manufacture and sale of SCBA. The defendants are primarily involved in the provision of emergency medical and fire services, and safety training. There is some overlap insofar as they both sell gas detection equipment (although of different brands). In addition, a small portion of the defendants’ business (about 5%) consists of

servicing, renting out, and reselling refurbished and new SCBA, including some manufactured by the plaintiff. While the plaintiff does not rent out its SCBA in Canada, or sell refurbished SCBA, it is arguable that these rental and resale markets overlap with the market for new SCBA, insofar as each appeals to customers who are looking to use SCBA manufactured by the plaintiff. Furthermore, Mr. Stark does testify that the defendants resold some new SCBA, although it was not made clear whether they were manufactured by the plaintiff.

[66] On the other hand, the customers of the plaintiff and the defendants overlap; both are substantially involved in providing products and services to companies in the oil patch.

[67] Given the slight overlap in the parties' goods/services and the more significant overlap in their customer base, one might form the view, as urged by the plaintiff, that factors (c) and (d) point towards a likelihood of confusion. However, in my view, this is undercut by the sophistication of both parties' customers in the oil patch. Both Mr. Roy and Mr. Rogers testified that their respective customers in the oil extraction business were sophisticated customers for their respective products. This general sophistication mitigates concern about confusion.

[68] What we are left with, then, is a situation where factor (a) slightly favours the defendants, factor (e) slightly favours the plaintiff, and the remaining factors do not unambiguously favour either. In the face of this 'tie' I am of the view that the most important contextual factor is the lack of evidence of actual confusion. This factor was discussed by the Supreme Court in *Mattel* at para 55:

Evidence of actual confusion would be a relevant 'surrounding circumstance' but is not necessary (*Christian Dior S.A.*, at para 19)

even where trade-marks are shown to have operated in the same market area for ten years: *Mr. Submarine Ltd. v. Amandista Investments Ltd.* (1987), 19 C.P.R. (3d) 3 (Fed. C.A.). Nevertheless, as discussed below, an adverse inference may be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified. [emphasis added]

[69] First, *Mattel* makes clear that evidence of actual confusion cannot be necessary to establish a likelihood of confusion because, if it were, it would have the effect of raising the test from a “likelihood of confusion” to “confusion” itself, contrary to subsection 6(2) of the Act. Second, *Mattel* establishes that, although not necessary, evidence of actual confusion is relevant to proving a likelihood of confusion. This is because, by definition, things that are likely to occur do occur more often than things that are unlikely to occur and, therefore, the fact that something has occurred suggests, other things being equal, that it was likely to occur. Third, and most importantly in the present context, *Mattel* establishes that a lack of evidence of actual confusion can be an indicator that confusion is not likely. This is the natural corollary of point two; the fact that something did not occur suggests, other things being equal, that it was not likely to occur.

[70] The extent to which a court may draw an inference from a lack of actual confusion depends on the circumstances. In *Mr Submarine Ltd v Amandista Investments Ltd*, [1988] 3 FC 91 [*Mr Submarine*], the Federal Court of Appeal recognized at para 29 that the lack of evidence of actual confusion was a “very weighty fact,” given that the parties had been using their respective trade-marks in association with restaurant businesses in the Dartmouth area for the past 10 years. This may be contrasted with *Absolute Software Corporation v Valt.X*

Technologies Inc, 2015 FC 1203 [*Absolute*], where I held at para 8 that the lack of evidence of actual confusion was “not surprising given that the Respondent is in start-up and development mode and has sold less than \$2000 in product thus far.”

[71] The facts in this case are clearly much closer to *Mr Submarine* than to *Absolute*. The parties have both been marketing their products to customers in the oil patch for several years. If customers were likely to be confused by the defendants’ use of the mark “Scott Safety,” one would expect to find evidence of their confusion. I agree with the defendants that the evidence of actual confusion in this case is extremely weak.

[72] In particular, I agree with the defendants’ interpretation of the evidence of Mr. Gelein. Mr. Gelein did not confuse the defendants with the plaintiff, nor did he confuse their products and services; rather, he simply wanted to know whether Scott Safety was an authorized distributor of the plaintiff. He might well have asked that question, as many others frequently had, irrespective of the name of the business. There is no indication that he thought that the defendants might be authorized because of their name. Furthermore, Mr. Gelein was able to confirm that the defendants were not authorized when he called the plaintiff after finding its contact information on www.scottsafety.com. The only point at which Mr. Gelein got confused was when the defendants’ sales rep produced certificates of training which were made out to individuals at “Scott Safety.” He states that:

Well, when I received them, I mean I didn’t really -- I mean the thing that kind of confused me about these is it says, it has All Out Group as the core sponsor and then the affiliation Scott Safety. So I didn’t know who – who’s that Scott Safety. Was that Scott Safety Whitecourt? Is that Scott AIR-PAK? And like, I -- I don’t know.

Mr. Gelein's confusion appears to flow from the use of the phrase "Scott Safety." Mr. Gelein might have found this phrase confusing because, on one hand, he associated "Scott Safety" with "Scott Safety Whitecourt" but, on the other hand, he found the plaintiff's contact information on the website "www.scottsafety.com." In other words, Mr. Gelein was not confused because both the plaintiff and defendants used "Scott;" he was confused because they both used "Scott Safety."

[73] The same can be said of the email from Mr. Chernichen. He admits that he confused "Scott Safety," meaning the plaintiff, with "Scott Safety Services," meaning the defendants. Again, the confusion was not directed or reliant upon the trade-mark SCOTT; rather it was dependant on both using the phrase "Scott Safety" to describe their business.

[74] Similarly, Ambre, the defendants' employee who spoke to the undercover investigator, said merely that because the company is called Scott Safety Supply, some people think it is an authorized distributor of Scott products. Her statement suggests that any confusion relates to whether her employer is an authorized distributor of the plaintiff. As she says "We can sell the products, we can service the products" and the defendants' ability to do so confuses some into thinking that they are an authorized distributor "especially with us being called Scott Safety Supply."

[75] If this can be said to constitute evidence of actual confusion with the trade-mark SCOTT, it is *de minimis* evidence. I acknowledge that confusion with respect to whether the defendants are an authorized distributor of the plaintiff might be sufficient to satisfy the test for confusion in

subsection 6(2), if that confusion arose from the defendants' use of the name "Scott." This is because, if a person thinks that the defendants are an authorized distributor of the plaintiff, then they might infer that the "goods or services associated with [the plaintiff and defendants' trademarks] are manufactured...or performed by the same person." A person's mistaken belief that the defendants are an authorized distributor of the plaintiff might also be sufficient to satisfy the test for confusion in subsection 7(b), insofar as this belief may lead that person to confuse the plaintiff's goods, services, or business with those of the defendants.

[76] However, in my view, this is very weak evidence of confusion. It is not direct evidence of actual confusion, but is simply a statement from a person, who was not called as a witness, who was chatting with a prospective customer who offered that they had stopped because they were confused. At most, the statement is evidence that "some" unknown number of people told Ambre that they were confused about whether the defendants were an authorized distributor of the plaintiff, in part because of the defendants' name.

[77] The email from Brogan Safety Services provides even less evidence of confusion. While the email sought clarification about whether the defendants were authorized to service equipment manufactured by the plaintiff, there is no indication that anyone thought that the defendants might be authorized because of their name. Indeed, Mr. Roy accepted that "that's a common question that you get regularly in connection with those that hold themselves out as having the capacity to service."

[78] Finally, the evidence of the LinkedIn profile of the defendants' new employee is not persuasive of confusion. She inputted her employer's name as "Scott Safety" and there is no evidence that she meant that it was any business other than the defendants' business. The automatic filling in of the plaintiff's new and as yet unregistered logo was done only because the plaintiff provided that to LinkedIn. All this may show is that this four-month employee was not careful in noting that a logo had been inserted that was not that of her new employer – it does not show that she was confused about the identity of her employer.

[79] There is no real evidence of confusion despite the fact that the defendants' business has operated in a market in which the plaintiff has been doing business for more than 20 years. There is little meaningful confusion and thus no infringement of the plaintiff's trade-marks, nor has there been any passing off.

[80] There remains the claim that the defendants have depreciated the goodwill of the plaintiff's trade-mark, contrary to subsection 22(1) of the Act. Unlike passing off and infringement, "confusion" is not part of the analysis under subsection 22(1).

[81] One of the required elements that must be proven to establish a claim under subsection 22(1) is that the likely effect of the defendants' use was to depreciate the value of the goodwill attached to the plaintiff's trade-mark (i.e. damage): *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824 at para 46.

[82] The plaintiff has offered no evidence that it has lost or had any sale impacted by the defendants' trade-mark. It frankly admits that there has been no such loss. In this circumstance, it cannot be said that the effect of the defendants' use of Scott Safety has "likely" depreciated its goodwill. I find as a fact that it has had no impact at all on the goodwill associated with the plaintiff's trade-mark, SCOTT.

[83] For these reasons, the plaintiff's claim must be dismissed.

[84] Had I found that the defendants had breached the plaintiff's trade-mark SCOTT, I would not have awarded any damages in light of the admission that there have been none. Further, I would not have provided the plaintiff with any injunctive relief. That relief is equitable and discretionary. Here, the plaintiff has long known of the use by the defendants of "Scott Safety" and it was even warned some years ago by Mr. Roy to keep an eye on that business; but it did nothing – nothing until it decided to globally rebrand itself as Scott Safety – the defendants' very trade-mark. A business cannot lie in the weeds, allowing another to carry on and invest in and grow its business, and then spring up and enlist the aid of the court when it suits its purposes, claiming it has been unfairly treated. In this case, if there is any unfairness, it is that the defendants were unfairly treated by the plaintiff when it decided to use the same name the defendants had been using in excess of 20 years.

[85] The defendants are entitled to costs. If the parties cannot agree on an amount of costs, the defendants are to serve and file written submissions not exceeding ten (10) pages, and a Bill of Costs within fifteen (15) days of these Reasons. The plaintiff shall service and file its

responding submissions within fifteen (15) days after receipt of the defendants' submissions.

Judgment on costs is reserved.

JUDGMENT

THIS COURT'S JUDGMENT is that this claim is dismissed. The Court reserves judgment on the quantum of costs, pending receipt of submissions as provided for in the Reasons.

“Russel W. Zinn”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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