

Federal Court



Cour fédérale

Date: 20200130

Docket: T-1342-19

Citation: 2020 FC 178

Vancouver, British Columbia, January 30, 2020

PRESENT: The Honourable Mr. Justice Pentney

BETWEEN:

BLUE SEAL INC.

Applicant

and

LOURENS POORTER

Respondent

JUDGMENT AND REASONS

[1] This is an application for a declaration that a trademark registered by the Respondent is invalid, and for an order expunging the trademark from the register, pursuant to subsection 57(1) of the *Trademarks Act*, RSC 1985, c T-13 [the *Act*]. The Applicant claims that the Respondent was not entitled to secure the registration because its trademark is confusingly similar to the name under which the Applicant sold its goods prior to the registration of the trademark. It argues that the Respondent has obtained a trademark that is virtually identical to the name and brand of its own trademark and in association with essentially identical products sold in a niche

market. The Applicant asks the Court to declare the trademark invalid, and to direct the Registrar of Trade-marks to remove the Respondent's trademark from the Register.

[2] For the reasons that follow, the application is granted.

I. Context

[3] The Applicant is a company incorporated in the United States, which produces and sells surface protectants for the marine industry in association with the trademarks BLUE SEAL and BLUE SEAL Design, shown below:



[4] The Applicant indicates that it is an industry leader in the field of unprocessed synthetic resins. It produces a number of goods, including unprocessed and processed synthetic resin for anti-corrosion resistant coating for repair and protection of industrial equipment, wastewater plants and equipment, hydroelectric dams, seafaring vessels, fuel tanks, water tanks, septic tanks and other marine water applications.

[5] The Applicant states that it has sold its goods in association with its trademarks in Canada continuously since at least 2010. Its customers include some of the largest marine entities in this country, including BC Ferries, Seaspan, Newfoundland Ferries and other large providers.

[6] On April 29, 2015, the Respondent, Lourens Poorter, the managing director of Pollyflake LLC, a producer of marine surface protectants, applied for the trademark BLUESEAL in association with unprocessed synthetic resins. On September 20, 2016, the application was registered based on a declaration of use filed the same month under Canadian Trademark Registration Number TMA949,859.

[7] The Applicant asserts that the Respondent was not the person entitled to secure this registration at the date of application. It has applied pursuant to subsection 57(1) of the *Act*, asking the Court to exercise its “exclusive original jurisdiction” to order that the trademark be declared invalid, and the entry in the Trademarks register be expunged.

[8] The Respondent did not file any materials or participate in the hearing of this matter.

II. Issues

[9] Two issues arise in this application: (i) does the Applicant have standing, as an “interested person” to seek relief under subsection 57(1); and (ii) is the Respondent’s registration invalid and should it be struck out?

III. Analysis

A. *Does the Applicant have standing to bring this application?*

[10] The issue of whether the Applicant has standing can be addressed quickly. In *CIBC World Markets Inc v Stenner*, 2010 FC 397 at paragraphs 19-20, Justice Phelan confirmed that a person who has used the trademark in Canada before its registration falls within the definition of

“interested person” in section 57 of the *Act*. It is a *de minimus* threshold, as recently confirmed in *Beijing Jingdong 360 du E-commerce Ltd v Zhang*, 2019 FC 1293 at para 11.

[11] As will be discussed in more detail below, the Applicant’s evidence demonstrates it has marketed and sold its products in association with the BLUE SEAL wordmark and the BLUE SEAL design mark in Canada at least since 2010, and thus long before the Respondent’s trademark application and registration. The Applicant therefore qualifies as an interested person under section 57 of the *Act*.

[12] There is no evidence that the Applicant had notice of the application for a trademark by the Respondent, and therefore there is no basis to apply the exception set out in subsection 57(2) of the *Act*. Rather, a letter from counsel for the Applicant to the Respondent dated July 12, 2018 stated that the Applicant had only “recently discovered” the use and registration of the trademark in Canada. While a more direct statement by the Applicant would have been helpful, I am not persuaded that this is a barrier to the expungement proceeding.

[13] The Applicant therefore has standing to bring this application.

B. *Is the trademark registration invalid?*

[14] The Applicant submits that the Respondent’s trademark is confusingly similar with its trademarks and is therefore invalid. The Applicant submits that it has demonstrated that the Respondent was not entitled to registration under section 18, because his proposed mark was confusingly similar to the trademarks the Applicant has used continuously since at least 2010, and therefore the Respondent was not a person entitled to registration pursuant to subsection 16(1) of the *Act*. The Applicant submits that the evidence demonstrates that the two

marks are confusing, applying the test for confusion in subsection 6(5) of the *Act* as interpreted by the relevant jurisprudence.

[15] Furthermore, the Applicant contends that it has brought this application within the five-year timeframe set out in subsection 17(2) of the *Act*, and the evidence shows that it has never abandoned its trademark but instead that it has continuously used the mark in association with its goods since at least 2010. The Applicant contends that it is therefore entitled to the relief it seeks.

[16] The core to this claim is whether the evidence shows that the two marks are confusingly similar, as that term is defined in subsection 6(5), as interpreted by *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*]. The legal test is well known, as set out by the Supreme Court of Canada in *Masterpiece* at para 40:

[40] At the outset of this confusion analysis, it is useful to bear in mind the test for confusion under the *Trade-Marks Act*. In *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824, Binnie J. restated the traditional approach, at para. 20, in the following words:

The test to be applied is 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 the [prior] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

[17] The factors to be considered in assessing confusion are listed in subsection 6(5) of the *Act*, and the following analysis will consider each element.

[18] In accordance with the direction set in *Masterpiece*, the analysis begins with the degree of resemblance. Here, the words are virtually identical. The only difference is the space between

the two words in the Applicant's mark (BLUE SEAL), where the Respondent's mark combines the two words into one (BLUESEAL). In this case, the combination does not have the effect of creating a sense of difference or distinction between the two marks, and the words and sounds used, as well as the sense conveyed, is virtually identical. It is not necessary to examine the Applicant's design mark, since the Respondent has not registered a design mark and the distinctiveness of the Applicant's mark does not primarily flow from the design (see *Friedrich Geldbach GmbH v M Geldbach (Shanxi) Flange & Fittings Co, Ltd*, 2019 FC 1301 paras 22-23).

[19] The words have a limited degree of inherent distinctiveness, since it appears that they are broadly descriptive of the product itself (a sealant with a blue colouring), as indicated by the product photographs submitted as exhibits to the Applicant's affidavit.

[20] The evidence of marketing and sales, however, support a finding that the Applicant's marks have acquired a degree of distinctiveness. The evidence demonstrates that the Applicant's sales in Canada amount to approximately \$3.5 million (U.S.) since 2010, with annual sales in each of the intervening years. In addition, there is evidence of advertising of the product in Canadian marine publications as well as displays and marketing efforts at marine trade shows in Canada. This evidence is a basis for finding that the Applicant's trademark has acquired a degree of distinctiveness in the relevant market for the products.

[21] The evidence shows that the Applicant has continuously used its mark in Canada since at least 2010, while the Respondent's application for registration dates from 2015, and his declaration of use was filed in September 2016. There is no evidence before the Court as to the nature or extent of the Respondent's use of his trademark in Canada. Time of use favours the Applicant.

[22] The nature of the goods is virtually identical, and the evidence shows that both the Applicant and the Respondent views the other as a business competitor. This also favours the Applicant.

[23] The products serve a relatively narrow, niche market, and the Applicant has demonstrated an ongoing relationship with many of the major companies in the marine industry in Canada. The channels of trade for this type of product are very similar. This also favours the Applicant.

[24] There is no surrounding circumstance in the evidence that would diminish or otherwise affect the likely degree of confusion between the two marks for a customer in this market.

[25] I therefore find that the Applicant's mark has acquired distinctiveness in the Canadian market for marine products since at least 2010, and that the mark registered by the Respondent is confusingly similar with the Applicant's trademarks. Even though a business operating in this market is not likely to approach the buying of these goods in a manner similar to a hurried customer looking to buy an ordinary consumer product in a department store (see *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 58), nevertheless the confusion analysis favours the Applicant.

[26] The two marks are virtually identical, and the registration grants the Respondent the right to display the mark in a manner that would be virtually identical to the way that the Applicant has displayed its mark for many years, and to do so in the very niche market in which both operate. This is precisely what the *Act* was intended to prevent.

[27] In this case, the registered mark is confusingly similar to a mark that has been used – but never registered - in association with goods in Canada since 2010. Pursuant to subsection 16(1)

of the *Act*, at the time of the registration the Respondent was not a person entitled to obtain a registration, because his trademark was confusingly similar to the Applicant's mark, which has been in continuous use at the time of the application. Therefore, by virtue of subsection 18(1) of the *Act*, the registration of the Respondent's trademark is invalid.

[28] A declaration to that effect will issue, as well as an order directing the Registrar to expunge the registration.

IV. Conclusion

[29] For the reasons set out above, the Application is granted. The Court declares that Canadian Trademark Registration Number TMA949,859, BLUESEAL, is invalid pursuant to section 18 of the *Act*.

[30] The Registrar shall remove Trademark Registration Number TMA949,859, BLUESEAL, from the Register.

[31] The Applicant requested its costs in the lump sum amount of \$3,000.00. Counsel indicated that the amount would be slightly above that which would follow from the application of Column B of the Tariff for an unopposed motion such as this.

In exercise of my discretion under Rule 400 of the *Federal Court Rules*, SOR 98-106, and considering that this was not a complex matter, the evidentiary record was not extensive, and it was not opposed, I award lump sum costs in the amount of \$2,500.00, payable by the Respondent to the Applicant.

JUDGMENT in T-1342-19

THIS COURT'S JUDGMENT is that:

1. The application is granted.
2. The Court declares that Canadian Trademark Registration Number TMA949,859, BLUESEAL, is invalid.
3. The Registrar shall remove the Respondent's Trademark Registration Number TMA949,859, BLUESEAL, from the Register.
4. The Respondent shall pay to the Applicant costs in the lump sum (all-inclusive) amount of \$2,500.00.

"William F. Pentney"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1342-19

STYLE OF CAUSE: BLUE SEAL INC. v LOURENS POORTER

PLACE OF HEARING: VANCOUVER, BRITISH COLUMBIA

DATE OF HEARING: JANUARY 28, 2020

JUDGMENT AND REASONS: PENTNEY J.

DATED: JANUARY 30, 2020

APPEARANCES:

Mathew D. Brechtel

FOR THE APPLICANT

No one appearing

FOR THE RESPONDENT

SOLICITORS OF RECORD:

Norton Rose Fulbright Canada LLP
Vancouver, British Columbia

FOR THE APPLICANT