

Federal Court of Appeal



Cour d'appel fédérale

Date: 20150501

Docket: A-275-14

Citation: 2015 FCA 114

**CORAM: DAWSON J.A.
STRATAS J.A.
BOIVIN J.A.**

BETWEEN:

THE SERVICEMASTER COMPANY

Appellant

and

**385229 ONTARIO LTD. DBA
MASTERCLEAN SERVICE COMPANY**

Respondent

Heard at Toronto, Ontario, on January 12, 2015.

Judgment delivered at Ottawa, Ontario, on May 1, 2015.

REASONS FOR JUDGMENT BY:

BOIVIN J.A.

CONCURRED IN BY:

**DAWSON J.A.
STRATAS J.A.**

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REASONS FOR JUDGMENT

BOIVIN J.A.

[1] This is an appeal from a decision dated May 7, 2014 (2014 FC 440) by Justice Campbell of the Federal Court (the judge). The judge dismissed the application for judicial review brought by The Servicemaster Company (the appellant) of a decision of the Trade-marks Opposition Board (the Board) refusing to register the appellant's trade-mark applications No. 1,070,731

SERVICEMASTER CLEAN and No. 1,278,252 SERVICEMASTER CLEAN & Design (2012 TMOB 59).

[2] As part of its application for judicial review, the appellant adduced new evidence pursuant to section 56 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act). The judge concluded that this new evidence would not have materially affected the Board's conclusions and he accordingly upheld the Board's decision.

[3] Before this Court, the appellant only appeals the portion of the judge's decision that confirms the Board's finding under paragraph 16(1)(a) of the Act that the SERVICEMASTER CLEAN trade-mark created a likelihood of confusion as of the date of its first use - i.e. October 1997. The portions of the decision as they relate to SERVICEMASTER CLEAN & Design are therefore not at issue in this appeal.

I. The Facts

[4] The appellant began operating in Canada in 1954 under the SERVICEMASTER trade-mark in association with carpet cleaning services and subsequently residential cleaning, commercial cleaning, janitorial services and disaster restoration services. In 1997, the appellant added the descriptive CLEAN to its trade-mark SERVICEMASTER.

[5] Three years later, on August 10, 2000, the appellant filed application No. 1,070,731 to register the trade-mark SERVICEMASTER CLEAN based on use at least as early as October 1997. The application was filed in connection with the following services:

Business advisory, business consulting and franchising services, namely, offering technical assistance in the establishment or operation or both of cleaning, building management, or building repair management services companies; providing technical assistance in the establishment and operation of a business; providing technical assistance in the establishment and operation of cleaning services; cleaning services for the interiors of buildings, including private homes, commercial buildings, health care institutions, industrial facilities, and educational facilities, and the furnishings thereof, including carpets, floors, walls, furniture and fixtures; janitorial services; disaster restoration services, namely restoring building interiors and exteriors damaged by fire, flood, and other disasters. [Emphasis added.]

[6] While the appellant originally sought to register the trade-mark SERVICEMASTER CLEAN in connection with “building repair management; disaster restoration services, namely restoring building interiors and exteriors damaged by fire, flood, and other disasters,” (as emphasized in the above-reproduced list), these services were eventually removed from the list of services in 2009.

[7] For its part, 385229 Ontario Ltd. DBA Masterclean Service Company (the respondent) specializes in property loss mitigation and restoration construction and has used the trade-mark MASTERCLEAN since at least November 1, 1971 and MASTER CLEAN since at least May 1, 1980 in relation to its “restoration, renovation and cleaning services”.

[8] On October 25, 2005, the respondent filed a statement of opposition against the appellant’s application to register the trade-mark SERVICEMASTER CLEAN.

[9] The Board, in upholding the respondent’s opposition, did so based on a finding of confusion pursuant to paragraph 16(1)(a) of the Act. In this regard, the Board held that the appellant’s evidence of coexistence without confusion, as well as the evidence of third party use

of similar marks could not be considered under subsection 16(1) of the Act because it postdated the date of the appellant's first use of the mark SERVICEMASTER CLEAN. This exclusion of evidence post October 1997 explains why the Board made a finding of confusion under paragraph 16(1)(a) whereas the ground of opposition under paragraph 12(1)(d), also related to the likelihood of confusion, failed. It follows that the evidence supporting the Board's conclusion under paragraph 12(1)(d) is irrelevant to the analysis under paragraph 16(1)(a). The Board's conclusion on this point rests on the reasoning expressed at paragraph 60 of its decision:

Having considered all of the surrounding circumstances, I arrive at the conclusion that the probabilities of confusion between MASTER CLEAN and SERVICEMASTER CLEAN as of October 1997 are evenly balanced between a finding of confusion and of no confusion. I reach this conclusion because on the one hand MASTER CLEAN is not the type of mark that is typically accorded a broad scope of protection and the Applicant's Mark has a different beginning from the Opponent's mark, but on the other hand, only the Opponent had acquired a reputation in association with its mark as of October 1997, the parties are competitors and the Applicant's Word Mark [SERVICEMASTER CLEAN] consists of the Opponent's entire mark preceded by the inherently weak word SERVICE. As the legal burden is on the Applicant to establish, on a balance of probabilities, that the Mark is not confusing with the Opponent's trade-mark, the s. 16(1)(a) ground succeeds. I note that the difference in outcome between this ground and the s. 12(1)(d) ground is also attributable in part to the fact that the evidence of coexistence without confusion, as well as the evidence of third party use of similar marks, cannot be considered under this ground.

[10] With the above in mind, I now turn to the judge's decision.

II. The Judge's Decision

[11] Before the judge, the appellant adduced new evidence in order to directly respond to evidentiary deficiencies pointed to by the Board in its decision. As noted earlier, the judge concluded that this new evidence would not have materially affected the Board's decision so he was not permitted to conduct a *de novo* review.

[12] More particularly, the judge held that the Board did not err in excluding evidence that postdated the date of first use of the trade-mark SERVICEMASTER for purposes of assessing confusion under paragraph 16(1)(a). The judge deemed the issue to be one of statutory interpretation, and that the Board's literal interpretation of subsection 16(1) to the effect that the confusion analysis concerns the evidence that existed "at the date of first use" was correct (judge's reasons at paras. 17-20).

[13] The judge also considered as irrelevant any evidence of the fact that third parties had registered similar trade-marks as of the date of first use, holding that the mere existence of registration did not equate to proof of actual use. This, the judge found, was a pre-requisite of relevance (judge's reasons at paras. 25 and 26).

[14] Finally, while the judge acknowledged that the new evidence regarding the reputation of the appellant's mark SERVICEMASTER predated October 1997, he found that it merely duplicated the type of evidence previously filed before the Board (judge's reasons at para. 24). Hence, the judge was of the view that this evidence would not have materially affected the Board's decision and concluded that the Board's decision was reasonable (judge's reasons at para. 28).

A. *Issues*

[15] The issues before the Court are as follows:

- 1) Did the judge err in finding that the evidence postdating the date of first use was irrelevant to the analysis of the likelihood of confusion under paragraph 16(1)(a)?

- 2) Did the judge err in finding that the new evidence adduced by the appellant would not have materially affected the Board's decision?
- 3) Did the judge identify the proper standard of review and apply it correctly?

B. *The Standard of Review*

[16] The standard of review to be applied in an appeal of a decision of the Board is reasonableness. In particular, the Board's interpretation of the Act as its home statute is subject to deference. As a result, in order for this Court to intervene in the Board's conclusion that the evidence postdating the appellant's first use of SERVICEMASTER is irrelevant, the Court must find that conclusion to be unreasonable. Moreover, when new evidence is adduced on appeal before the judge under section 56 of the Act and the judge comes to the conclusion that the new evidence would have materially affected the Board's finding of fact or exercise of discretion, the judge must come to his own conclusion on the issue to which the additional evidence relates (*Molson Breweries v. John Labatt Ltd.*, [2000] 3 F.C. 145, [2000] F.C.J. No. 159 at para.51).

[17] The role of this Court is to first determine whether the judge properly identified the applicable standard of review to the questions at issue, and second to examine if the judge correctly applied that standard of review (*Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, [2013] 2 S.C.R. 559 at paras. 45-47; *Canada Revenue Agency v. Telfer*, 2009 FCA 23, [2009] F.C.J. no. 71 at para. 18).

[18] When new evidence is adduced, as in the present case, this Court must also consider the judge's findings as to whether such evidence would have materially affected the Board's decisions. The Court's assessment in this regard attracts the appellate standard of *Housen v.*

Nikolaisen, 2002 SCC 33, [2002] 2 S.C.R. 235. The judge's decision will stand absent a palpable and overriding factual error or an extricable error of law.

III. Analysis

- (1) Did the judge err in finding that the evidence postdating the date of first use was irrelevant to the analysis of the likelihood of confusion under paragraph 16(1)(a)?

[19] The appellant submits that the judge committed an error of law in ruling that evidence postdating the first use of the SERVICEMASTER CLEAN is irrelevant for purposes of assessing confusion under paragraph 16(1)(a). Specifically, the appellant challenges the judge's conclusion to the effect that the Board did not err when he excluded the evidence postdating the date of first use as irrelevant:

[19] I find that the Registrar's [Board's] conclusion is based on a literal interpretation of the words used in s. 16. That is, the confusion analysis concerns the evidence that existed "at the date of first use". As a result, I do not agree with Counsel for the Applicant [appellant] that the Registrar's [Board's] inadmissibility findings are not based on a principled reason. The issue is one of statutory interpretation. In my opinion, for Counsel for the Applicant [appellant] to succeed on the "no principled reason" argument it is necessary to produce a principled argument that challenges the Registrar's [Board's] opinion on the law. No such argument is advanced. It is not enough to resort to "logic" to support the challenge. Only a properly framed statutory interpretation argument establishing that the Registrar's [Board's] literal interpretation of s. 16(1)(a) is not correct, when viewed in the context of compelling evidence and, or, compelling precedent, will suffice; none was advanced.

[20] As a result, I find that there is no error in principle in the Registrar's [Board's] findings of the exclusion of irrelevant evidence under s. 16(1)(a). Therefore, I also find that Mr. England's post-date of first use evidence is irrelevant.

(judge's reasons at paras. 19 and 20, emphasis in original.)

[20] At this juncture, it is helpful to recall that subsection 16(1) of the Act refers to relevant dates:

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person[.]

[Emphasis added.]

16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne [.]

[Non souligné dans l'original.]

[21] Thus as provided by subsection 16(1) of the Act, the relevant date to assess confusion is “at the date on which he or his predecessor in title first so used it or made it known ...”.

Likewise, the French version of subsection 16(1) of the Act, which states “à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée ...”, mirrors and supports the Board's interpretation as confirmed by the judge, that evidence postdating the first use is to be excluded as irrelevant.

[22] There is jurisprudence that supports the proposition that the evidence postdating a material date may be relevant to the analysis of confusion if the evidence is intrinsically

connected with the facts at the material date (see, for example: *Molson Breweries, a Partnership v. Labatt Brewing Co.*, [1996] F.C.J. No. 782, 115 F.T.R. 33 (T.D.) at paras. 21-22 and 29-30; *Conagra, Inc. v. McCain Foods Ltd.*, 2001 FCT 963, [2001] F.C.J. No. 1331 at paras. 67 and 114-116). However, since the Board reasonably found that the evidence in question was not connected to facts at the time of first use of the trade-mark, it is not necessary to consider whether, as a matter of law, such evidence is irrelevant.

- (2) Did the judge err in finding that the new evidence adduced by the appellant would not have materially affected the Board's decision?
 - (a) *Evidence concerning "reputation" of the trade-mark SERVICEMASTER*

[23] The appellant argues that the SERVICEMASTER trade-mark had attracted a significant reputation prior to the date of first use. The appellant's new evidence was adduced to support this argument given that the Board had found that only the respondent had acquired a reputation in association with the trade-mark. The judge held that the new evidence of sales simply duplicated evidence already submitted to the Board. This, according to the appellant, constitutes a palpable and overriding error.

[24] It is noteworthy that the Board fully addressed the appellant's reputation argument as emphasized by the judge who found that the Board was alive to this issue. The judge, in turn, fully considered the Board's findings in this regard and concluded that "being supplied with more evidence on the same topic" would not have made a difference. I agree. On the face of the record, I do not consider that the judge erred when he found that the appellant's new evidence would not have materially affected the Board's findings regarding the trade-mark's reputation.

(b) *Evidence concerning third party use*

[25] The appellant also filed new evidence in order to establish that third parties were using similar marks. Yet, as found by the judge, this new evidence, resting on the state of the registrar, does not establish use *per se*, thereby rendering this evidence irrelevant. The judge accordingly concluded that “as such, it would not have materially affected the [Board’s] findings” (judge’s reasons at para. 26). Again, I do not accept that the judge erred in drawing this conclusion. Indeed, the new evidence at issue (Affidavit of Mary P. Noonan, appeal book at tab 36) essentially consisted of the same search that was previously conducted and provided to the Board in the form of the Lisa Saltzman affidavit (appeal book at tab 21). It necessarily follows that the judge was correct in concluding, as did the Board, that such evidence does not demonstrate third party use of similar marks. The appellant’s ground of appeal on this point accordingly fails.

[26] The appellant also urges this Court to find that given the large number of trade-mark registrations at issue, the judge should have made an inference that such marks were in fact used. However, a review of the jurisprudence reveals that the law permits, but does not require, such an inference to be drawn from this type of evidence (*Kellogg Salada Canada Inc. v. Canada (Registrar of Trade Marks)*, [1992] 3 F.C. 442 (F.C.A.), [1992] F.C.J. No. 562; *Barbara’s Bakery, Inc. v. Sparkles Photo Ltd.*, 2011 TMOB 28, [2011] T.M.O.B. No. 5028; *Telus Corporation and Telus Communications Inc., v. Orange Personal Communications Services Ltd.*, 2005 FC 590, [2005] F.C.J. No. 722, *aff’d* 2006 FCA 6, [2006] F.C.J. No. 14). I am therefore of the view that the judge did not make a palpable and overriding error in declining to

draw the suggested inference and in ruling this evidence irrelevant. This ground of appeal fails as well.

(3) Did the judge identify the proper standard of review and apply it correctly?

[27] Finally, having determined that the new evidence adduced by the appellant would not have materially affected the Board's conclusions, the judge was correct to not conduct a *de novo* review. The judge identified reasonableness as the standard and properly applied that standard. He did not err in concluding that the Board's decision was reasonable as there was no error in principle and it was not clearly wrong (judge's reasons at paras. 5 and 28). Indeed, the Board transparently and intelligibly justified its conclusion, which falls within the permissible outcomes on the facts and the law (*Dunsmuir v. New Brunswick*, 2008 SCC 9, [2008] 1 S.C.R. 190 at para. 47). The appellant has not convinced me otherwise.

[28] For the foregoing reasons, I would dismiss the appeal with costs.

“Richard Boivin”

J.A.

“I agree

Eleanor R. Dawson J.A.”

“I agree

David Stratas J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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