



SUPREME COURT OF CANADA

CITATION: Masterpiece Inc. v. Alavida Lifestyles Inc.,
2011 SCC 27

DATE: 20110526
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BETWEEN:

Masterpiece Inc.

Appellant
and

Alavida Lifestyles Inc.

Respondent
- and -

International Trademark Association

Intervener

CORAM: McLachlin C.J. and Binnie, LeBel, Fish, Charron, Rothstein and Cromwell JJ.

REASONS FOR JUDGMENT: Rothstein J. (McLachlin C.J. and Binnie, LeBel, Fish, Charron and Cromwell JJ. concurring)
(paras. 1 to 114)

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MASTERPIECE *v.* ALAVIDA LIFESTYLES

Masterpiece Inc.

Appellant

v.

Alavida Lifestyles Inc.

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and

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Indexed as: Masterpiece Inc. *v.* Alavida Lifestyles Inc.

2011 SCC 27

File No.: 33459.

2010: December 8; 2011: May 26.

Present: McLachlin C.J. and Binnie, LeBel, Fish, Charron, Rothstein and Cromwell JJ.

ON APPEAL FROM THE FEDERAL COURT OF APPEAL

Intellectual property — Trade-marks — Confusion — Alberta company using unregistered trade-marks prior to Ontario company's registration of similar trade-mark — Alberta company applying to expunge Ontario company's trade-mark registration from register of trade-marks — Whether location where mark used is relevant to confusion analysis — What considerations are applicable in assessment of resemblance between proposed use trade-mark and an existing unregistered trade-mark — How nature and cost of wares or services affects confusion analysis — Use of expert evidence in confusion analysis — Trade-marks Act, R.S.C. 1985, c. T-13, ss. 6, 16(3), 17,19, 20,21,30,35,40(2), 57(1)

Masterpiece Inc. and Alavida Lifestyles Inc. (“Alavida”) are both involved in the retirement residence industry. Since 2001, Masterpiece Inc., operating in Alberta, has used several unregistered trade-marks, including “Masterpiece the Art of Living”. Alavida, operating in Ontario, entered the market in 2005 and applied to register the trade-mark “Masterpiece Living” on December 1, 2005 on the basis of a proposed use. Alavida began using this trade-mark in January, 2006. Shortly after Alavida’s application, Masterpiece Inc. also began using “Masterpiece Living” and applied to register it and the word “Masterpiece” as its trade-marks in 2006. Because of Alavida’s prior application, which was eventually granted, Masterpiece Inc.’s applications were denied. Masterpiece Inc.’s subsequent application to expunge Alavida’s registration was dismissed by the trial judge who concluded that there was no likelihood of confusion between Alavida’s and Masterpiece Inc.’s marks. That decision was upheld on appeal.

Held: The appeal should be allowed and Alavida's registration should be expunged.

This case concerns the basic approach and criteria applicable to the confusion analysis and in particular, whether there was a likelihood of confusion between Alavida's trade-mark and Masterpiece Inc.'s trade-name and trade-marks pursuant to s. 6 of the *Trade-marks Act*. The test is whether, as a matter of first impression, the "casual consumer somewhat in a hurry" who encounters the Alavida trade-mark, with no more than an imperfect recollection of any one of the Masterpiece Inc. trade-marks or trade-name, would be likely to think that Alavida was the same source of retirement residence services as Masterpiece Inc. Section 6(5) sets out the required approach to a confusion analysis. All surrounding circumstances must be considered including: (a) the inherent distinctiveness of the trade-marks or trade-names and extent to which they have become known; (b) the length of time the trade-marks or trade-names have been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

The first issue to be determined is whether the location where a mark is used is relevant when considering the likelihood of confusion between a registered trade-mark and a prior unregistered one. Generally, pursuant to s. 19, the owner of a registered trade-mark is entitled to the exclusive use of that mark throughout Canada.

The test for confusion is based upon the hypothetical assumption that the trade-names and trade-marks are used “in the same area”, irrespective of whether this is actually the case. In order for the owner of a registered trade-mark to have exclusive use of the trade-mark throughout Canada, there cannot be a likelihood of confusion with another trade-mark anywhere in the country. For this reason, the location where the marks were actually used is not relevant.

The second question involves the considerations applicable in the assessment of the resemblance between a proposed use trade-mark and an existing unregistered trade-mark. It is the use of a trade-mark and not registration itself that confers priority of title and the exclusive right to the trade-mark. Rights are granted to the first user of a trade-mark in two ways under the Act. First, under s. 16, a party normally gains a priority right to register a trade-mark when it first uses that trade-mark. Second, a user is also able to oppose applications, or apply to expunge registrations based on its earlier use of a confusing trade-mark. Section 16(3) of the Act recognizes the right of a prior user against any application for registration based upon subsequent use. Masterpiece Inc. could apply to expunge Alavida’s trade-mark pursuant to s. 16(3) of the Act on the grounds of likelihood of confusion between Alavida’s trade-mark and any of its trade-marks that had been in use before December 1, 2005. Further, Masterpiece was entitled to have each of its marks separately compared to Alavida’s “Masterpiece Living”. The trial judge erred in undertaking a single composite analysis, considering resemblance between “Masterpiece Living” and all of Masterpiece Inc.’s trade-marks and trade-name

generally. Most confusion analyses should commence with an assessment of the resemblance between the marks in issue. The trial judge erred in considering Alavida's actual use of its mark rather than addressing the entire scope of exclusive rights and potential uses that were granted to Alavida under its registration. His approach did not recognize that Alavida was entitled to use the protected words in any form including a format that closely resembled Masterpiece Inc.'s marks. Here, because Alavida's proposed trade-mark is only the words "Masterpiece Living", the difference or similarity with each of Masterpiece Inc.'s trade-marks and trade-name must be assessed on the basis of these words alone. The striking or unique aspect of each trade-mark is the word "Masterpiece". The idea evoked by each is also the same: high quality retirement lifestyle. Clearly, there is a strong resemblance between "Masterpiece the Art of Living" and "Masterpiece Living".

A third issue is what effect the nature of the business and cost of the wares or services has in the confusion analysis. Here, the trial judge erred in considering that consumers of expensive goods and services would generally take considerable time to inform themselves about the source of those goods and services to suggest a reduced likelihood of confusion. Confusion must instead be assessed from the perspective of the first impression of the consumer approaching a costly purchase when he or she encounters the trade-mark. The possibility that careful research could later remedy confusion does not mean that no confusion ever existed or that it would not continue to exist in the minds of consumers who did not carry out that research. The trial judge's consideration should have been limited to how a

consumer, upon encountering the Alavida mark in the marketplace, with an imperfect recollection of the Masterpiece Inc. marks, would have reacted. In circumstances where a strong resemblance suggests a likelihood of confusion, and the other s. 6(5) factors do not point strongly against a likelihood of confusion, cost is unlikely to lead to a different conclusion.

A final issue is the role of expert evidence in the trade-mark confusion analysis. Generally, an expert should only be permitted to testify if the testimony is likely to be outside the experience and knowledge of the judge. Where the “casual consumer” is not particularly knowledgeable, and there is a resemblance between the marks, expert evidence that simply assesses that resemblance will not usually be necessary. Judges should consider the marks at issue, each as a whole, but having regard to the dominant or most striking or unique feature of the trade-mark, using their own common sense, to determine whether the casual consumer would be likely to be confused when first encountering the trade-mark. In this case, Alavida’s expert engaged in a discussion of morphology and semantics instead of considering the marks as a whole. He also based his analysis on Alavida’s actual post-registration use, rather than the full scope of rights granted to Alavida under its registration. Masterpiece Inc.’s survey was similarly unhelpful because it attempted to simulate consumers with an “imperfect recollection” when none was available. For this reason, the survey was not a valid assessment of the relevant question. Judges should be careful to question the necessity and relevance of such evidence, perhaps as part of

a case management process, particularly in light the substantial cost of evidence that may be of little utility.

Considering all the circumstances of the case, and particularly the strong similarity between Alavida's "Masterpiece Living" and Masterpiece Inc.'s "Masterpiece the Art of Living", Masterpiece Inc. has proven that the use of Alavida's trade-mark in the same area as those of Masterpiece Inc.'s would be likely to lead to the inference that the services associated with Masterpiece Inc.'s trade-marks were being performed by Alavida. Because Masterpiece Inc.'s use preceded Alavida's proposed use, Alavida was not entitled under s. 16(3) to registration of its trade-mark and it should be expunged from the register.

Cases Cited

Applied: *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772; *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824; *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235; *Hollis v. Dow Corning Corp.*, [1995] 4 S.C.R. 634; **considered:** *R. v. Mohan*, [1994] 2 S.C.R. 9; *Ultravite Laboratories Ltd. v. Whitehall Laboratories Ltd.*, [1965] S.C.R. 734; *esure Insurance Ltd. v. Direct Line Insurance plc*, 2008 EWCA Civ 842, [2008] R.P.C. 34; *General Electric Co. v. General Electric Co.*, [1972] All E.R. 507; **referred to:** *Partlo v. Todd* (1888), 17 S.C.R. 196; *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192; *Leaf Confections Ltd. v. Maple Leaf Gardens Ltd.* (1986), 12 C.P.R. (3d) 511, aff'd (1988), 19 C.P.R. (3d) 331;

Mr. Submarine Ltd. v. Amandista Investments Ltd., [1988] 3 F.C. 91; *Conde Nast Publications Inc. v. Union des éditions modernes* (1979), 46 C.P.R. (2d) 183; *General Motors Corp. v. Bellows*, [1949] S.C.R. 678.

Statutes and Regulations Cited

Trade-marks Act, R.S.C. 1985, c. T-13, ss. 2, 4, 6, 16(1), (3), 17, 18, 19, 20, 21, 30, 35, 40, 57(1).

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APPEAL from a judgment of the Federal Court of Appeal (Sexton, Layden-Stevenson and Trudel, JJ.A.), 2009 FCA 290, [2010] 4 F.C.R. 243, 397 N.R. 180, 78 C.P.R. (4th) 243, 312 D.L.R. (4th) 532, [2009] F.C.J. No. 1263 (QL), 2009 CarswellNat 3122, affirming a decision of O'Reilly J., 2008 FC 1412, 338 F.T.R.

168, 72 C.P.R. (4th) 160, [2008] F.C.J. No. 1826 (QL), 2008 CarswellNat 4970.

Appeal allowed.

W. Clarke Hunter, Q.C., Kelly Gill and Brandon Potter, for the appellant.

Scott Miller, Sharon Griffin and Heather Gallant, for the respondent.

Daniel R. Bereskin, Q.C., and Mark L. Robbins, for the intervener.

The judgment of the Court was delivered by

ROTHSTEIN J. —

I. Introduction

[1] Trade-marks in Canada are an important tool to assist consumers and businesses. In the marketplace, a business marks its wares or services as an indication of provenance. This allows consumers to know, when they are considering a purchase, who stands behind those goods or services. In this way, trade-marks provide a “shortcut to get consumers to where they want to go”, *per* Binnie J. in *Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772, at para. 21. Where the trade-marks of different businesses are similar, a consumer may be unable to discern which company stands behind the wares or services. Confusion between trade-marks impairs the objective of providing consumers with a reliable indication of

the expected source of wares or services. This case provides this Court with the opportunity of reviewing the basic approach and criteria applicable to a confusion analysis between competing trade-marks under the *Trade-marks Act*, R.S.C. 1985, c. T-13.

[2] The question in this case is whether the trade-mark “Masterpiece Living”, proposed and subsequently registered by Alavida Lifestyles Inc. (“Alavida”), a company entering the retirement residence industry in Ontario, was then confusing with the unregistered trade-marks or trade-name previously used by another company, Masterpiece Inc. in the retirement residence industry in Alberta.

[3] Masterpiece Inc. contends that Alavida’s trade-mark, on the date its application for registration was filed with the Canadian Intellectual Property office, December 1, 2005, was confusing with Masterpiece Inc.’s trade-name and trade-marks. It argues that Alavida was not entitled to apply for registration of its mark because of its confusing similarity to Masterpiece Inc.’s trade-name and trade-marks, which were used prior to Alavida’s application. Thus, it argues, the registration is invalid and should be expunged.

[4] Masterpiece Inc. was unsuccessful in the Federal Court (2008 FC 1412, 72 C.P.R. (4th) 160) and Federal Court of Appeal (2009 FCA 290, [2010] 4 F.C.R. 423) and now appeals to this Court.

[5] I am of the respectful opinion that the learned trial judge and the Federal Court of Appeal in this case did not interpret and apply the criteria for determining confusion correctly. Upon a correct interpretation and application, I conclude that Alavida's proposed trade-mark "Masterpiece Living" was confusing with at least one of Masterpiece Inc.'s trade-marks when the registration application was filed on December 1, 2005. Therefore, Alavida was not entitled to registration of its proposed mark. Because I have found confusion between one of Masterpiece Inc.'s trade-marks and Alavida's mark, it is not necessary to perform a confusion analysis between the other of Masterpiece Inc.'s trade-marks and its trade-name with Alavida's mark. I would allow the appeal and order the Registrar of Trade-marks to expunge Alavida's registration from the register of trade-marks.

[6] I should make clear that this decision deals only with the question of expungement of Alavida's trade-mark registration for "Masterpiece Living". Whether Masterpiece Inc. may register a trade-mark that comprises or includes the word "Masterpiece" will now be a matter for Masterpiece Inc. and the Registrar.

II. Facts

[7] Both Masterpiece Inc. and Alavida operate in the retirement residence industry. Prior to December 2005, Masterpiece Inc. used several trade-marks which included the word "Masterpiece", as well as its trade-name "Masterpiece Inc.". Alavida entered the market near the end of 2005 and applied to register the trade-mark "Masterpiece Living" to market its services.

[8] Masterpiece Inc. was incorporated in 2001. In the years between 2001 and 2005, it undertook two retirement residence construction and operation projects in Alberta and began a third. During this time, it used its corporate name, Masterpiece Inc., as a trade-name on materials including prospectuses, contracts and advertisements.

[9] Concurrently, Masterpiece Inc. used several unregistered trade-marks which involved the word “Masterpiece” including “Masterpiece the Art of Living”, “Masterpiece the Art of Retirement Living”, and a stylized word “Masterpiece” alongside a butterfly logo. It also used other marks, including the trade-mark “Club Sierra”, in its advertisements.

[10] Alavida, a subsidiary of Ashcroft Homes Inc., was incorporated on August 4, 2005. It applied to register the trade-mark “Masterpiece Living” on December 1, 2005, on the basis of a proposed use. The mark was registered unopposed on March 23, 2007. Since January 2006, Alavida has used “Masterpiece Living” as its trade-mark.

[11] Shortly after Alavida’s application, Masterpiece Inc. changed its branding slightly, and began using the very same trade-mark “Masterpiece Living”. The result of these almost simultaneous decisions was that, beginning in 2006, there were two Canadian companies, one operating in Alberta, another in Ontario, using the trade-mark “Masterpiece Living” in the retirement residence industry.

[12] In January 2006, Masterpiece Inc. applied to register “Masterpiece” as a trade-mark, and in June 2006, it applied to register the trade-mark “Masterpiece Living”. As a result of Alavida’s prior application, which was eventually granted, Masterpiece Inc.’s applications for both the trade-mark “Masterpiece Living” and the trade-mark “Masterpiece” were denied, as the Registrar concluded that they were confusing with Alavida’s trade-mark “Masterpiece Living”.

[13] On March 16, 2007, Masterpiece Inc. commenced this application to expunge Alavida’s registration. It appears that Masterpiece Inc. did not oppose Alavida’s application. However, it was not argued that its failure to do so had any impact on the expungement proceedings.

III. Federal Court

[14] O’Reilly J. dismissed Masterpiece Inc.’s application to expunge the Alavida trade-mark.

[15] He found that if Alavida’s trade-mark was confusingly similar to any trade-marks or trade-names that had previously been used, Alavida would not be entitled to the registration. He held that when considering whether a confusing mark was used prior to an application, “the relevant date is the date of filing of the application” (para. 9).

[16] The trial judge found that Masterpiece Inc. had shown “*some* use” of the trade-name “Masterpiece” and related marks including the word “Masterpiece” prior to Alavida’s application (at para. 19 (emphasis in original)), although he found the use was rather sporadic. He then considered whether there was a likelihood of confusion, under s. 6(5) of the Act, between Alavida’s trade-mark and these prior marks on the date of filing of Alavida’s application for registration.

[17] In conducting the confusion analysis under s. 6(5) of the Act, he found that the word “Masterpiece” in association with retirement residences or services was somewhat inherently distinctive (at para. 41), but that there had been no acquired distinctiveness through use in any of Masterpiece Inc.’s marks on the relevant date (para. 42). On the issue of the resemblance between the marks, the trial judge accepted observations made by one of Alavida’s experts that Alavida’s post-registration use of its marks differed from Masterpiece Inc.’s use of its marks, both in design and in the focus of the advertisements. He found that although there was “obviously a degree of resemblance” as between the two companies’ marks, these differences in use served to reduce the likelihood of confusion (para. 46). He also observed that the choice of retirement residence was an important and expensive decision. As a result, consumers could be expected to research their decisions carefully, which would also reduce the likelihood of confusion.

[18] On the basis of these considerations, he concluded that Masterpiece Inc. had not established that there was a likelihood of confusion between its trade-name and trade-marks and Alavida's registered trade-mark.

IV. Federal Court of Appeal

[19] At the Federal Court of Appeal, Sexton and Trudel JJ.A., writing for the court, dismissed Masterpiece Inc.'s appeal.

[20] The Court of Appeal upheld the findings of the trial judge that the relevant date for the confusion analysis was the date of filing of Alavida's trade-mark application, December 1, 2005. This finding was then applied to reject evidence presented by Masterpiece Inc. that by December 1, 2005, it had unexecuted plans to expand into the central Canadian market. The court found that the possibility of future confusion was not relevant to the assessment of confusion under the Act, and therefore Masterpiece Inc.'s intention to expand its operations into new markets was irrelevant. It stated, at para. 22:

At the date of filing of the respondent's trade-mark, the appellant did not sell its product in the same market as the respondent. This Court need not consider the appellant's plans for expansion after that date.

[21] The balance of the Court of Appeal reasons also generally agreed with the trial judge's approach to the confusion analysis, and found no palpable and overriding

errors in his consideration of the evidence. Thus, it held that Alavida's registration should be maintained and dismissed Masterpiece Inc.'s appeal.

V. Issues on Appeal

[22] There are four issues for consideration by this Court:

1. Is the location where a mark is used relevant when considering the likelihood of confusion between an applied for or registered trade-mark and a prior unregistered trade-mark or trade name?
2. What considerations are applicable in the assessment of the resemblance between a proposed use trade-mark and an existing unregistered trade-mark?
3. When considering the “nature of the trade” under s. 6(5) of the Act, what effect does the nature and cost of the wares or services have on the confusion analysis?
4. When should courts take into account expert evidence in trade-mark or trade-name confusion cases?

VI. Analysis

[23] Sections of the Act relevant to this appeal are reproduced in the Appendix at the conclusion of these reasons.

A. *Is the Location Where a Mark is Used Relevant When Considering the Likelihood of Confusion Between an Applied for or Registered Trade-Mark and a Prior Unregistered Trade-Mark or Trade Name?*

[24] In the Federal Court of Appeal, a major focus in the reasons was whether Masterpiece Inc.'s plan to expand into eastern Canada, which could lead it into direct competition with Alavida, was relevant to the determination of confusion. While those plans have now been executed, and Masterpiece Inc. is operating in the retirement residence industry in Quebec, on December 1, 2005, they were merely plans.

[25] The Federal Court of Appeal concluded that these plans were not relevant. However, in doing so, it distinguished several authorities which Masterpiece Inc. submitted to support the relevance of its plans. Some of these authorities suggested that the geographical location where two trade-marks are used or proposed to be used does not affect the likelihood of confusion.

[26] Distinguishing these authorities could be seen as an acceptance that the geographical locale in which marks are used or proposed to be used is relevant for determining whether there is a likelihood of confusion. Indeed, in this Court, there was an intervention by the International Trademark Association which sought to address only this point. If it were true that geography was relevant, then Alavida

could claim that there was no confusion between its marks and Masterpiece Inc.'s marks because on December 1, 2005, Masterpiece Inc. was only operating in Alberta, while it was operating in Ontario.

[27] While it is not entirely clear that the Federal Court of Appeal's reasons should be read as suggesting that geography is relevant, I would take this opportunity to dispel any doubt on this point.

[28] The Canadian trade-marks regime is national in scope. The owner of a registered trade-mark, subject to a finding of invalidity, is entitled to the exclusive use of that mark in association with the wares or services to which it is connected throughout Canada. Section 19 of the *Trade-marks Act* provides:

19. Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.

[29] With respect to confusion, ss. 6(1) and (2) of the *Trade-marks Act* provide:

6. (1) For the purposes of this Act, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to

the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

Section 6(3) deals with trade-mark confusion with a trade-name and 6(4) with trade-name confusion with a trade-mark. In subsections (2), (3) and (4), the same formula is used “if the use of both . . . in the same area would be likely to lead to the inference”.

[30] It is immediately apparent from these words, “if the use of both . . . in the same area”, that the test for confusion is based upon the hypothetical assumption that both trade-names and trade-marks are used “in the same area”, irrespective of whether this is actually the case. As a result, geographical separation in the use of otherwise confusingly similar trade-names and trade-marks does not play a role in this hypothetical test. This must be the case, because, pursuant to s. 19, subject to exceptions not relevant here, registration gives the owner the exclusive right to the use of the trade-mark throughout Canada.

[31] In order for the owner of a registered trade-mark to have exclusive use of the trade-mark throughout Canada, there cannot be a likelihood of confusion with another trade-mark anywhere in the country.

[32] Section 16(3) confirms this conclusion, stating that an applicant for a proposed mark will be entitled to registration unless at the date of filing the trade-

mark it is confusing with a trade-mark or trade-name that had been previously used in Canada. Section 16(3) provides:

- (3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registerable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with
- (a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;
- (b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or
- (c) a trade-name that had been previously used in Canada by any other person.

[33] Whether in assessing trade-mark infringement under s. 19 or entitlement under s. 16, the test for likelihood of confusion is the same. The application of the hypothetical test reflects the legislative intent to provide a national scope of protection for registered trade-marks in Canada (see D. Vaver, *Intellectual Property Law: Copyright, Patents, Trade-marks* (2nd ed. 2011), at p. 536).

B. *What Considerations are Applicable in the Assessment of the Resemblance Between a Proposed Use Trade-Mark and an Existing Unregistered Trade-Mark?*

[34] To clarify the proper approach to assessing the resemblance between a proposed use trade-mark and existing unregistered marks, it will be useful to address a number of issues:

- (1) the relationship between use and registration;
- (2) the test for confusion;
- (3) the necessity to consider each mark separately;
- (4) the approach to testing for resemblance;
- (5) the necessity to consider the proposed use trade-mark according to its terms, rather than by its actual use;
- (6) the requirement to assess the unregistered marks according to their actual use; and
- (7) the resemblance between the trade-marks in issue.

While these issues are relevant in this case, they are not intended to be an exhaustive list of all considerations that are relevant in assessing resemblance.

(1) The Relationship Between Use and Registration

[35] At the outset, it is important to recall the relationship between use and registration of a trade-mark. Registration itself does not confer priority of title to a trade-mark. At common law, it was use of a trade-mark that conferred the exclusive right to the trade-mark. While the *Trade-marks Act* provides additional rights to a registered trade-mark holder than were available at common law, registration is only available once the right to the trade-mark has been established by use. As explained by Ritchie C.J. in *Partlo v. Todd* (1888), 17 S.C.R. 196, at p. 200:

It is not the registration that makes the party proprietor of a trade-mark; he must be proprietor before he can register.

[36] That principle established under Canada's early trade-mark legislation continues under the present Act. Rights arising from use have been incorporated into the Act by granting rights to the first user of a trade-mark in two ways. First, under s. 16, a party normally gains a priority right to register a trade-mark when it first uses that trade-mark. Second, a user is also able to oppose applications or apply to expunge registrations based on its earlier use of a confusing trade-mark. This explains why an unregistered trade-mark of Masterpiece Inc. can be the basis of a challenge to Alavida's subsequent registration application. Section 16(3) of the Act recognizes the right of a prior user against any application for registration based upon subsequent use. Section 17(1) preserves that right, subject to certain limitations that are of no relevance here, where the trade-mark has been registered.

[37] It should also be explained why Alavida's application for a proposed trade-mark on December 1, 2005, would preclude Masterpiece Inc.'s subsequent trade-mark applications based on actual use. As noted above, at common law, trade-mark protection only arose from actual use. However, under the current *Trade-marks Act*, the opportunity was created for an applicant to claim priority as of the date the applicant files for a proposed but yet unused trade-mark. Registration will, however, not occur unless the applicant subsequently provides a declaration demonstrating that the proposed trade-mark was actually used within the time specified in s. 40(2) of the Act.

[38] In this case, Alavida did provide such a declaration, with the result that its priority claim as of December 1, 2005, the date it filed its registration application, precluded Masterpiece Inc. from obtaining registration of “Masterpiece Living”, the exact same trade-mark as Alavida, by a subsequent application based on use after December 1, 2005. Instead, it would have had to oppose Alavida’s application or would have to apply to expunge Alavida’s trade-mark registration on the grounds of likelihood of confusion between Alavida’s trade-mark and its trade-marks or trade-name that had been in use before December 1, 2005. Because Masterpiece Inc. did not oppose Alavida’s application, which was granted, the only remedy open to Masterpiece Inc. was to apply to have Alavida’s mark expunged. If successful, this remedy would allow Masterpiece Inc.’s application for registration of its own trade-marks to be considered on its merits by the Registrar of Trade-marks.

(2) The Test for Confusion

[39] The question at the centre of this case is whether there was confusion between Alavida’s and Masterpiece Inc.’s trade-marks or trade-name in terms of s. 6 of the Act. In my respectful opinion, the learned trial judge erred in law when conducting the confusion analysis, and thereby erred in his conclusion that Masterpiece Inc. had not established confusion between its trade-name and trade-marks and Alavida’s now registered trade-mark.

[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*

Cliquot Ltée, 2006 SCC 23, [2006] 1 S.C.R. 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.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202, to contrast with what is not to be done — a careful examination of competing marks or a side by side comparison.

[41] In this case, the question is whether, as a matter of first impression, the “casual consumer somewhat in a hurry” who sees the Alavida trade-mark, when that consumer has no more than an imperfect recollection of any one of the Masterpiece Inc. trade-marks or trade-name, would be likely to be confused; that is, that this consumer would be likely to think that Alavida was the same source of retirement residence services as Masterpiece Inc.

(3) The Necessity to Consider Each Mark Separately

[42] As noted above, the basis for Masterpiece Inc.’s claim under s. 16(3) of the Act is that the trade-mark for which Alavida applied was confusing with any trade-mark or the trade-name it had used prior to December 1, 2005.

[43] Under s. 16(3), even one confusingly similar trade-mark or trade-name will invalidate Alavida's registration. In pleading several potentially confusingly similar trade-marks and trade-names, Masterpiece Inc. presented several distinct bases for an invalidation of Alavida's registration.

[44] Section 6(5) of the Act sets out the required approach to a confusion analysis. All surrounding circumstances must be considered 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 wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

[45] Some of the s. 6(5) factors that guide the confusion analysis will be the same for each of the trade-marks and trade-name in this case. For example, all of the evidence suggests that Masterpiece Inc. only engaged in the retirement residence industry, and used all of its marks in relation to that industry. In others, each mark will have to be considered separately. For example, because the Masterpiece Inc. trade-marks are different in content from one another, and are different from the trade-name, it will be necessary to consider the similarity of Alavida's proposed trade-mark, "Masterpiece Living" to each of the trade-marks and trade-name for which Masterpiece Inc. has established use.

[46] The trial judge found that Masterpiece Inc. demonstrated that it had used the trade-name “Masterpiece” and the trade-marks “Masterpiece the Art of Retirement Living” and “Masterpiece the Art of Living”. Alavida’s application for registration was for the trade-mark “Masterpiece Living”. It was therefore necessary to compare Alavida’s “Masterpiece Living” with each of Masterpiece Inc.’s trademarks and trade-name separately.

[47] However, instead of undertaking a separate resemblance analysis comparing each of Masterpiece Inc.’s marks and trade-name with Alavida’s mark, the trial judge undertook a single composite analysis. He only considered the issue of resemblance between “Masterpiece Living” and all of Masterpiece Inc.’s trade-marks and trade-name generally. At para. 46, he stated:

There is obviously a degree of resemblance as between Masterpiece Inc.’s trade-name and marks and Alavida’s registered mark for “Masterpiece Living”. However, as part of the overall circumstances, I note that Alavida’s use of “Masterpiece Living” has been in the nature of a slogan accompanying its corporate identity. By contrast, Masterpiece Inc. uses “Masterpiece” to identify the company itself, along with various other words and phrases of far lesser prominence, alongside a distinctive butterfly logo. These differences help reduce the likelihood of confusion.
[Emphasis added.]

[48] However, under ss. 16(3)(a) and (c) of the Act, Masterpiece Inc. was entitled to assert, and have considered, any of the marks or trade-name that it had used prior to December 1, 2005, as a basis to challenge Alavida’s application for registration. In my opinion, the trial judge erred in not conducting the separate analysis required by the Act. Some of the expert evidence which treated Masterpiece

Inc.'s trade-marks and trade-name as a whole instead of one by one (see, e.g., paras. 21-23 and 36), may have contributed to this error.

(4) The Approach to Testing for Resemblance

[49] In applying the s. 6(5) factors to the question of confusion, the trial judge conducted his analysis in the order of the criteria set forth in s. 6(5), concluding with a consideration of the resemblance between the marks. While it is no error of law to do so, the degree of resemblance, although the last factor listed in s. 6(5), is the statutory factor that is often likely to have the greatest effect on the confusion analysis (K. Gill and R. S. Jolliffe, *Fox on Canadian Law of Trade-marks and Unfair Competition* (4th ed. (loose-leaf)), at p. 8-54; R. T. Hughes and T. P. Ashton, *Hughes on Trade Marks* (2nd ed. (loose-leaf)), at §74, p. 939). As Professor Vaver points out, if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion. The other factors become significant only once the marks are found to be identical or very similar (Vaver, at p. 532). As a result, it has been suggested that a consideration of resemblance is where most confusion analyses should start (Vaver, at p. 532).

[50] I will therefore first review the trial judge's consideration of the degree of resemblance of the marks.

(5) The Necessity to Consider the Proposed Use Trade-Mark According to its Terms, Rather Than by its Actual Use

[51] In his analysis, the trial judge found that there was “obviously a degree of resemblance as between Masterpiece Inc.’s trade-name and marks and Alavida’s registered mark” (para. 46).

[52] It is clear from the trial judge’s reasons that he took into account Alavida’s actual use of its mark in comparing the Alavida and Masterpiece Inc. marks. For convenience, I repeat a portion of para. 46 of his reasons:

However, as part of the overall circumstances, I note that Alavida’s use of “Masterpiece Living” has been in the nature of a slogan accompanying its corporate identity.

[53] In my opinion, the trial judge’s consideration of Alavida’s actual use of its mark was problematic. The difficulty is that it takes into account a single form of the trade-mark that Alavida used after the relevant date. This single use did not reflect the entire scope of exclusive rights that were granted to Alavida under its registration. As found by Binnie J. in *Mattel*, at para. 53:

The appellant argued that the courts below erred in looking at the respondent’s actual operations rather than at the terms set out in its application for the proposed trade-mark. It is quite true that the proper focus is the terms of the application, because what is at issue is what the registration would authorize the respondent to do, not what the respondent happens to be doing at the moment.

[54] Alavida’s registration process began on December 1, 2005, with an application based on proposed use. At s. 30, the Act sets out what must be included

in an application for registration. When submitting the application, an applicant is required to provide a formulation of its trade-mark in addition to various other pieces of information. The trade-mark on an application may simply be a word mark, or it may be a design, or it may be a word mark and design (for example, see the marks in *Leaf Confections Ltd. v. Maple Leaf Gardens Ltd.* (1986), 12 C.P.R. (3d) 511 (F.C.T.D.), aff'd (1988), 19 C.P.R. (3d) 331 (F.C.A.)). The application may identify the mark as being used only with particular colours: *Trade-marks Regulations*, SOR/96-195. An application may also contain disclaimers, or an applicant may be required by the Registrar to include disclaimers, to limit the scope of trade-mark rights: Act, s. 35.

[55] In this case, Alavida's registration (TMA 684557) identifies the trade-mark that Alavida applied for and was subsequently registered — the words "Masterpiece Living". This trade-mark is identified only in a textual form. It would therefore permit Alavida to use the words "Masterpiece Living" in any size and with any style of lettering, color or design. As found by the Federal Court of Appeal in *Mr. Submarine Ltd. v. Amandista Investments Ltd.*, [1988] 3 F.C. 91:

Nothing restricts the appellant from changing the colour of its signs or the style of lettering of "Mr. Submarine" or from engaging in a telephone and delivery system such as that followed by the respondent or any other suitable system for the sale of its sandwiches. Were it to make any of these changes its exclusive right to the use of "Mr. Submarine" would apply just as it applies to its use in the appellant's business as presently carried on. Whether the respondent's trade marks or trade names are confusing with the appellant's registered trade mark must accordingly be considered not only having regard to the appellant's present business in the area of the respondent's operations but having regard as well to

whether confusion would be likely if the appellant were to operate in that area in any way open to it using its trade mark in association with the sandwiches or services sold or provided in the operation. [Emphasis added; pp. 102-3.]

[56] When engaging in a confusion analysis, it is important to keep in mind that the exclusive rights granted by the Act refer to a registered trade-mark (ss. 19, 20 and 21). Where a court is called upon to decide if there is a likelihood of confusion between that registered trade-mark and any registered or previously used unregistered trade-marks, the analysis should address the proposed trade-mark for which the registration was ultimately obtained.

[57] If the trial judge had recognized that it was open to Alavida to use its trade-mark in any way within the scope of its registration, he would have had to conclude that the actual use by Alavida did not limit Alavida's rights. Alavida was entitled to use the words in any form.

[58] The problem with an analysis which takes into account limited use becomes apparent by observing that the bare words "Masterpiece Living" could be presented in many ways under the registration. Nothing would prevent Alavida from altering its advertising to highlight the word "Masterpiece" and give the word "Living" less prominence, just as Masterpiece Inc. had done, or from changing the font or style of lettering that it had used.

[59] For this reason, it was incorrect in law to limit consideration to Alavida's post-application use of its trade-mark to find a reduced likelihood of confusion. Actual use is not irrelevant, but it should not be considered to the exclusion of potential uses within the registration. For example, a subsequent use that is within the scope of a registration, and is the same or very similar to an existing mark will show how that registered mark may be used in a way that is confusing with an existing mark.

(6) The Requirement to Assess the Unregistered Marks According to Their Actual Use

[60] As for Masterpiece Inc., because its trade-marks were unregistered on December 1, 2005, it may only rely on those trade-marks that it had actually used and the trade-name under which it had been carrying on business, and which had not been abandoned up to that date (see s. 17(1)). There is no suggestion of abandonment in this case (transcript, at p. 17, lines 8-12).

(7) The Resemblance Between the Trade-Marks in Issue

[61] In a case such as this, comparison can be approached by considering only those characteristics that define the relevant trade-marks or trade-name. It is only these elements that will allow consumers to distinguish between the two trade-marks or between the trade-mark and the trade-name. 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.

[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 (F.C.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.

[65] Given these striking similarities, it is, in my respectful view, very difficult not to find a strong resemblance as a whole between the two, Masterpiece Inc.’s trade-marks and Alavida’s trade-mark.

C. *When Considering the “Nature of the Trade” Under Section 6(5) of the Act, What Effect Does the Nature and Cost of the Wares or Services Have on the Confusion Analysis?*

[66] A further difficulty is the trial judge’s consideration of the cost associated with a retirement residence. He found that consumers in the market for a retirement residence will take more care and ultimately will be less likely to be led astray by confusing trade-marks than if they were in the market for less expensive wares or

services. In taking into account both the nature of the parties' business under s. 6(5)(c) and the "nature of the trade" under s. 6(5)(d), the trial judge wrote:

Turning to the nature of the business, both companies operate in the area of expensive retirement residences and services. People take considerable care in choosing a residence and selecting the company that will provide it. In these circumstances, consumers can be presumed to be less susceptible to confusion about the source of the goods or services they are seeking because they are unlikely to make choices based on first impressions. They will generally take considerable time to inform themselves about the source of expensive goods and services (*General Motors Corp. v. Bellows*, [1949] S.C.R. 678). [Emphasis added; para. 43.]

[67] This Court has affirmed that consumers in the market for expensive goods may be less likely to be confused when they encounter a trade-mark, but the test is still one of "first impression". In his reasons, the trial judge used the importance and cost of expensive goods and services to change the likelihood of confusion test from one of first impression of a trade-mark to a test of consumers being "unlikely to make choices based on first impression". This approach is not consistent with the test for confusion under s. 6(5) which has been consistently endorsed by this Court, most recently in *Veuve Clicquot*.

[68] While the hypothetical test for likelihood of confusion must be applied in all situations, it is flexible enough to reflect the observation of Binnie J. in *Mattel*, at para. 58:

When buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal.

[69] However, as one element of the broader hypothetical test, this care or attention must relate to the attitude of the consumer approaching an important or costly purchase when he or she encounters the trade-mark, not to the research or inquiries or care that may subsequently be taken. As Rand J. put it in *General Motors Corp. v. Bellows*, [1949] S.C.R. 678, at p. 692:

Do the words then in that situation [refrigerators] lend themselves to the errors of faint impression or recollection of the average person who goes to their market? [Emphasis added.]

[70] The focus of this question is the attitude of a consumer in the marketplace. Properly framed, consideration of the nature of the wares, services or business should take into account that there may be a lesser likelihood of trade-mark confusion where consumers are in the market for expensive or important wares or services. The reduced likelihood of confusion is still premised on the first impression of consumers *when they encounter* the marks in question. Where they are shopping for expensive wares or services, a consumer, while still having an imperfect recollection of a prior trade-mark, is likely to be somewhat more alert and aware of the trade-mark associated with the wares or services they are examining and its similarity or difference with that of the prior trade-mark. A trade-mark, as Binnie J. observed in *Mattel*, is a shortcut for consumers. That observation applies whether they are shopping for more or less expensive wares or services.

[71] It is not relevant that, as the trial judge found, consumers are “unlikely to make choices based on first impressions” or that they “will generally take

considerable time to inform themselves about the source of expensive goods and services" (para. 43). Both of these — subsequent research or consequent purchase — occur *after* the consumer encounters a mark in the marketplace.

[72] This distinction is important because even with this increased attentiveness, it may still be likely that a consumer shopping for expensive goods and services will be confused by the trade-marks they encounter. Careful research and deliberation may dispel any trade-mark confusion that may have arisen. However, that cannot mean that consumers of expensive goods, through their own caution and wariness, should lose the benefit of trade-mark protection. It is confusion when they encounter the trade-marks that is relevant. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.

[73] Indeed, *before* source confusion is remedied, it may lead a consumer to seek out, consider or purchase the wares or services from a source they previously had no awareness of or interest in. Such diversion diminishes the value of the goodwill associated with the trade-mark and business the consumer initially thought he or she was encountering in seeing the trade-mark. Leading consumers astray in this way is one of the evils that trade-mark law seeks to remedy. Consumers of expensive wares or services and owners of the associated trade-marks are entitled to trade-mark guidance and protection as much as those acquiring and selling inexpensive wares or services.

[74] For these reasons, it was an error to discount the likelihood of confusion by considering what actions the consumer might take after encountering a mark in the marketplace. The trial judge should have instead limited his consideration to how a consumer, upon encountering the Alavida mark in the marketplace, with an imperfect recollection of the Masterpiece Inc. mark, would have reacted. Because consumers for expensive retirement residence accommodation may be expected to pay somewhat more attention when first encountering a trade-mark than consumers of less expensive wares or services, cost is not irrelevant. However, in circumstances where a strong resemblance suggests a likelihood of confusion, and the other s. 6(5) factors do not point strongly against a likelihood of confusion, then the cost is unlikely to lead to a different conclusion.

D. *When Should Courts Take Into Account Expert Evidence in Trade-Mark Confusion Cases?*

(1) The Judge's Role in Controlling the Admission of Expert Evidence

[75] Tendering expert evidence in trade-mark cases is no different than tendering expert evidence in other contexts. This Court in *R. v. Mohan*, [1994] 2 S.C.R. 9, set out four requirements to be met before expert evidence is accepted in a trial: (a) relevance; (b) necessity in assisting the trier of fact; (c) the absence of any exclusionary rule; and (d) a properly qualified expert. In considering the standard for the second of these requirements, “necessity”, the Court explained that an expert should not be permitted to testify if their testimony is not “likely to be outside the experience and knowledge of a judge”:

This pre-condition is often expressed in terms as to whether the evidence would be helpful to the trier of fact. The word “helpful” is not quite appropriate and sets too low a standard. However, I would not judge necessity by too strict a standard. What is required is that the opinion be necessary in the sense that it provide information “which is likely to be outside the experience and knowledge of a judge or jury”: as quoted by Dickson J. in *R. v. Abbey, supra*. As stated by Dickson J., the evidence must be necessary to enable the trier of fact to appreciate the matters in issue due to their technical nature. [p. 23]

[76] In light of the relatively extensive expert evidence in this case, and the difficulties with the evidence that I discuss below, I think it is timely to recall that litigation is costly. Courts must fulfil their gatekeeper role to ensure that unnecessary, irrelevant and potentially distracting expert and survey evidence is not allowed to extend and complicate court proceedings. While this observation applies generally, I focus particularly on trade-mark confusion cases, which is the subject of this appeal.

[77] If a trial judge concludes that proposed expert evidence is unnecessary or irrelevant or will distract from the issues to be decided, he or she should disallow such evidence from being introduced. I will also suggest that proposed expert and survey evidence be a matter for consideration at the case management stage of proceedings so that if such evidence would not be admissible at trial, much of the cost of engaging experts and conducting surveys may be avoided. To explain my reasons, I turn to the expert evidence in this case.

(2) The Expert Evidence in This Case Did Not Assist With the Confusion Analysis

[78] A significant part of the trial judgment, and argument in this Court, was dedicated to the expert evidence submitted by the parties. This evidence took two forms: expert testimony adduced by Alavida on how a consumer is likely to react when presented with the trade-marks, and a survey conducted by an expert for Masterpiece Inc. which was heavily critiqued by an expert for Alavida.

[79] It is apparent that the expert evidence on either side was not particularly helpful. Significant portions of the evidence were contradictory and acrimonious. In the result, these disputes appear to have substantially distracted from the confusion analysis rather than assisting it.

[80] The first problem was that much of the expert testimony did not meet the second *Mohan* requirement of being necessary. In a case such as this, where the “casual consumer” is not expected to be particularly skilled or knowledgeable, and there is a resemblance between the marks, expert evidence which simply assesses that resemblance will not generally be necessary. And it will be positively unhelpful if the expert engages in an analysis that distracts from the hypothetical question of likelihood of confusion at the centre of the analysis.

[81] The evidence of one of Alavida’s experts consisted in part of a discussion of morphology, semantics, rules of grammar and conventions of expression. This led him to conclude that in the case of Alavida’s “Masterpiece Living” trade-mark, the focus of the mark is on life and living, where living is the dominant element. On the other hand, in the case of Masterpiece Inc.’s “Masterpiece the Art of Living”, his

view was that “Masterpiece” is the focal point which he thought reduced the likelihood of confusion.

[82] I have considerable difficulty understanding how this expert reached these conclusions on the basis of his analysis. If a conclusion is rational, an expert must be able to explain the reasons for it. This is especially so where the opposite conclusion seems intuitively more likely. No such explanation was provided. The distinctive word is “Masterpiece” in both cases, not “Living”. “Masterpiece” is the first word in each trade-mark. The word “Living” appears in both the Masterpiece Inc. and Alavida trade-marks. The idea of the trade-marks is the same. As discussed above, in this case, it is apparent that in the retirement residence industry, Alavida’s “Masterpiece Living” closely resembles Masterpiece Inc.’s “Masterpiece the Art of Living”.

[83] Neither an expert, nor a court, should tease out and analyze each portion of a mark alone. Rather, it should consider the mark as it is encountered by the consumer — as a whole, and as a matter of first impression. In *Ultravite Laboratories Ltd. v. Whitehall Laboratories Ltd.*, [1965] S.C.R. 734, Spence J., in deciding whether the words “DANDRESS” and “RES DAN” for removal of dandruff were confusing, succinctly made the point, at pp. 737-38: “[T]he test to be applied is with the average person who goes into the market and not one skilled in semantics”.

[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 the word in all cases “Masterpiece” because it provides the content and punch of the trade-mark. The word “Living” is bland by comparison.

[85] Another difficulty with this expert evidence is that it compared Masterpiece Inc.’s marks with Alavida’s trade-mark in the format and font in which it was used by Alavida subsequent to December 1, 2005. The expert did not, as was necessary in this case, consider any other presentation available to Alavida in accordance with its trade-mark registration. For example, as discussed above, nothing would preclude Alavida from using the same format and font as Masterpiece Inc. and giving prominence to the word “Masterpiece” in the same manner as Masterpiece Inc.. This may have been what led the trial judge into the same error in concluding that the subsequent use by Alavida of its trade-mark was sufficiently different from Masterpiece Inc.’s trade-marks and trade-name that it would reduce the likelihood of confusion.

[86] Another problematic example in the expert evidence relates to the expert's reference to the cost and importance of the goods or services in question.

The expert expresses the opinion:

As decision extends from the shallow to the grave end of the decision spectrum, consumers exert a higher degree of consumer care and attention, increase their efforts to acquire information, engage in elaborate product search behaviours, and judge competing offers with elevated levels of scrutiny. Most importantly, as the degree of care exercised increases, the likelihood of confusion decreases. [A.R., vol. 2, at p. 75]

[87] It is apparent that the expert was focusing on points in time after the consumer first encountered the trade-mark. As I have explained, subsequent research and care may unconfuse the consumer, but they do not detract from the confusion relevant for purposes of the *Trade-marks Act* that occurred when the consumer first encountered the trade-mark. The expert made assumptions of law that were wrong, and his conclusions were therefore wrong. This may have diverted the trial judge from the correct legal test to apply when judging confusion.

[88] In view of these and other difficulties with the expert evidence in this case, I think it may be useful to comment generally on the use of expert evidence in a confusion case. In doing so, I have found guidance in the observations of Lord Diplock in *General Electric Co. v. The General Electric Co. Ltd.*, [1972] 2 All E.R. 507 (H.L.). He distinguished between goods sold in a specialized market of sophisticated consumers engaged in a particular trade, e.g., large industrial electrical machinery, on the one hand, and those sold to the general public, on the other. Where

the market is specialized, evidence about the special knowledge or sophistication of the targeted consumers may be essential to determining when confusion would be likely to arise. However, where goods are sold to the general public for ordinary use, he explained, at p. 515:

. . . the question whether such buyers would be likely to be deceived or confused by the use of the trade-mark is a “jury question”. By that I mean that if the issue had now, as formerly, to be tried by a jury, who as members of the general public would themselves be potential buyers of the goods, they would be required not only to consider any evidence of other members of the public which had been adduced but also to use their own common sense and to consider whether they would themselves be likely to be deceived or confused.

[89] The question is not answered differently when the issue is determined by a judge. Lord Diplock wrote, continuing at p. 515:

The judge’s approach to the question should be the same as that of a jury. He, too, would be a potential buyer of the goods. He should, of course, be alert to the danger of allowing his own idiosyncratic knowledge or temperament to influence his decision, but the whole of his training in the practice of the law should have accustomed him to this, and this should provide the safety which in the case of a jury is provided by their number. That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself. [Emphasis added.]

[90] In *esure*, the same concern and caution was expressed about expert evidence of confusion. At para. 62, Arden L.J. stated:

Firstly, given that the critical issue of confusion of any kind is to be assessed from the viewpoint of the average consumer, it is difficult to see what is gained from the evidence of an expert as to his own opinion where the tribunal is in a position to form its own view. That is not to say that there may not be a role for an expert where the markets in question are ones with which judges are unfamiliar.

[91] In *Ultravite*, Spence J. was quite satisfied to express and apply his own view of the first impression of a trade-mark on the average consumer. At p. 738, he stated:

In expressing my view, I am putting myself in the position of the average person going into the market to purchase a dandruff remover and hair tonic.

[92] I would endorse these comments about expert evidence and follow the approach of Spence J. in *Ultravite*, the House of Lords in *General Electric* and the English Court of Appeal in *esure*. In cases of wares or services being marketed to the general public, such as retirement residences, judges should consider the marks at issue, each as a whole, but having regard to the dominant or most striking or unique feature of the trade-mark. They should use their own common sense, excluding influences of their “own idiosyncratic knowledge or temperament” to determine whether the casual consumer would be likely to be confused.

[93] Surveys, on the other hand, have the potential to provide empirical evidence which demonstrates consumer reactions in the marketplace — exactly the question that the trial judge is addressing in a confusion case. This evidence is not

something which would be generally known to a trial judge, and thus unlike some other expert evidence, it would not run afoul of the second *Mohan* requirement that the evidence be necessary. However, the use of survey evidence should still be applied with caution.

[94] The use of consumer surveys in trade-mark cases has been recognized as valid evidence to inform the confusion analysis. As Binnie J. noted in *Mattel*, often the difficulty with survey evidence is whether it meets the first of the *Mohan* requirements: relevance. At para. 45, he further divided the question of relevance into two sub-issues:

As to the usefulness of the results, assuming they are elicited by a relevant question, courts have more recently been receptive to such evidence, provided the survey is both reliable (in the sense that if the survey were repeated it would likely produce the same results) and valid (in the sense that the right questions have been put to the right pool of respondents in the right way, in the right circumstances to provide the information sought). [Emphasis added.]

[95] In *Mattel*, the survey at issue was found to be invalid, as it did not address the likelihood of confusion, only a “mere possibility, rather than a probability, of confusion” (para. 49). This was because the survey asked consumers whether they thought that the company that makes Barbie dolls “might have anything to do with” a restaurant that used the trade-mark “Barbie’s” (para. 1 (emphasis in original)).

[96] In this case, the problem is somewhat different. Unlike Mattel, Masterpiece Inc. had not yet established a presence in the community in which it

operated. Thus there were no casual or average consumers with “imperfect recollection” of Masterpiece Inc.’s marks to test. As a result, the survey was based on a series of questions that attempted to establish a proxy for “imperfect recollection”, and only thereafter test how such customers would react when exposed to the second mark. This is not asking questions “in the right way, in the right circumstances” to elicit evidence of how those *with* an imperfect recollection of Masterpiece Inc.’s marks would react to Alavida’s proposed mark. For a survey to be valid, it seems elementary that there must be some consumers who could have an imperfect recollection of the first mark. Simulating an “imperfect recollection” through a series of lead-up questions to consumers will rarely be seen as reliable and valid.

[97] While I would not absolutely foreclose the possibility that a party may devise a valid survey in a case where a trade-mark user has not established a sufficient presence in the marketplace for consumers to have formed an imperfect recollection of its trade-mark, I would venture that it is highly unlikely that such a survey would meet the requirements of reliability and validity.

[98] I do not know the exact circumstances in which the expert evidence was introduced in this case or what was requested of the trial judge, and there is no suggestion that the trial judge erred in admitting it. Nonetheless, I think it is apparent, particularly with respect to the survey, that the evidence was of little assistance to the trial judge and indeed distracted from the required confusion analysis.

[99] Where parties propose to introduce expert evidence, a trial judge should question the necessity and relevance of the evidence having regard to the *Mohan* criteria before admitting it. As I have already pointed out, if a trial judge concludes that the expert evidence is unnecessary or will distract from the issues to be decided, he or she should disallow such evidence from being introduced.

[100] I would further suggest that it would be salutary to have a case management judge assess the admissibility and usefulness of proposed expert and survey evidence at an early stage so as to avoid large expenditures of resources on evidence of little utility.

[101] As I have said, I do not know the exact pre-trial procedures in this case or whether the Federal Court generally includes the scope and methodology of proposed surveys within the case management process in trade-mark confusion cases. However, in making this recommendation I have had regard to a similar recommendation made by Arden L.J., at para. 63 of *esure*, where she observed that surveys can be costly and sometimes based on wrong questions and produce irrelevant or unhelpful responses, precisely the difficulty with the survey in this case. I have had regard to her recommendation for case management direction on proposed surveys in making the recommendation outlined above. As she explained, at para. 64:

My object of referring to this developing practice [case management directions] is to give it wider publicity and to encourage practitioners in this field to use this mechanism, so that any waste of costs and court resources is minimised.

My object is the same.

VII. The Confusion Analysis

[102] The determination of whether a likelihood of source confusion exists is a fact-finding and inference-drawing exercise, and thus, appellate courts should generally defer to the trial judge's fact findings and inferences, unless the facts and inferences were based on an error of law or constituted a palpable or overriding error of fact: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235.

[103] In this case, three errors of law have been identified in the interpretation and application of the confusion analysis conducted by the trial judge. It is now necessary to consider whether the matter should be remitted to the trial judge for redetermination in accordance with these reasons, or whether this Court should make a fresh assessment of the evidence. In *Hollis v. Dow Corning Corp.*, [1995] 4 S.C.R. 634, at para. 33, this Court found:

It is well established that appellate courts have the jurisdiction to make a fresh assessment of the evidence on the record where they deem such an assessment to be in the interests of justice and feasible on a practical level.

In *Hollis*, the “bulk of the critical evidence adduced at trial was documentary, not testimonial” which made the reassessment feasible. Here, this Court has a similarly complete record on which to make a redetermination, having concluded that the expert evidence was of little or no use to the issue of confusion. In order to avoid

further protracting the proceedings between these parties, I believe that the interests of justice would be served by this Court finally deciding the matter.

[104] Without repeating the findings above, there is no doubt that there is a strong resemblance between Masterpiece Inc.'s trade-mark, "Masterpiece the Art of Living" and Alavida's trade-mark, "Masterpiece Living". In my opinion, a casual consumer observing the Alavida trade-mark and having no more than an imperfect recollection of Masterpiece Inc.'s trade-mark would likely be confused into thinking that the source of the services associated with the Alavida trade-mark was one and the same as the source of the services associated with the Masterpiece Inc. trade-mark. The question now is whether any of the other circumstances reduce this likelihood of confusion to the point that confusion is not likely to occur.

[105] As to the cost and importance of retirement residence services, such considerations are relevant. However, in view of the close resemblance between the marks, even a consumer in the market for relatively expensive retirement residence accommodation would not likely recognize that Alavida's "Masterpiece Living" signified a different source than Masterpiece Inc.'s "Masterpiece the Art of Living". The ideas conveyed by both companies' marks are the same. Looking at the marks as a whole and the dominant word "Masterpiece" in particular, there is little to dispel the consumer from thinking that the source of the marks was the same.

[106] As to the nature of the wares, services or businesses, Alavida has argued that the services it sought to provide were "up-market" while Masterpiece Inc. only

provided “middle-market” services. This parsing of the services is too narrow. Alavida’s registration provides:

Real estate development services, real estate management services, residential building construction services, dining services namely a dining room restaurant, housekeeping services, medical services namely medical clinic services, spa services, fitness services namely a fitness centre and concierge services. [R.R., vol. 1, at p. 210]

[107] Nothing in this registration limits Alavida to the “up-market”. Its registration would entitle it to use its trade-mark in the exact same market as that serviced by Masterpiece Inc. For the purpose of a confusion analysis, the services provided by the parties are essentially the same — retirement residence services. There is no justification for subdividing between “up-market” and “middle-market”. Consideration of the nature of the services involved, in my view, enhances the likelihood of confusion for the casual consumer.

[108] The trial judge found that while the term “Masterpiece” is a common word with wide use in describing goods and services, its use in the retirement residence industry is somewhat distinctive in the sense that it is intended to distinguish the retirement residence services provided by its owner from the retirement residence services provided by others. I agree with that finding.

[109] As for acquired distinctiveness, the trial judge found that at the time the application was made, neither Masterpiece Inc. nor any of its trade-marks were particularly well known. While the evidence presented by Masterpiece Inc. was

sufficient to establish that there had been use of its trade-name and trade-marks, including “Masterpiece the Art of Living”, for the purposes of the Act, it did not rise to the level of demonstrating any acquired distinctiveness. I agree with the trial judge.

[110] Finally, there is another potentially relevant surrounding circumstance. As explained at para. 11 above, not long after Alavida’s application, Masterpiece Inc. applied to register both “Masterpiece” as well as “Masterpiece Living” for retirement residence services. These applications were rejected by the Registrar of Trade-Marks because of Alavida’s existing application.

[111] This refusal was founded on the observation that *each* of these marks submitted by Masterpiece Inc. was confusingly similar to Alavida’s proposed registration. For purposes of the confusion analysis in this case, Masterpiece Inc.’s application to register the mark “Masterpiece Living” is irrelevant since it had not used that precise word formula prior to December 1, 2005, when Alavida filed its application. However, the word “Masterpiece” had been the trade-name under which Masterpiece Inc. had carried on business prior to that date, and it was the dominant part of the “Masterpiece the Art of Living” trade-mark.

[112] Despite the fact that trial judge noted the rejection of Masterpiece Inc.’s applications at the outset of his reasons, there is no indication that this evidence was taken into account in his confusion analysis. It is true that the trial judge was not conducting an appeal or judicial review of the reasonableness of the decision of the

Registrar, owed no deference to the Registrar's decision and was certainly not bound by it. However, as a relevant surrounding circumstance under s. 6(5), I am of the opinion that the trial judge should have acknowledged the Registrar's finding, which was diametrically opposite to his conclusion, in weighing the evidence before him. The Registrar's decision supports a finding of likelihood of confusion between Alavida's trade-mark and Masterpiece Inc.'s trade-name, and thus the "Masterpiece the Art of Living" trade-mark.

VIII. Conclusion

[113] Consideration of all the circumstances of the case, including the factors set out in s. 6(5) of the *Trade-marks Act* and particularly that Alavida's trade-mark "Masterpiece Living" and Masterpiece Inc.'s "Masterpiece the Art of Living" are very similar, leads to a finding that Masterpiece Inc. has proven that the use of Alavida's trade-mark in the same area as those of Masterpiece Inc.'s would be likely to lead to the inference that the services associated with Masterpiece Inc.'s trade-marks were being performed by Alavida.

[114] Because Masterpiece Inc.'s use preceded Alavida's proposed use, Alavida was not entitled under s. 16(3) to registration of its trade-mark. As a result, Alavida was not "the person entitled to secure the registration" of its trade-mark under s. 18(1) and this ground of invalidity has been made out. I would therefore allow the appeal with costs here and below and, pursuant to s. 57(1) of the *Trade-marks Act*, I would order the Registrar to expunge this registration from the register

of

trade-marks.

APPENDIX

Trade-marks Act, R.S.C. 1985, c. T-13

2. In this Act,

...

“confusing”, when applied as an adjective to a trade-mark or trade-name, means a trade-mark or trade-name the use of which would cause confusion in the manner and circumstances described in section 6;

...

“distinctive”, in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;

...

“proposed trade-mark” means a mark that is proposed to be used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others;

...

“register” means the register kept under section 26;

...

“registered trade-mark” means a trade-mark that is on the register;

...

“Registrar” means the Registrar of Trade-marks appointed under section 63;

...

“trade-mark” means

(a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,

(b) a certification mark,

(c) a distinguishing guise, or

(d) a proposed trade-mark;

“trade-name” means the name under which any business is carried on, whether or not it is the name of a corporation, a partnership or an individual;

“use”, in relation to a trade-mark, means any use that by section 4 is deemed to be a use in association with wares or services;

. . .

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

(3) A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

6. (1) For the purposes of this Act, a trademark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks

are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

(3) The use of a trade-mark causes confusion with a trade-name if the use of both the trade-mark and trade-name in the same area would be likely to lead to the inference that the wares or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

(4) The use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to lead to the inference that the wares or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

(5) 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 trademarks or trade-names and the extent to which they have become known;
- (b) the length of time the trade-marks or trade-names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registerable 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;

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

(c) a trade-name that had been previously used in Canada by any other person.

...

(3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registerable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

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

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

(c) a trade-name that had been previously used in Canada by any other person.

...

17. (1) No application for registration of a trade-mark that has been advertised in accordance with section 37 shall be refused and no registration of a trade-mark shall be expunged or amended or held invalid on the ground of any previous use or making known of a confusing trade-mark or trade-name by a person other than the applicant for that registration or his predecessor in title, except at the instance of that other person or his successor in title, and the burden lies on that other person or his successor to establish that he had not abandoned the confusing trade-mark or trade-name at the date of advertisement of the applicant's application.

(2) In proceedings commenced after the expiration of five years from the date of registration of a trade-mark or from July 1, 1954, whichever is the later, no registration shall be expunged or amended or held invalid on the ground of the previous use or making known referred to in subsection (1), unless it is established that the person who adopted the registered trade-mark in Canada did so with knowledge of that previous use or making known.

18. (1) The registration of a trade-mark is invalid if

- (a) the trade-mark was not registerable at the date of registration,
- (b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or
- (c) the trade-mark has been abandoned,

and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.

(2) No registration of a trade-mark that had been so used in Canada by the registrant or his predecessor in title as to have become distinctive at the date of registration shall be held invalid merely on the ground that evidence of the distinctiveness was not submitted to the competent authority or tribunal before the grant of the registration.

19. Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.

20. (1) The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name, but no registration of a trade-mark prevents a person from making

- (a) any *bona fide* use of his personal name as a trade-name, or
- (b) any *bona fide* use, other than as a trademark,
 - (i) of the geographical name of his place of business, or
 - (ii) of any accurate description of the character or quality of his wares or services,

in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade-mark.

(2) No registration of a trade-mark prevents a person from making any use of any of the indications mentioned in subsection 11.18(3) in association with a wine or any of the indications mentioned in subsection 11.18(4) in association with a spirit.

21. (1) Where, in any proceedings respecting a registered trade-mark the registration of which is entitled to the protection of subsection 17(2), it is made to appear to the Federal Court that one of the parties to the proceedings, other than the registered owner of the trade-mark, had in good faith used a confusing trade-mark or trade-name in Canada before the date of filing of the application for that registration, and the Court considers that it is not contrary to the public interest that the continued use of the confusing trade-mark or trade-name should be permitted in a defined territorial area concurrently with the use of the registered trade-mark, the Court may, subject to such terms as it deems just, order that the other party may continue to use the confusing trade-mark or trade-name within that area with an adequate specified distinction from the registered trade-mark.

(2) The rights conferred by an order made under subsection (1) take effect only if, within three months from its date, the other party makes application to the Registrar to enter it on the register in connection with the registration of the registered trade-mark.

30. An applicant for the registration of a trade-mark shall file with the Registrar an application containing

(a) a statement in ordinary commercial terms of the specific wares or services in association with which the mark has been or is proposed to be used;

(b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application;

(c) in the case of a trade-mark that has not been used in Canada but is made known in Canada, the name of a country of the Union in which it has been used by the applicant or his named predecessors in title, if any, and the date from and the manner in which the applicant or named predecessors in title have made it known in Canada in association with each of the general classes of wares or services described in the application;

(d) in the case of a trade-mark that is the subject in or for another country of the Union of a registration or an application for registration by the applicant or the applicant's named predecessor in title on which the applicant bases the applicant's right to registration, particulars of the application or registration and, if the trade-mark has neither been used in Canada nor made known in Canada, the name of a country in which the trade-mark has been used by the applicant or the applicant's

named predecessor in title, if any, in association with each of the general classes of wares or services described in the application;

(e) in the case of a proposed trade-mark, a statement that the applicant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in Canada;

(f) in the case of a certification mark, particulars of the defined standard that the use of the mark is intended to indicate and a statement that the applicant is not engaged in the manufacture, sale, leasing or hiring of wares or the performance of services such as those in association with which the certification mark is used;

(g) the address of the applicant's principal office or place of business in Canada, if any, and if the applicant has no office or place of business in Canada, the address of his principal office or place of business abroad and the name and address in Canada of a person or firm to whom any notice in respect of the application or registration may be sent, and on whom service of any proceedings in respect of the application or registration may be given or served with the same effect as if they had been given to or served on the applicant or registrant himself;

(h) unless the application is for the registration only of a word or words not depicted in a special form, a drawing of the trade-mark and such number of accurate representations of the trade-mark as may be prescribed; and

(i) a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the wares or services described in the application.

35. The Registrar may require an applicant for registration of a trade-mark to disclaim the right to the exclusive use apart from the trade-mark of such portion of the trade-mark as is not independently registrable, but the disclaimer does not prejudice or affect the applicant's rights then existing or thereafter arising in the disclaimed matter, nor does the disclaimer prejudice or affect the applicant's right to registration on a subsequent application if the disclaimed matter has then become distinctive of the applicant's wares or services.

40. (1) When an application for registration of a trade-mark, other than a proposed trade-mark, is allowed, the Registrar shall register the trade-mark and issue a certificate of its registration.

(2) When an application for registration of a proposed trade-mark is allowed, the Registrar shall give notice to the applicant accordingly and shall register the trade-mark and issue a certificate of registration on receipt of a declaration that the use of the trade-mark in Canada, in association with the wares or services specified in the application, has been commenced by

(a) the applicant;

(b) the applicant's successor in title; or

(c) an entity that is licensed by or with the authority of the applicant to use the trade-mark, if the applicant has direct or indirect control of the character or quality of the wares or services

. . .

57. (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

Appeal allowed with costs.

Solicitors for the appellant: MacLeod Dixon, Calgary; Gowling Lafleur

Henderson, Toronto.

Solicitors for the respondent: MBM Intellectual Property Law, Ottawa.

Solicitors for the intervener: Bereskin & Parr, Toronto.

