

**Federal Court of Appeal**



**Cour d'appel fédérale**

**Date: 20151218**

**Docket: A-560-14**

**Citation: 2015 FCA 293**

**CORAM: GAUTHIER J.A.  
WEBB J.A.  
GLEASON J.A.**

**BETWEEN:**

**DR. PATRICK LUM and DR. P.K. LUM (2009)  
INC.**

**Appellants**

**and**

**DR. COBY CRAGG INC.**

**Respondent**

Heard at Vancouver, British Columbia, on October 29, 2015.

Judgment delivered at Ottawa, Ontario, on December 18, 2015.

**REASONS FOR JUDGMENT BY:**

**GAUTHIER J.A.**

**CONCURRED IN BY:**

**WEBB J.A.  
GLEASON J.A.**

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**REASONS FOR JUDGMENT**

**GAUTHIER J.A.**

[1] On March 24, 2014, Dr. Patrick Lum and Dr. P.K. Lum (2009) Inc. (the appellants) commenced proceedings in the Federal Court to have the registration of the trade-mark OCEAN PARK (the Trade-mark) declared invalid and expunged from the Register pursuant to sections 57 and 58 of the *Trade-marks Act* (R.S.C., 1985, c. T-13) (the Act). In September 2014, the appellants filed a motion for Summary Trial. They alleged that the Trade-mark was not

registrable, as it was descriptive of the place of origin of the respondent's services (paragraph 12(1)(b) of the Act), and that it was thus invalid pursuant to paragraph 18(1)(a) of the Act. The appellants also relied on paragraph 18(1)(b) of the Act; they claimed that the Trade-mark was not distinctive as of March 24, 2014, and that it was thus invalid on that ground as well.

[2] Justice Campbell (the judge) dismissed the action with costs, finding in favour of the respondent on both grounds. This decision (2014 FC 1171) is the subject of the appeal before us.

[3] For the reasons that follow, I believe the appeal should be granted.

I. Background

[4] Dr. Patrick Lum and Dr. Colby Cragg are dentists operating their respective practice through the professional corporations that are parties to this appeal, in an area of South Surrey, British Columbia, that is commonly known as Ocean Park. Dr. Cragg, and his father before him, have been carrying on business in Ocean Park under the trade-name "Ocean Park Dental Centre" since 1974.

[5] After purchasing an existing dental practice located less than one block away from Dr. Cragg's practice in March 2012, Dr. Lum changed his practice's trade-name from "Kosmetiks" to "Ocean Park Dental Group". Several months later, upon moving his practice a few blocks from its original location, Dr. Lum changed the practice's name to "Ocean Park Village Dental". To avoid further conflict, the appellants have advertised and displayed signage using the trade-name "Village Dental in Ocean Park" as of July 2013.

[6] On October 3, 2012, the respondent filed a trade-mark application for OCEAN PARK in relation to dental services and based on use since as early as 2000. The Trade-mark was granted for use in association with “dental clinics” on November 28, 2013.

[7] On February 5, 2014, the respondent commenced an action against the appellants for trade-mark infringement in the British Columbia Supreme Court. In response to this proceeding, the appellants filed their own action in the Federal Court.

[8] Among other things, and this is not disputed, the record shows that many businesses located in the Ocean Park neighborhood use the words “Ocean Park” in their trade-name. Those businesses include:

- a. Ocean Park Automotive;
- b. Ocean Park Natural Therapy;
- c. Ocean Park Fine Meats;
- d. Ocean Park Flowers;
- e. Ocean Park Healthfood;
- f. Ocean Park Shopping Centre.

(Appeal Book (AB), Tab 4 at para. 11)

[9] It is also clear from the record that the respondent’s marketing and advertisement initiatives are all conducted within the community of the City of Surrey. The respondent’s primary sources of advertisement are the signage at the dental clinic; advertisement in a local

newspaper, the Peace Arch News; and the distribution of marketing material such as gift certificates, toothbrushes, t-shirts, kitchen magnets, dental floss and pens bearing a smiling whale logo and the trade-name “Ocean Park Dental Centre”. More recently, i.e. sometimes in 2012, the respondent has changed its signage on the practice’s building to “Ocean Park Dental”. According to Dr. Colby Cragg’s evidence, this change was effected to reflect the fact that his friends from the local school and their parents used this simplified name to refer to the respondent’s services (AB, Tab 6 at para. 7).

[10] The parties did not produce any direct evidence from consumers of their services. Apart from the reference mentioned above in Dr. Colby Cragg’s affidavit, the only evidence available as to the average consumer’s understanding of the words “Ocean Park” is found at paragraph 25 of Dr. Lum’s affidavit. Dr. Patrick Lum stated that he was “not aware of anyone in the community having understood the words ‘Ocean Park’ without other words as referring to any particular business, including the [respondent’s] dental practice” (AB, Tab 4 at para. 6).

[11] It was also acknowledged at the hearing before us that the Trade-mark was never used alone, as registered by the respondent. A review of the evidentiary record before us confirms this.

## II. Federal Court Judgment

[12] The judge dismissed the appellants’ motion and action on the basis that they had not met the two-part test applicable to determine whether the Trade-mark is descriptive of the place of origin of the respondent’s services, within the meaning of paragraph 12(1)(b) of the Act.

[13] This provision, as well as subsection 12(2), which is also relevant, read as follows:

**When trade-mark registrable**

**12.** (1) Subject to section 13, a trade-mark is registrable if it is not

[...]

*(b)* whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the goods or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;

[...]

Idem

(2) A trade-mark that is not registrable by reason of paragraph (1)(a) or (b) is registrable if it has been so used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration.

**Marque de commerce enregistrable**

**12.** (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

[...]

*b)* qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fautive et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des produits ou services en liaison avec lesquels elle est employée, ou en liaison avec lesquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou de leur lieu d'origine;

[...]

Idem

(2) Une marque de commerce qui n'est pas enregistrable en raison de l'alinéa (1)a) ou b) peut être enregistrée si elle a été employée au Canada par le requérant ou son prédécesseur en titre de façon à être devenue distinctive à la date de la production d'une demande d'enregistrement la concernant.

[14] In the judge's view, in addition to establishing that the Trade-mark refers to a place, the appellants had to establish that this place was indigenous to the services in question, i.e. that a reasonable person would equate the location "Ocean Park" with dental services. The judge illustrated what he understood this to mean by stating that "if someone were to say 'I was in

Ocean Park today’, a reasonable person would naturally say to herself ‘he must have been there to get his teeth cleaned’” (Judge’s Reasons at paras. 15-16). As there was no such evidence in the present case, the judge dismissed the first ground of appeal based on paragraphs 12(1)(b) and 18(1)(a) of the Act.

[15] With respect to paragraph 18(1)(b) of the Act, which provides that a trade-mark is invalid if it is “not distinctive at the time proceedings bringing the validity of the registration into question are commenced”, the judge held that the appellants had not established that the Trade-mark *prima facie* failed to distinguish the respondent’s services from the services of other dentists in Ocean Park. The judge concluded that no evidence on the record supported this allegation. He added that “[p]roof of lack of distinctiveness requires evidence: there is none” (Judge’s Reasons at para. 19).

### III. Analysis

[16] The appellants submit that the judge was wrong on both counts. In their view, the judge misconstrued the test applicable under paragraph 12(1)(b) of the Act. With respect to the lack of distinctiveness of the Trade-mark, they argue that the judge simply ignored the evidence before him.

[17] The standards of review that apply to these questions are those set out in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235. Errors on a question of law are reviewable on the correctness standard, while the appellants must establish a palpable and overriding error to justify our intervention in respect of questions of mixed fact and law or pure questions of fact.

[18] As mentioned, it is not disputed that Ocean Park is a geographic location that has been known as such since the early 1900s. The respondent's dental services are dispensed or provided in Ocean Park. When one considers the type of services involved and the average consumers to whom such services are offered and marketed, as well as the fact that the neighbourhood has been known as Ocean Park for a very long time, a reasonable person could only conclude that the words "Ocean Park" are *prima facie* descriptive of the geographic location (place of origin) where the respondent's services are actually provided.

[19] There is a public interest aspect to the rule set out in paragraph 12(1)(b). Generally, a trader or service provider is not entitled to monopolise the name of a geographic location so as to prevent other local traders or service providers from using that word to actually describe where their own services are provided. The only exception is provided for at subsection 12(2) of the Act.

[20] In my view, the Trade-mark as registered was descriptive within the meaning of paragraph 12(1)(b) of the Act. The issue therefore becomes whether the words "Ocean Park" had acquired a secondary meaning, so as to become distinctive of the respondent's services, at the time the application for registration was filed in October 2012. I find that contrary to what was stated in the respondent's application for registration, the Trade-mark was never used as registered. Thus, the words "Ocean Park", standing alone, could not have become distinctive of the respondent's services. This is not to say that "Ocean Park Dental Center" or "Ocean Park Dental", which are also descriptive (but not when associated with the smiling whale logo), could



not have acquired the required distinctiveness through years of use. However, that is not the question before us.

[21] I agree with the appellants that the judge misunderstood the meaning of paragraph 12(1)(b) of the Act and made a palpable and overriding error when applying it. This provision covers a wide range of situations. It could, for instance, preclude the registration of “Silicon Valley” for software development services offered outside that geographic location, if the average consumer understood this mark as meaning that the services at issue originated from Silicon Valley, a region famous for such services. But the application of paragraph 12(1)(b) is not limited to such type of cases.

[22] In fact, our Court has dealt with a situation very similar to that here before us in *General Motors du Canada v. Décarie Motors Inc.*, [2001] 1 F.C. 665, 264 N.R. 69 (*Decarie Motors*). In that case, the trade-marks “Decarie” and “Decarie Logo Design” had been registered in association with the sale, lease and services of new and used motor vehicles. It was established that the word “Decarie” referred in the community to a well-known boulevard in Montreal, and that it was used by several traders operating along or in the vicinity of that boulevard, including by the owner of the trade-mark “Decarie”. As in the present case, the plaintiff had sought expungement of the mark “Decarie” on the basis of paragraphs 18(1)(a) and (b) of the Act. The trial judge found that the mark had acquired distinctiveness through use since 1971. This decision was set aside on appeal, and the mark “Decarie” was held invalid and expunged.

[23] Alice Desjardins J.A., writing for this Court, noted at paragraph 28 that it was reasonable to say that “prima facie the mark was unregistrable under paragraph 12(1)(b) of the Act due to its geographic descriptiveness (‘place of origin’).”

[24] Because the mark could still have been registrable if it had become distinctive at the date of filing of the application for registration (pursuant to subsection 12(2)) or when its validity was challenged (pursuant to paragraph 18(1)(b)), Desjardins J.A. reviewed the documentary evidence to this effect. She concluded that the inherent weakness of the mark, as well as its limited use as a stand-alone mark (as opposed to the use of “Decarie Motors”), established unequivocally that it had not acquired a secondary meaning at any time (*Decarie Motors* at para. 39).

[25] As mentioned above, in the present case, the Trade-mark was never used as a stand-alone mark. The respondent did not provide us with any basis on which *Decarie Motors* could be distinguished. In my view, this precedent is on all fours with the matter before us and must therefore be followed (*Miller v. Canada (Attorney General)*, 2002 FCA 370, 2002 CarswellNat 2647).

[26] Lastly, I find that the judge also made a palpable and overriding error in assessing the validity of the Trade-mark under paragraph 18(1)(b) of the Act. As in *Decarie Motors*, there was enough evidence before him to conclude that the Trade-mark was not distinctive of the respondent’s services as of March 24, 2014.

[27] Since the evidence is exclusively in writing and no issue of credibility arises, this Court is in a position to render the judgment that the judge should have rendered. This is, in fact, what the parties urged us to do at the hearing.

[28] In light of the foregoing, I conclude that the appeal should be allowed and the judgment below set aside. I would declare that the Canadian trade-mark registration TMA 866224 (OCEAN PARK) is invalid and should be struck out from the Trade-mark Register, the whole with costs on appeal and at first instance.

"Johanne Gauthier"

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J.A.

« I agree

Wyman W. Webb J.A. »

« I agree

Mary J.L. Gleason J.A. »

**FEDERAL COURT OF APPEAL**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

**APPEAL FROM AN ORDER OF THE FEDERAL COURT DATED DECEMBER 4,  
2014, DOCKET NUMBER T-737-14 (2014 FC 1171)**

**DOCKET:** A-560-14

**STYLE OF CAUSE:** DR. PATRICK LUM and DR. P.K.  
LUM (2009) INC. v.  
DR. COBY CRAGG INC.

**PLACE OF HEARING:** VANCOUVER, BRITISH  
COLUMBIA

**DATE OF HEARING:** OCTOBER 29, 2015

**REASONS FOR JUDGMENT BY:** GAUTHIER J.A.

**CONCURRED IN BY:** WEBB J.A.  
GLEASON J.A.

**DATED:** DECEMBER 18, 2015

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