

Federal Court of Appeal



Cour d'appel fédérale

Date: 20170614

Docket: A-406-16

Citation: 2017 FCA 125

**CORAM: DAWSON J.A.
DE MONTIGNY J.A.
WOODS J.A.**

BETWEEN:

**TIME DEVELOPMENT GROUP INC. & TIME
DEVELOPMENT INC.**

Appellants

and

**TIMES GROUP CORPORATION & TIMES
DEVELOPMENTS INC.**

Respondents

Heard at Toronto, Ontario, on May 31, 2017.

Judgment delivered at Ottawa, Ontario, on June 14, 2017.

REASONS FOR JUDGMENT BY:

WOODS J.A.

CONCURRED IN BY:

**DAWSON J.A.
DE MONTIGNY J.A.**

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REASONS FOR JUDGMENT

WOODS J.A.

[1] This is an appeal from a judgment of the Federal Court (*per* O'Reilly J.) which determined that a registered trademark, TIMES GROUP CORPORATION, had been infringed by a confusing tradename, TIME DEVELOPMENT GROUP.

[2] The applicable legislative provision is paragraph 20(1)(a) of the *Trade-marks Act*, R.S.C. 1985, c. T-13, which provides:

20 (1) The right of the owner of a registered trade-mark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who

(a) sells, distributes or advertises any goods or services in association with a confusing trade-mark or trade-name;

...

20 (1) Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne qui est non admise à l'employer selon la présente loi et qui :

a) soit vend, distribue ou annonce des produits ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion;

[...]

[3] The appellants, Time Development Group Inc. and Time Development Inc., use the tradename TIME DEVELOPMENT GROUP. The respondents, Times Group Corporation (the owner of the registered trademark) and Times Developments Inc., instituted an application in the Federal Court for injunctive relief against the appellants for infringement and similar relief pursuant to the passing off provisions of the Act.

[4] Each of the four parties is involved in some way in real estate development and management, and their businesses are focussed on the Chinese Canadian community in the Greater Toronto Area. However, the record is sparse as to the exact nature of the business activities conducted by each of them.

[5] For reasons cited as 2016 FC 1075, the Federal Court declared that the registered trademark had been infringed and ordered that the appellants refrain from using “its trade-names and any confusingly similar variants.”

[6] The appellants have appealed to this Court.

Decision of the Federal Court

[7] The Federal Court framed the main issue as one of confusion: Was confusion likely between the registered trademark, TIMES GROUP CORPORATION, and the tradename, TIME DEVELOPMENT GROUP? A related issue was whether the registered trademark was invalid on the ground that it was not distinctive of a single source.

[8] The Federal Court concluded in the respondents’ favour on both issues. The judge found that the registered trademark was distinctive and therefore valid, and that the appellants’ tradename was likely confusing with it. The appellants were accordingly enjoined from using the confusing tradename, and similar ones.

[9] The judge also concluded that it was not necessary to deal with the issue of passing off in light of the conclusion on infringement.

Analysis

[10] The appellants submit that the Federal Court erred:

- (a) in concluding that the registered trademark, TIMES GROUP CORPORATION, was distinctive of a single source;
- (b) in concluding that the respondents, the applicants in the Federal Court, had established a likelihood of confusion; and
- (c) in applying the applicable test of confusion.

[11] For the reasons below, I conclude that the Federal Court did not make any reviewable error in deciding that the registered trademark was distinctive, and that the tradename TIME DEVELOPMENT GROUP was confusing with it. The applicable standard of review is palpable and overriding in respect of errors of fact and mixed fact and law, and correctness for extricable errors of law (*Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235).

Distinctive of single source

[12] The appellants submit that the judge erred in finding that the registered mark was distinctive of a single source. A lack of distinctiveness may be used as a defence to a trademark infringement application pursuant to paragraph 18(1)(b) of the Act. The term “distinctive” is defined in section 2 of the Act, as follows:

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

distinctive Relativement à une marque de commerce, celle qui distingue véritablement les produits ou services en liaison avec lesquels elle est employée par son propriétaire, des produits ou services d'autres propriétaires, ou qui est adaptée à les distinguer ainsi. (distinctive)

[13] According to the appellants, the distinctiveness requirement has not been satisfied because the registered trademark has been used by both respondents and yet only one of them, Times Group Corporation, owns the mark. In other words, the registered trademark does not distinguish the owner's goods or services from those of Times Developments Inc.

[14] The appellants acknowledge that this difficulty could have been overcome if the owner of the registered mark had licensed it to the other respondent in an arrangement in which the owner retained control of the character or quality of the goods and services used in connection with the trademark. However, the appellants submit that such a licence has not been established by the evidence.

[15] In my view, the distinctiveness argument must be rejected in light of the factual finding by the Federal Court that there is no evidence that the registered trademark was used by both respondents (reasons, paragraph 12). I have not been convinced that the Federal Court made a palpable and overriding error in so finding. The appellants' argument falls away if the trademark has not been used by the respondent Times Developments Inc.

[16] The appellants suggest that in the Federal Court's reasons, the judge acknowledges that both respondents were using the registered mark. They point to parts of the reasons that appear to treat both respondents as one entity and carrying on one business, such as references to the respondents collectively as "Times" rather than individually, and occasional references to their businesses as "it."

[17] I do not agree with this submission. In my view, the references to "Times" in the reasons are generally meant to convey the sense of "at least one of the respondents." The evidence before the Federal Court often referred collectively to the appellants and to the respondents. It is unfortunate that the terminology was not more precise. Nevertheless, the Federal Court's reasons read as a whole are clear that the two respondents are separate entities and that the evidence did not establish that both respondents had used the registered trademark.

[18] The appellants also submit that the Federal Court erred in its distinctiveness analysis by failing to consider the coexistence of the two respondents in the market and the use of similar tradenames and trademarks by Times Developments Inc. (Memorandum, paragraphs 61, 63 and 71). The appellants rely on affidavit evidence introduced by the respondents to the effect that the respondents are well known as "Times Developments" (Appeal Book, Tab 5, page 41).

[19] I also disagree with this submission. First, this argument was not clearly made in the appellants' written submissions before the Federal Court, and it is not clear to me that this submission was fairly before that Court. However, even if the argument was made, it was not a reviewable error for the judge to decline to expressly deal with it.

[20] As mentioned above, the evidence before the Federal Court did not focus to any great extent on the details of the business activities conducted by each of the respondents.

Accordingly, little is known as to how Times Developments Inc. and Times Group Corporation dealt with each other and conducted their own businesses. In order for the appellants to succeed in defending the infringement application on this basis, greater evidence should have been provided on the use of tradenames and trademarks by Times Developments Inc. In the absence of such evidence, it is not possible to conclude that the registered trademark owned by Times Group Corporation was not distinctive of its source as a result of similar tradenames and trademarks used by Times Developments Inc.

[21] For these reasons, I conclude that there is no palpable and overriding error in the Federal Court's conclusion that the registered trademark was distinctive and therefore valid.

Likelihood of confusion

[22] The Federal Court concluded that there was a reasonable likelihood of confusion between the mark TIMES GROUP CORPORATION and the name TIME DEVELOPMENT GROUP.

The appellants submit that this conclusion is flawed because the analysis failed to take into account the use of other "Times" trademarks and tradenames by both respondents and by third parties.

[23] This issue is reviewable on a standard of palpable and overriding error.

[24] It is important not to parse the confusion analysis by the judge but to read the analysis as a whole. In my view, the judge did not fail to take this evidence into account.

[25] The Federal Court's finding on confusion was premised on the fact that there is a very strong resemblance between the registered trademark TIMES GROUP CORPORATION and the tradename TIME DEVELOPMENT GROUP and the fact that the mark and name are used in similar businesses and in the same vicinity. The judge also commented that the resemblance is particularly striking when the names are written in the Chinese language because the singular and plural form of "TIME" are the same. It is implicit in the reasons that these factors trumped a lack of distinctiveness.

[26] The appellants also submit that the Federal Court did not identify the proper confusion test in paragraphs 35 and 36 of the reasons.

[27] This issue is reviewable on a standard of correctness.

[28] The Federal Court made no such error, in my view. Paragraphs 35 and 36 of the reasons consider that individuals buying an expensive item such as a home would not generally make this decision based on first impressions. The judge applies the correct legal principles in this discussion. In paragraph 36 of the reasons, the judge correctly notes that confusion is to be determined based on the somewhat rushed, casual consumers' first impression. The Federal Court did not misapprehend the proper test of confusion.

Conclusion

[29] It follows that I would dismiss the appeal with costs.

“Judith M. Woods”

J.A.

“I agree

Eleanor R. Dawson J.A.”

“I agree

Yves de Montigny J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-406-16

**APPEAL FROM A JUDGMENT OF THE HONOURABLE MR. JUSTICE O'REILLY
DATED SEPTEMBER 22, 2016, NO. T-866-15**

STYLE OF CAUSE: TIME DEVELOPMENT GROUP
INC. & TIME DEVELOPMENT
INC. v. TIMES GROUP
CORPORATION & TIMES
DEVELOPMENTS INC.

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: MAY 31, 2017

REASONS FOR JUDGMENT BY: WOODS J.A.

CONCURRED IN BY: DAWSON J.A.
DE MONTIGNY J.A.

DATED: JUNE 14, 2017

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