

Federal Court of
Appeal



Cour d'appel
fédérale

Date: 20100416

Docket: A-382-09

Citation: 2010 FCA 104

**CORAM: NOËL J.A.
EVANS J.A.
DAWSON J.A.**

BETWEEN:

MIRANDA ALUMINUM INC.

Appellant

and

MIRANDA WINDOWS & DOORS INC.

Respondent

Heard at Toronto, Ontario, on April 13, 2010.

Judgment delivered at Ottawa, Ontario, on April 16, 2010.

REASONS FOR JUDGMENT BY:

EVANS J.A.

CONCURRED IN BY:

**NOËL J.A.
DAWSON J.A.**

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REASONS FOR JUDGMENT

EVANS J.A.

[1] This litigation arises from an acrimonious dispute between a father and son over the right to use the family's surname, Miranda, in connection with selling and installing aluminum windows, doors and other home renovation products. Both draw their customers largely from the Portuguese community in the Greater Toronto Area (GTA). The same parties are also engaged in a related passing-off action in the Superior Court of Justice.

[2] Miranda Aluminum Inc., the father's company, is appealing a decision of the Federal Court (2009 FC 669) in which Justice Simpson dismissed the appellant's application under section 57 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (Act) to expunge two trade-marks registered by Miranda

Windows & Doors Inc., the son's company. The first is a word mark, Miranda, and the second a design mark, Miranda surrounded by the simple outline of a house.

[3] An application to register both trade-marks was filed on February 20, 2006. The word mark was registered on March 13, 2007, and the design mark on March 14, 2007. Both were registered for use in association with services that include the custom design and installation of windows, doors and aluminum railings, and home renovations.

[4] Justice Simpson's dismissal of the application was based principally on five findings of fact.

[5] First, Miranda is primarily a surname, and thus not registrable by virtue of paragraph 12(1)(a) of the Act. However, by the time that the son's company applied to register the marks on February 20, 2006, both had acquired distinctiveness in connection with the products and services of the son and his company, and thus could be registered under the exception in subsection 12(2).

[6] Second, the father had not established prior use of the name Miranda so as to warrant expungement of the trade-marks under subsection 17(1) of the Act.

[7] Third, in 1990, when the son first used the name Miranda in applying to register Miranda Aluminum and Vinyl Products as the trade name of his first company, T.M. Renovations Inc. ("TMR"), the public would not falsely have connected the name Miranda with the father in

association with the supply and installation of aluminum products. Accordingly, she rejected the father's argument that the trade-mark should be expunged under paragraph 9(1)(k) of the Act.

[8] Fourth, the respondent's application to register the marks stated that it had first used the name Miranda at least as early as August 31, 1991. The marks were therefore not liable to be expunged under section 18 on the ground of a material false statement.

[9] Fifth, the father's alleged use of the name Miranda in connection with the sale and installation of aluminum products as of the date when he commenced the expungement proceedings, July 16, 2007, had not caused the name to lose its distinctiveness, and the registration of the marks was not invalidated by paragraph 18(1)(b) of the Act.

[10] It is common ground that questions of law decided by the Judge are subject to review on the standard of correctness. On the other hand, the Judge's findings of fact, and of mixed fact and law, may only be set aside on appeal if the appellant establishes that they were vitiated by palpable and overriding error. However, any question of law that is readily extricable from the Judge's determination of a question of mixed fact and law is reviewable for correctness.

[11] I would only add that the teaching of the Supreme Court in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235, on the importance of appellate courts' showing a large measure of deference to the findings of fact by a trial judge is particularly salutary in a case such as this where,

as counsel for the appellant candidly stated, aspects of the conduct of the parties to this complex and lengthy family feud are “very murky”.

[12] The appellant’s memorandum of fact and law raises three issues, which I shall deal with in turn.

Issue 1: Did the Judge err in finding that, when the respondent applied to register the marks on February 20, 2006, it did not misrepresent the date of the first use of the mark as August 31, 1991, or earlier?

[13] The registration of a trade-mark may be invalidated by a material misstatement in the application, even if the misstatement was made innocently: *General Motors of Canada v. Décarie Motors Inc.*, [2001] 1 F.C. 665 (F.C.A.) (“*General Motors*”) at para. 18.

[14] The appellant argues that the Judge erred in finding that the respondent could rely on the earliest use of the name Miranda by the respondent’s first company, TMR, as its predecessor in title. This is because, counsel submitted, TMR was involuntarily dissolved on June 17, 2004, pursuant to section 240 of the *Ontario Business Corporations Act*, R.S.O. 1990, chap. B-16, for failing to file special notices, and all its rights, including any right to use the name Miranda, were forfeited to and vested in the Crown under subsection 244(1).

[15] TMR had not assigned its rights to the use of the name Miranda to either the son or the respondent prior to TMR’s dissolution. Nor was there any evidence that, following TMR’s dissolution, the son had taken steps to revive the company by promoting a private Act of the Ontario

Legislature. Instead, counsel argued, the first use of the name by the respondent could not have been earlier than the date of its incorporation, March 2, 2005, fourteen years after August 31, 1991, the date stated in the application for registration of the marks.

[16] Assuming, without deciding, that the Judge erred in finding that 1991 was the date of their earliest use by the respondent, I do not agree that the misstatement warrants the expungement of the marks. This Court stated in *General Motors* (at para. 18) that innocent misstatements will only invalidate a trade-mark if they are material, in the sense that “without them, the section 12 barriers to registration would have been insurmountable.” In my view, based on the Judge’s findings of fact in the present case, there would have been no bar to the registration of the marks on February 20, 2006, if the respondent had stated in its application that their first use was in March 2005. Nor is there any evidence that the appellant was prejudiced by the misstatement.

[17] As I understand it, counsel’s argument is that the respondent could not rely on its use of the name because the right to use the name Miranda in connection with the supply of vinyl products and related services had passed from TMR to the Crown on June 17, 2004, on the dissolution of TMR. Hence, it is submitted, the respondent’s use of the name Miranda after June 17, 2004, was unlawful and cannot be relied on as establishing first use. In my opinion, this is a highly technical and artificial argument that overlooks the essential realities of the situation.

[18] First, TMR’s dissolution was involuntary and technical, resulting from its failure to file special notices. It happened without the knowledge of the son, who continued to operate the

business, to use its registered trade name until March 2, 2005, when the respondent was incorporated, and to provide goods and services to his customers as before.

[19] Second, the son was the directing mind of the corporations through which he conducted his business. As the Judge found, the name acquired distinctiveness through the services provided by the son and flowed through to his companies.

[20] Third, there is no evidence that the use of the name Miranda, after the dissolution of TMR, by either the son or the respondent, caused any confusion in the minds of members of the public about the identity of the source of the goods and services being provided and advertised by the respondent. This, after all, is the mischief at which the law of trade-marks is aimed: *Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at para. 21.

[21] Fourth, it is not alleged that the Crown objected to, or was damaged by, the son's continuing use of the name Miranda, or to its subsequent use by the respondent.

[22] Fifth, counsel argued that the father was prejudiced by the misstatement because he could have opposed the registration of the marks on the basis of his prior use of the name in his businesses after 2000. However, as is explained further below, the Judge rejected the father's evidence relating to his prior use. Consequently, he could have suffered no prejudice.

[23] Hence, whatever technical irregularity may have occurred regarding the declared date of earliest use of the name does not, in my view, warrant the expungement of the marks.

Issue 2: Did the Judge err in finding that the name Miranda had acquired distinctiveness by either February 20, 2006, when the respondent applied to register the marks, or by July 17, 2007, when the appellant commenced the present proceedings?

(i) *Use of the name Miranda by John Miranda*

[24] Counsel for the appellant argues that a mark can only be distinctive of a single source. The name Miranda, he asserts, cannot be distinctive of the respondent's goods and services because the father's brother, John, had also used Miranda from the 1970s to 1995 in the names of corporations through which he conducted manufacturing and wholesale businesses for the supply of aluminum and vinyl products. Counsel also alleges that the Judge ignored the evidence that John's products were advertised on the respondent's website as "Genuine Miranda Products", and that when the respondent advertises on its website that it is a "family owned business", it is referring to John and his companies.

[25] I do not agree. The Judge found that John's use of the name Miranda in his business was irrelevant because John was in the manufacturing and wholesale business, while the respondent was in retail sales and installation. The businesses were thus not competing with each other. Accordingly, she held, John's use of the name did not undermine its distinctiveness in connection with the respondent's business.

[26] This is a finding of fact reasonably open to the Judge on the evidence. That the Judge did not mention every item of evidence, including the advertising on the respondent's website site, is not a legal error. Nor is it clear that the respondent's advertisement stating that it is a "family owned business" would necessarily be understood to be a reference to John and his companies, rather than to the respondent itself, in which the son, his wife, and sister were engaged.

[27] Given the above findings of fact by the Judge, it is unnecessary to determine the legal effect of the purported 2008 assignment, effective November 21, 1990, whereby John and his companies assigned to TMR any rights that they had in the use of the name Miranda as a trade name or trademark. However, as counsel for the respondent points out, this document at least indicates that the respondent and John's businesses were not in competition with each other. The purported assignment thus further supports the Judge's finding of fact that John and the respondent were in different kinds of business, and that the name Miranda did not identify two competing sources of goods and services.

(ii) use of the name Miranda by the appellant

[28] The appellant attacks the findings of fact from which the Judge concluded that the use of the name Miranda by the father and his companies did not prevent its association with a single source, the respondent. Having carefully set out (at para. 31) the evidence on which the appellant had relied to establish the father's prior use, the Judge rejected it. For the period of alleged use before 2000, the Judge found that the evidence was not credible, and the father had twice abandoned the use of the name in connection with a business. She further held that the appellant could not rely

on the father's use of the name between 2000 and 2004 because his use had been calculated to deceive customers.

[29] In light of the evidence indicating the father's abandonment of the use of the name, the breaks in the corporate chain, the absence of assignments of rights, the father's deceptive later use of the name, and the Judge's credibility finding, I am not satisfied that the Judge made a palpable and overriding error when she concluded that the father's use of the name Miranda had not destroyed its distinctiveness by establishing in the minds of consumers that there was a competing source for the aluminum products and associated services. Again, the appellant is asking the Court to step into the shoes of the Judge and reweigh the evidence. This is not the function of an appellate court.

(iii) Since Mirada is primarily merely a surname, it had not acquired distinctiveness as connoting the source of the products and services supplied by the respondent.

[30] While it may be unusual for a surname to be found to have acquired distinctiveness in connection with goods or services provided by an individual or a corporation, the question is ultimately one of fact, to be determined on the basis of the evidence adduced in a given case. Thus, the Judge found in this case that the name Miranda had distinctiveness as of July 16, 2007, when the respondent instituted this expungement proceeding. In the absence of any error of law, her finding of fact may only be set aside if it was not reasonably open to her on the whole of the evidence.

[31] In my view it was and there is therefore no basis for this Court to intervene.

[32] Thus, the Judge stated (at para. 26) that she agreed with the son when he said that the fact that customers identify his wares and services with him personally proves the acquired meaning and distinctiveness of the marks and the fact that they actually distinguish his company's wares and services from those of others.

She then set out (at para. 27) the evidence on which she relied to support her finding. In my opinion, the observations made by counsel for the appellant about that evidence went essentially to the weight that the various items should be given. I am not persuaded that either individually or collectively, they demonstrated palpable and overriding error in the Judge's findings of fact.

[33] Counsel for the appellant also submitted that the marks are registered without any geographical restriction, although the only evidence that the name Miranda had any distinctiveness related to its use in the GTA and, in particular, in the Portuguese community.

[34] However, it is difficult for the appellant to maintain that the Judge should have imposed a restriction on the registration of the marks when the appellant had not argued before her that, if she found that the name was perceived as having distinctiveness, it was limited to the GTA or, possibly, to the Province of Ontario.

[35] In fact, the only argument advanced below was that the name was not distinctive at all, which the Judge rejected, finding that the appellant had not discharged the onus of proving that the marks should be expunged from the register. Moreover, since the father has no interest in using the name Miranda in connection with a vinyl and aluminum products business anywhere else in Canada, the issue has an air of unreality.

[36] In all these circumstances, I see no basis for interfering with the Judge's decision that the appellant had not proved that the marks should be expunged from the register by virtue of paragraph 12(1)(a).

Issue 3: Did the Judge err in failing to hold that the name falsely suggested a connection with a living person, that is, the father?

[37] The Judge deals with this issue at paragraph 34 of her reasons, stating that the son first used the name Miranda in his business in 1990, when his father was working as a salesman in the son's business, having been out of his own business since 1988 following his arrest and conviction for trafficking cocaine, events which received some publicity in a newspaper in Toronto. In these circumstances, the Judge found, it was unlikely that, in 1990, the public would have falsely connected the name Miranda with the father in association with the supply and installation of aluminum and vinyl products, or that the son would have attempted to encourage such confusion.

[38] Further, it is difficult for individuals to invalidate the registration of a trade-mark on the basis that the public will falsely associate the mark with them. Normally, a person challenging the validity of a trade-mark on this ground must establish the existence of a "significant public reputation" (*Bousquet v. Barmish Inc.* (1991), 37 C.P.R. (3d) 516 (F.C.T.D.) at 524), which there is no evidence that the father had.

[39] Whether the public would have associated the son's use of the name Miranda in his business with his father is a factual question. On the basis of the considerations set out above, I am not

persuaded that the Judge made a palpable and overriding error in concluding that such a connection was not likely to be made.

[40] For all these reasons, I would dismiss the appeal with costs.

“John M. Evans”

J.A.

“I agree.

Marc Noël J.A.”

“I agree.

Eleanor R. Dawson J.A.”

APPENDIX

Trade-marks Act

9. (1) No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for,

...

(k) any matter that may falsely suggest a connection with any living individual;

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

(a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years;

...

(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.

17. (1) No application for registration of a trade-mark that has been advertised in accordance with section 37 shall be

9. (1) Nul ne peut adopter à l'égard d'une entreprise, comme marque de commerce ou autrement, une marque composée de ce qui suit, ou dont la ressemblance est telle qu'on pourrait vraisemblablement la confondre avec ce qui suit :

[...]

k) toute matière qui peut faussement suggérer un rapport avec un particulier vivant ;

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

a) elle est constituée d'un mot n'étant principalement que le nom ou le nom de famille d'un particulier vivant ou qui est décédé dans les trente années précédentes;

[...]

(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.

17. (1) Aucune demande d'enregistrement d'une marque de commerce qui a été annoncée selon

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.

l'article 37 ne peut être refusée, et aucun enregistrement d'une marque de commerce ne peut être radié, modifié ou tenu pour invalide, du fait qu'une personne autre que l'auteur de la demande d'enregistrement ou son prédécesseur en titre a antérieurement employé ou révélé une marque de commerce ou un nom commercial créant de la confusion, sauf à la demande de cette autre personne ou de son successeur en titre, et il incombe à cette autre personne ou à son successeur d'établir qu'il n'avait pas abandonné cette marque de commerce ou ce nom commercial créant de la confusion, à la date de l'annonce de la demande du requérant.

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

18. (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

...

[...]

(b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or

b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement ;

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.

57. (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar of which that person had express notice and from which he had a right to appeal.

(2) Personne n'a le droit d'intenter, en vertu du présent article, des procédures mettant en question une décision rendue par le registraire, de laquelle cette personne avait reçu un avis formel et dont elle avait le droit d'interjeter appel.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-382-09

STYLE OF CAUSE: Miranda Aluminum Inc. v.
Miranda Windows & Doors Inc.

PLACE OF HEARING: Toronto, Ontario

DATE OF HEARING: April 13, 2010

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CONCURRED IN BY: NOËL J.A.
DAWSON J.A.

DATED: April 16, 2010

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