

Federal Court of Appeal



Cour d'appel fédérale

Date: 20210215

Docket: A-347-19

Citation: 2021 FCA 29

**CORAM: NOËL C.J.
STRATAS J.A.
RENNIE J.A.**

BETWEEN:

LOBLAWS INC.

Appellant

and

**COLUMBIA INSURANCE COMPANY, THE
PAMPERED CHEF, LTD., AND
PAMPERED CHEF – CANADA CORP.**

Respondents

Heard by online video conference hosted by the Registry on February 15, 2021.
Judgment delivered from the Bench at Ottawa, Ontario, on February 15, 2021.

REASONS FOR JUDGMENT OF THE COURT BY:

NOËL C.J.

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REASONS FOR JUDGMENT OF THE COURT

(Delivered from the Bench at Ottawa, Ontario, on February 15, 2021).

NOËL C.J.

[1] This is an appeal from a decision of Southcott J. (the trial judge), cited as 2019 FC 961, dismissing various claims made by Loblaws Inc. (Loblaw or the appellant) against Columbia Insurance Company, The Pampered Chef, Ltd. and Pampered Chef – Canada Corp. (collectively Pampered Chef or the respondents) under the *Trademarks Act*, R.S.C. 1985, c. T-13 (the Act).

[2] Loblaw and Pampered Chef each use short form trademarks bearing the letters “PC” to reflect the “President’s Choice” proprietary brand in the case of Loblaw (the PC Marks) and the corporate name “Pampered Chef” in the case of the respondents (the Short Form Marks).

Pampered Chef began to use its Short Form Marks further to a rebranding exercise which took place in 2016. The trial judge found that Loblaw’s PC Marks and Pampered Chef’s Short Form Marks bore some resemblance, that they were used in the course of selling similar wares and that these wares were destined to the same group of consumers.

[3] However, he held that confusion was unlikely essentially for two reasons. First, Pampered Chef sells its wares as a direct seller rather than through retail stores and consumers would know that Loblaw does not sell its wares through that channel. Second, Pampered Chef deploys its Short Form Marks together with its corporate name “Pampered Chef” or its long form mark bearing that name, so that consumers would know that they are looking at Pampered Chef products when encountering its Short Form Marks.

[4] In so finding, the trial judge discarded Loblaw’s contention that confusion was likely because consumers who have never heard of Pampered Chef could be first exposed to its Short Form Marks without previously or simultaneously encountering Pampered Chef’s name or long form mark, thereby leading these consumers to think for a brief moment that they are looking at a Loblaw product (the diversion argument). He found that regardless of this possibility, the overall evidence as to how Pampered Chef deploys its marks favours Pampered Chef in the confusion analysis (Reasons at para. 137).

[5] Loblaw does not challenge any of the findings of fact made by the trial judge in the course of his analysis. Rather, it contends that he committed four “errors of law” and asks that we overturn his finding that there is no likelihood of confusion on the facts of this case.

[6] We will address each of these alleged errors in order in which they were presented.

I. The trial judge erred in finding that the resemblance is not particularly strong

[7] Loblaw challenges the trial judge’s finding that the degree of resemblance between the competing marks is not particularly strong. Rather than conducting his analysis on the basis that these marks bear “some resemblance”, he should have done so on the basis that the resemblance is strong.

[8] In this respect, Loblaw insists on the trial judge’s finding that the competing marks are identical in sound and argues this was, in itself, sufficient to establish the existence of a strong resemblance. The trial judge properly disagreed with that proposition. As explained by the respondents, although paragraph 6(5)(e) of the Act provides that resemblance is assessed on the basis of “appearance or sound or in the ideas suggested by them” [our emphasis], it is clear from the context that the word “or” is intended to be inclusive, as it is notably used in combination with the word “including” (Ruth Sullivan, *Sullivan on the Construction of Statutes*, 6th ed. (Markham: Lexis Nexis, 2014) at 100-101).

[9] The Act requires the court to consider and weigh all surrounding circumstances. It would be odd if the trial judge had to limit his analysis to the sound and not consider the visual

appearance of the competing marks, especially when regard is had to his finding that this is the most relevant aspect.

[10] It was also open to the trial judge to find that the design element between the two letters in Pampered Chef's Short Form Marks—the spoon—diminishes the resemblance between the competing marks. Loblaw's argument that this spoon is not distinctive because it does not point to a different trade source is ill-founded. As mandated by the Supreme Court, the trial judge had to view the mark as a whole and consider all its "dominant" and "most striking" features (*Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. 387 [*Masterpiece*] at para. 92; see also *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 [*Mattel*] at para. 76).

[11] Finally, the trial judge's finding that these marks bear "some resemblance" did not skew the remainder of his analysis as contended by Loblaw. The Supreme Court made it clear in *Masterpiece* that all factors set out in subsection 6(5) and surrounding circumstances must be assessed and balanced unless the marks do not resemble one another (*Masterpiece* at para. 49). In the present case, the trial judge was of the view that "the degree of resemblance between the [marks] ... warrants consideration of the other factors" (Reasons at para. 155).

II. The trial judge misapplied the "nature of trade" factor

[12] Loblaw argues that the trial judge erred in limiting his analysis of the "nature of trade" factor to the channels of trade without considering the fact that both parties target the same class of customers.

[13] We agree with Loblaw that usually the review of the relevant customer bases is part of the “nature of trade” analysis. This factor takes into account both the channels where the goods or services circulate and the class of customers targeted by the parties (*Venngo Inc. v. Concierge Connection Inc. (Perkopolis)*, 2017 FCA 96, 146 C.P.R. (4th) 182 [*Venngo*] at para. 60; *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534 (F.C.A.) at paras. 30-33; *Mattel* at para. 86).

[14] However, the trial judge fully considered the customer bases of the respective parties in his analysis of the “nature of the wares, services or business” factor and concluded that they were essentially the same (Reasons at para. 91). Significantly, the confusion analysis was conducted on the basis that “the similarity in the parties’ ... customers” favours Loblaw (Reasons at para. 155).

[15] It is not an error not to have repeated this observation in the course of the “nature of trade” analysis; what is important is that the trial judge was alive to this issue (*Venngo* at para. 52).

III. The trial judge erred in finding that the lack of evidence of actual confusion was very probative of a likelihood of confusion

[16] According to *Mattel*, “an adverse inference *may* be drawn from the lack of [evidence of actual confusion] ... in circumstances where it would readily be available if the allegation of likely confusion was justified” [emphasis in original] (*Mattel* at para. 55).

[17] Loblaw argues that the trial judge erred in drawing an adverse inference because no such evidence was readily available. It points to the fact that the competing marks have only coexisted for a limited time (2 to 3 years). It further points to its diversion argument and insists that first time customers who know nothing about Pampered Chef would only be misled for a short moment. By the time the purchase is made, they would likely realize that they are buying a Pampered Chef product. According to Loblaw, this explains why there is no evidence of any complaint being made by these confused customers (Memorandum of the Appellant at paras. 90-91).

[18] The trial judge rejected this contention. He found it to be “largely speculative” and held that it is difficult to see how this sort of scenario would not have generated some complaints by confused customers, especially since Pampered Chef has dealt with some 95,000 orders since its rebranding (Reasons at para. 153; see also paras. 111, 150). This is particularly so when regard is had to the fact that Loblaw has a robust customer service department and trademark enforcement program and actively monitors for infringing trademarks (Reasons at para. 151).

[19] Loblaw points to the decision of the Federal Court in *Black & Decker Corporation v. Piranha Abrasives Inc.*, 2015 FC 185, 130 C.P.R. (4th) 219 [*Black & Decker*] where the Court refused to draw an adverse inference even though the competing marks had coexisted on the market for 4 years, almost double the time in this case. It thus contends that 2 to 3 years is too short a period.

[20] There is however no set period during which competing marks must coexist before an adverse inference can be drawn. In *Black & Decker*, the Federal Court concluded that based “on the facts of this case” no evidence was readily available and the period during which the competing marks coexisted was but one of the factors that were taken into account in reaching that conclusion (*Black & Decker* at para. 79).

[21] No doubt some measurable amount of time must pass before a negative inference can be drawn, but the duration must be assessed in light of the particular circumstances of each case. Of significance here is the fact that at the time of the rebranding in 2016 Pampered Chef was already well established in the Canadian market, which explains the high volume of sales that it was able to generate in the initial 2 to 3 year period during which the competing marks coexisted.

[22] Although the words “very probative” may seem strong, it was open to the trial judge to infer that if there was a likelihood of confusion as Loblaw contends, the intense exposure by Canadian consumers to the competing marks during this initial period would have given rise to some evidence of actual confusion (Reasons at para. 154).

IV. The trial judge did not properly weigh the subsection 6(5) factors

[23] Loblaw argues that, in conducting his weighing exercise, the trial judge placed too much emphasis on the difference between the parties’ channels of trade.

[24] It submits that the trial judge erred in relying on *Alticor Inc. v. Nutravite Pharmaceuticals Inc.*, 2004 FC 235, 31 C.P.R. (4th) 12 [*Alticor*], aff’d 2005 FCA 269, 257 D.L.R. (4th) 60 in

order to hold that the parties' distinct channels of trade is a significant factor in the confusion analysis. Loblaw contends that the particular facts underlying this decision make it inapplicable in the present case.

[25] The trial judge recognized that there are distinguishing factors between *Alticor* and the present case. Despite these differences, the trial judge was of the view that the channels of trade analysis in *Alticor* was relevant and worthy of weight because, as in that case, both parties sell their products through distinct channels, a fundamental difference that consumers would be aware of (Reasons at paras. 104-108).

[26] However, Loblaw again points to its diversion argument and insists that consumers contemplated by this argument would "not know anything about Pampered Chef" including the way in which it markets its wares (Memorandum of the Appellant at para. 103). The suggestion is that the trial judge, in relying on *Alticor* to the extent that he did, missed this point altogether.

[27] We do not believe that to be the case.

[28] The trial judge was fully aware that Loblaw's diversion argument was premised on consumers having no awareness of Pampered Chef at the time they first encounter its Short Form Marks (Reasons at paras. 134-135). However, he observed that the possibility of first time consumers seeing Pampered Chef's Short Form Marks, without contextual cues, "represents only one component of the overall circumstances surrounding how ... consumer[s] may encounter the Short Form Marks" (Reasons at para. 136). He went on to discard this possibility because

Pampered Chef's Short Form Marks are deployed together with its long form mark or its corporate name, so that consumers are not likely to be confused (Reasons at para. 137). We can detect no error in this regard.

[29] The appeal will be dismissed with costs.

“Marc Noël”
Chief Justice

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:

A-347-19

**APPEAL FROM A JUDGMENT OF THE HONOURABLE RICHARD F. SOUTHCOTT
DATED JULY 22, 2019, DOCKET NO. T-548-18.**

STYLE OF CAUSE:

LOBLAWS INC. v. COLUMBIA
INSURANCE COMPANY, THE
PAMPERED CHEF, LTD., AND
PAMPERED CHEF – CANADA
CORP.

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BY:**

NOËL C.J.
STRATAS J.A.
RENNIE J.A.

DELIVERED FROM THE BENCH BY:

NOËL C.J.

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