

Federal Court of Appeal



Cour d'appel fédérale

Date: 20171106

Docket: A-128-16

Citation: 2017 FCA 215

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

BETWEEN:

**GROUP III INTERNATIONAL LTD., HOLIDAY GROUP INC.
and WENGER S.A.**

Appellants

and

**TRAVELWAY GROUP INTERNATIONAL
LTD.**

Respondent

Heard at Ottawa, Ontario, on March 15, 2017.

Judgment delivered at Ottawa, Ontario, on November 6, 2017.

REASONS FOR JUDGMENT BY:

WOODS J.A.

CONCURRED IN BY:

**DE MONTIGNY J.A.
GLEASON J.A.**

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REASONS FOR JUDGMENT

WOODS J.A.

[1] The parties in this appeal all have an association with luggage and bags sold in Canada to which are affixed trademarks featuring a cross reminiscent of the Swiss flag. The appellants sought to enforce their trademarks by applying to the Federal Court for a declaration of infringement and other relief under the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act). The

application before Justice St-Louis was not successful, largely on the basis that the appellants were not able to establish a likelihood of confusion with the respondent's marks (2016 FC 347). The appellants have appealed this judgment (the Decision) to this Court.

A. Background facts

(1) The appellants and the Wenger marks

[2] There are three appellants, Wenger S.A., Group III International Ltd., and Holiday Group Inc.

[3] Wenger S.A. is a Swiss company that has been associated with the famous Swiss army knife for over 100 years. At least since the 1970s, Wenger has used “a logo comprised of a cross in a rounded quadrilateral and surrounded by an inlaid border. ... The [logo] is typically presented featuring a white or metallic cross and border, set against a black or red background” (Decision, para. 7).

[4] In Canada, Wenger has registered three trademarks (the Wenger marks) that incorporate this logo for use in association with luggage and bags. The trademarks are depicted below.



In these reasons, the mark on the left will be referred to as the “Wenger cross mark”.

[5] Group III International Ltd. is the master global licensee of the Wenger marks in relation to luggage and bags.

[6] Holiday Group Inc. was established in 1952, is based in Montreal, and is Canada's largest supplier of luggage and soft bags. It has an exclusive arrangement with Group III International Ltd. to distribute Group III's luggage and bags in Canada which bear the Wenger marks. The wares are typically manufactured in Asia.

[7] The appellants began using the Wenger marks in association with luggage and bags sold throughout Canada in 2003, the wares often being advertised under the SWISSGEAR brand. The marks were registered between 2007 and 2012.

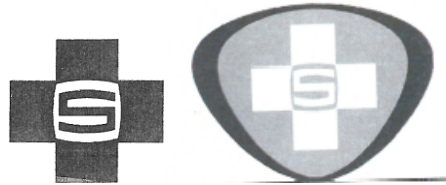
(2) The respondent and the Travelway marks

[8] The respondent, Travelway Group International Inc., is a Canadian corporation established in the late 1970s with a head office in the Province of Quebec. It is best known in Canada as a distributor of luggage and travel related products. As with the appellants' luggage, the respondent's is also manufactured in Asia.

[9] In 2008, the respondent entered into an arrangement with an unrelated Swiss company to use its branding "Swiss Travel Products." The Swiss company owns a design mark registered in Canada that incorporates this brand. However, the respondent uses only the words and not the registered design.

[10] Also around 2008, the respondent developed and applied for registration of two trademarks for use in connection with luggage and related products (the “Travelway marks”).

They are reproduced below.



In these reasons, these marks will be referred to as the “Travelway cross mark” and the “Travelway triangle mark.”

[11] The respondent received registration of these marks in 2009 and commenced use on luggage in the same year.

[12] In addition to using marks with a cross similar to the Swiss flag with an “S” in the middle, the respondent further emphasized the “Swiss-ness” of the wares by using its “Swiss Travel Products” branding. In addition, for a period of time the respondent also made some specific claims of connections with the wares to Switzerland which were false.

[13] By 2012, the Travelway triangle mark was being displayed with several modifications. Each modification, as listed below, increased the resemblance with the Wenger cross mark.

- The cross shape was narrower and longer.
- The shape of the triangle background was less pronounced.

- The background was displayed in either red or black. The tone of red was similar to that frequently used in the Wenger cross mark.
- The border of the triangle was modified to be less prominent, to have a uniform thickness, and to be metallic.
- The “S” was sometimes etched in metal in a manner that resulted in the “S” being difficult to see.
- The “S” was omitted altogether in the luggage zipper pulls.

The last two modifications, only applied to the Travelway triangle mark, are referred to in these reasons as the “Disappearing S” and the “Missing S”.

[14] More recently, the respondent’s luggage was further modified to incorporate lining that is branded in a manner similar to linings used by the appellants.

(3) Examples of luggage

[15] Appendix A provides coloured photographs of the respondent’s Disappearing S and the Wenger cross mark as displayed on luggage.

B. The Federal Court decision

[16] The appellants commenced an application in the Federal Court pursuant to Rule 300 of the Federal Courts Rules. Several types of relief were sought, including an injunction and damages for trademark infringement and passing off.

[17] The central issue in the application was whether the respondent's marks are confusing with the appellants' marks. The Federal Court concluded that "from the perspective of the average consumer somewhat in a hurry, the Travelway marks as used on its luggage and bags are not likely to confuse the consumer and to lead him to conclude that those luggage and bags are manufactured or sold by the same entity as the Wenger luggage and bags" (Decision, para. 126).

[18] This conclusion applied to all the respondent's marks. This included not only the Travelway marks, as registered, but also the versions known as the Missing S and Disappearing S which the Federal Court considered as separate, unregistered marks.

[19] As for the Travelway marks, as registered, the Federal Court concluded that the lack of resemblance between these marks and the Wenger marks was a sufficient factor in itself to conclude that there was no likelihood of confusion. According to the Court, this was dispositive of the issue and it was not necessary to consider other factors.

[20] As for the marks that the Federal Court considered unregistered, the Missing S and the Disappearing S, the Federal Court concluded that there was a greater resemblance between these and the Wenger marks. The Federal Court then proceeded to consider other factors and concluded that there was also no likelihood of confusion with the unregistered marks.

[21] Although the Federal Court considered other issues, which are mentioned below, the finding on confusion was central to the decision and would have resulted in the application being dismissed in its entirety.

C. Issues, standard of review, and relief sought

[22] The issues raised in this appeal are:

1. Did the Federal Court err in concluding that there was no likelihood of confusion?
2. Did the Federal Court err in concluding that there was no passing off?
3. If the Federal Court did err, what is the appropriate relief?

[23] The standard of review in this appeal is the *Housen* standard of appellate review.

Questions of law are to be determined on a standard of correctness; questions of fact, and mixed fact and law, are to be assessed on a standard of palpable and overriding error: *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. 387, at para. 102; *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235. “Palpable” means an error that is obvious and “overriding” means an error that affects the outcome of the case.

[24] It is useful to set out the relief sought by the appellants. In their memorandum, the appellants seek to have the Decision set aside and request:

- a declaration that the respondent has infringed the Wenger marks;
- a permanent injunction restraining the respondent from infringing the Wenger marks, and in particular from using the Travelway marks, including the Missing S and the Disappearing S, in association with any wares in the registrations of the Wenger marks;
- an order striking the registrations of the Travelway marks from the Register;
- an order requiring the respondent to destroy or to deliver up to the appellants all wares, packages, labels, and advertising materials marked with the Travelway

marks, including the Missing S and the Disappearing S, in its possession, power, or control;

- an order for the payment of damages or, as the appellants may elect, an accounting and disgorgement of the respondent's profits, and an order directing a reference to determine the quantum of damages and/or profits; and
- costs of the application and the appeal.

D. Analysis

(1) Confusion

[25] Whether the Travelway marks are confusing with the Wenger marks is the central issue in this appeal. It is useful to briefly outline the test for determining confusion.

[26] Under subsection 6(2) of the Act, the use of one trademark causes confusion with another if the use of both trademarks in the same area would be likely to lead to the inference that the goods have the same source. Subsection 6(2) provides:

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

6 (2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les produits liés à ces marques de commerce sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces produits ou ces services soient

ou non de la même catégorie générale.

... [...]

[27] The applicable legal test is well known and is described by the Supreme Court of Canada in *Masterpiece Inc.*, at para. 40:

[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.

[28] Subsection 6(5) of the Act provides that a court “shall have regard to all the surrounding circumstances”, including: (a) inherent and acquired distinctiveness of the marks, (b) length of time in use, (c) nature of the goods, (d) nature of the trade, and (e) degree of resemblance.

[29] The confusion analysis is to be done on a mark-to-mark basis (*Masterpiece Inc.*, paras. 42-48).

[30] The appellants submit that the Federal Court made significant errors in its confusion analysis. I first consider whether the Federal Court erred in concluding that the Travelway triangle mark is not confusing with the Wenger cross mark.

(2) Did the Federal Court err with respect to the Travelway triangle mark?

[31] As mentioned above, in considering whether the Travelway triangle mark leads to confusion, the Federal Court discussed only the resemblance factor. The appellants submit that this is a reviewable error because a court is required by subsection 6(5) of the Act to consider all surrounding circumstances.

[32] The appellants also suggest that the Federal Court made a reviewable error in treating the Disappearing S and the Missing S as separate unregistered marks.

[33] I agree with the appellants on both counts.

[34] As for the Federal Court considering only the factor of resemblance, this is contrary to the requirement in subsection 6(5) of the Act that a court must consider all surrounding circumstances, including the factors that are specifically listed in that provision.

[35] It may be that the Federal Court actually had regard to other relevant factors that were not mentioned in the Decision. It may have concluded that the marks were so dissimilar that the lack of resemblance trumped all other factors. If this is the case, this was a palpable and overriding error in my view. The Travelway triangle mark and the Wenger cross mark clearly bear a striking resemblance. Other surrounding circumstances needed to be carefully considered and weighed in the confusion analysis.

[36] As for the Federal Court's finding that the Disappearing S and the Missing S were separate unregistered marks, my reasons for concluding that this was a reviewable error are considered in the next section.

(a) Are the Missing S and Disappearing S separate trademarks?

[37] In considering whether the Disappearing S and the Missing S are separate trademarks, the applicable legal principle is that a variant is part of the registered mark if it retains the dominant features of the registered mark:

- “The practical test to be applied in order to resolve a case of this nature is to compare the trade mark as it is registered with the trade mark as it is used and determine whether the differences between these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin” (*Registrar of Trademarks v. Compagnie Internationale pour l'Informatique CII Honeywell Bull* (1985), 4 C.P.R. (3d) 523 at 525 (F.C.A.)).
- The variant does not depart from the mark as registered where “the same dominant features are maintained and the differences are so unimportant as not to mislead an unaware purchaser” (*Promafil Canada Ltée v. Munsingwear Inc.* (1992), 44 C.P.R. (3d) 59 (F.C.A.) at 70-71).

- “The deviations from the registered design must not change the distinctiveness of the mark; it must retain its dominant features” (*Pizzaiolo Restaurants Inc. v. Les Restaurants La Pizzaiolle Inc.*, 2016 FCA 265 at paragraph 16).

[38] Before the Federal Court, all parties took the position that the Missing S and Disappearing S were not separate trademarks but merely variations of the Travelway marks that are registered. Despite this, the Federal Court treated the marks as separate unregistered marks.

[39] It is not clear how the Federal Court reached this conclusion as it did not explicitly identify this as an issue or provide any analysis. In light of this, the Court does not have access to the underlying reasons of the Federal Court and cannot give this conclusion any deference: *Crudo Creative Inc. v. Marin*, 90 O.R. (3d) 213 (Div. Ct.).

[40] In my view, there is no reason to depart from the agreed position of the parties at the Federal Court that the Missing S and Disappearing S are merely variants of the Travelway triangle mark as it is registered. As discussed above, the respondent has made a series of changes to the Travelway triangle mark, some more subtle than others, and all of which more closely resemble the Wenger cross mark. However, none of the changes either separately or together take away the dominant features of the Travelway triangle mark which are a cross on a background with a contrasting border.

[41] It is worth mentioning in particular the “S” in the centre of the Travelway triangle mark as it is registered. This feature is omitted in the Missing S and is significantly downplayed in the

Disappearing S. In my view, this is not a dominant element of the mark; it merely reinforces the idea of “Swiss-ness” that is suggested already by the resemblance to the Swiss flag.

[42] With respect, the Federal Court made a reviewable error in treating the Missing S and Disappearing S as separate trademarks. They are permissible variants of the Travelway triangle mark.

[43] This finding is relevant to this appeal because if the variants are likely to cause confusion with the Wenger marks, then the registered mark will also likely cause confusion.

[44] In light of this conclusion, it is not appropriate to undertake a separate confusion analysis with respect to the Missing S and Disappearing S. The analysis should take into account the Travelway triangle mark, as registered, as well as the variants. Since the Federal Court did not undertake this analysis, in the interests of judicial economy I will now proceed to do so.

(b) Weighing of surrounding circumstances

[45] The framework for determining whether one trademark is confusing with another is set out in section 6 of the Act. In general, the test to determine confusion is whether the use of both marks in the same area would be likely to lead to the inference that the relevant goods or services are manufactured, sold, leased, hired, or performed by the same person.

[46] Subsection 6(5) sets out the considerations to be taken into account in this determination. All the surrounding circumstances are to be considered, including:

(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;	a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
(b) the length of time the trade-marks or trade-names have been in use;	b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
(c) the nature of the goods, services or business;	c) le genre de produits, services ou entreprises;
(d) the nature of the trade; and	d) la nature du commerce;
(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.	e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[47] I would comment first that there is a very strong resemblance between the Travelway triangle mark and the Wenger cross mark. This is starkly demonstrated by evidence consisting of physical examples of luggage that display the Wenger cross mark in metal and the Travelway triangle mark in metal with the Disappearing S variant. It is very difficult to discern a difference in these marks unless one scrutinizes them very closely, which is not the applicable test.

[48] In my view, the Travelway triangle mark and the Wenger cross mark are so strikingly similar that other relevant circumstances would have to be strongly in the respondent's favour to find no likelihood of confusion. As discussed below, this is not the case.

- Paragraph 6(5)(a) – Neither the Wenger cross mark nor the Travelway triangle mark are inherently distinctive, but the Wenger cross mark has significant

acquired distinctiveness as a result of many years of strong sales in Canada. This factor favours the appellants.

- Paragraph 6(5)(b) – The factor of length of time in use favours the appellants because they commenced use in 2003 and respondent commenced use in 2009.
- Paragraph 6(5)(c) – The nature of the goods factor favours the appellants because the goods are essentially the same.
- Paragraph 6(5)(d) – The nature of trade also favours the appellants because the channels of trade are the same.

[49] As a result, in my view all the surrounding circumstances listed in subsection 6(5) are in favour of a finding of confusion.

[50] In the Federal Court's analysis of the Disappearing S and Missing S, in which all factors were considered, the Federal Court determined that there was no confusion. To reach this conclusion, the Court must have given significant weight to factors that it considered in the respondent's favour. Some of these are discussed below.

[51] The Federal Court considered as one of the surrounding circumstances that the Missing S is only displayed on small zipper pulls. It concluded that this detail was unlikely to be noticed by

the consumer somewhat in a hurry because of its size and the fact that the respondent's luggage and bags always display other logos as well (Decision, para. 120).

[52] With respect, this analysis does not apply the correct legal principle. The Federal Court only considered the Missing S variant as it is actually displayed. It should have considered other possible uses of the mark, including larger sizes (*Masterpiece Inc.*, para. 59).

[53] As for the Federal Court's consideration that Travelway's luggage and bags always display other logos, even if this is a relevant factor, it would only assist the respondent if the other logos served to differentiate the wares. I am not satisfied on the evidence that this was the case. To the contrary, the other logos included the Travelway cross mark and the "Swiss Travel Products" branding. These logos increase the confusion rather than lessen it.

[54] Second, the Federal Court rejected the appellants' submission that the Wenger cross mark had acquired distinctiveness from being a unique identifier of luggage and bags emanating from Wenger and continuing the tradition of the Swiss army knife. The Court comments that there are other third parties that use a similar logo, and mentions that one of them, Victorinox, also has a tradition linked with the Swiss army knife. In its submissions, the respondent also mentions a similar logo used by the well-known brand, Strellson.

[55] It was open to the Federal Court to reduce the weight of the acquired distinctiveness factor in light of the existence of other trademarks resembling the Swiss flag. On the other hand, this factor does not completely erode the acquired distinctiveness of the Wenger cross mark that

it has gained through years of strong sales. I would note in particular that the only trademarks referred to in the evidence with features similar to the Wenger cross mark are the Travelway and Victorinox marks. Further, there was no evidence that Victorinox associated its mark with luggage in Canada during the period at issue.

[56] Accordingly, in my view the factor of acquired distinctiveness is clearly in the appellants' favour.

[57] For the reasons above, I have concluded that a palpable and overriding error was made by the Federal Court in its conclusion that there was no likelihood of confusion between the Travelway triangle mark and the Wenger cross mark. Primarily, the Federal Court failed to give sufficient weight to factors in the appellants' favour, as discussed above, and it erred in giving significant weight to factors in the respondent's favour. The evidence demonstrates a strong likelihood of confusion between the Travelway triangle mark and the Wenger cross mark.

[58] I now turn to the confusion analysis with respect to the Travelway cross mark.

(3) Did the Federal Court err with respect to the Travelway cross mark?

[59] The Federal Court's analysis with respect to the Travelway cross mark was the same as for the Travelway triangle mark. On the basis that there was a lack of resemblance, the Federal Court concluded that there was no confusion with the Wenger marks. The Travelway cross mark is reproduced in paragraph 10 above.

[60] In my view, the failure of the Federal Court to undertake a consideration of all surrounding circumstances was also a reviewable error with respect to the Travelway cross mark. Although the similarities between the marks are not as great as they are with the Travelway triangle mark, the resemblance is certainly strong enough to require a weighing of all surrounding circumstances.

[61] With the exception of resemblance, the consideration of the surrounding circumstances with respect to the Travelway cross mark is virtually the same as it is for the Travelway triangle mark. For example, Travelway commenced using the marks almost at the same time, and the marks are displayed on the same wares. The consideration of distinctiveness is the same, as is the nature of trade.

[62] Resemblance is the only factor in which there is a material difference between the Travelway marks. A number of considerations are relevant to this analysis.

[63] First and foremost, the ideas suggested by the Travelway cross mark and the Wenger cross mark are the same – the idea of “Swiss-ness.” Both marks incorporate a cross reminiscent of the Swiss flag and Travelway’s mark emphasizes this by adding an “S.” This is a significant factor that gives a strong resemblance in this particular case.

[64] In addition, it is worth mentioning that the Travelway cross mark could be varied as the Travelway triangle mark had been. Such possible variations should not be ignored (*Masterpiece Inc.*, para. 51-59). In particular, the “S” could be removed, and the cross could be displayed on a

background and border as long as these are not distinctive features (*Pizzaiolo Restaurants Inc.*, at para. 26).

[65] In considering the entire circumstances, there is in my view a likelihood of confusion with respect to the Travelway cross mark as well.

[66] I now turn to consider confusion relative to the other two Wenger marks.

(4) Did the Federal Court err with respect to other Wenger marks?

[67] The analysis above focusses on the Wenger cross mark. As for the other two Wenger trademarks reproduced in paragraph 10 above, which comprise the Wenger cross mark accompanying the respective lettering, “WENGER” and “SWISS GEAR”, the confusion analysis is similar. A casual consumer somewhat in a hurry is likely to be confused as to the source of the Travelway marks, since the consumer is likely to believe that these marks are associated with the appellants’ branding, namely WENGER or SWISS GEAR.

(5) Conclusion on confusion

[68] As a result of palpable and overriding errors by the Federal Court and in light of the findings above with respect to confusion, I would conclude that each of the Travelway marks is confusing with each of the Wenger marks.

(6) Did the Federal Court err in finding no passing off?

[69] The appellants submit that the respondent has passed off its own goods as the appellants' contrary to section 7 of the Act. The relevant provision is paragraph 7(b) which reads:

7 No person shall

...

(b) direct public attention to his goods, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his goods, services or business and the goods, services or business of another;

...

7 Nul ne peut :

[...]

b) appeler l'attention du public sur ses produits, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention, entre ses produits, ses services ou son entreprise et ceux d'un autre;

[...]

[70] The concept of passing off was described by the Supreme Court of Canada in *Consumers Distributing Co. v. Seiko Time Canada Ltd.*, [1984] 1 S.C.R. 583, at p. 601:

... attention should be drawn to the fact that the passing off rule is founded upon the tort of deceit, and while the original requirement of an intent to deceive died out in the mid-1800's, there remains the requirement, at the very least, that confusion in the minds of the public be a likely consequence by reason of the sale, or proffering for sale, by the defendant of a product not that of the plaintiff's making, under the guise or implication that it was the plaintiff's product or the equivalent.

[71] The required elements of passing off were correctly set out in the Federal Court decision:

(1) the existence of goodwill associated with the distinctiveness of the product, (2)

misrepresentation by the respondent creating confusion, and (3) actual or potential damage to the

appellants: *Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65, [2005] 3 S.C.R. 302, at paragraphs 66-68.

[72] The Federal Court found in favour of the respondent on all three elements and rejected the appellants' allegation of passing off.

[73] The issue is whether the Federal Court made a reviewable error in these findings. The *Housen* standard of review applies.

(a) Has goodwill been established?

[74] The goodwill element in passing off requires that the appellants establish that there is goodwill attached to the wares by association with the Wenger trademarks (*Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120, at p. 132).

[75] The Federal Court rejected the appellants' submission that goodwill had been established by their high level of sales since 2003 and by the significant royalties that had been paid by Group III and Holiday. The Court concluded that goodwill had been diluted by Victorinox' similar trademark, and noted that there was no evidence that the appellants' wares were sold at a premium to other brands of luggage (Decision, paras. 129-130).

[76] This finding is one of mixed fact and law for which the standard of review is palpable and overriding error.

[77] In my view, the Federal Court did make such an error in finding an insufficient level of goodwill. The appellants' wares are in the niche area of luggage and bags. They have an established business with significant sales and they actively promote their brand. It only makes sense that there would be goodwill attached to their trademarks.

[78] The factors that the Federal Court took into account do not support a conclusion of no goodwill, or insufficient goodwill. The fact that Victorinox uses a similar trademark does not mean that there is no goodwill associated with the Wenger marks. Further, selling wares at a premium over other brands is not a prerequisite to finding goodwill. Goodwill is commonly associated with trademarks. It cannot be concluded that there is no goodwill simply on the basis of a comparison between the wares of the appellants and the wares of others.

[79] It was a palpable and overriding error for the Federal Court to conclude that the goodwill element has not been established.

(b) Has misrepresentation been established?

[80] In the context of passing off, misrepresentation is considered as conduct that likely creates confusion in the public. As mentioned above, the misrepresentation need not be wilful (*Kirkbi AG*, at para. 68).

[81] The Federal Court determined that this element had not been satisfied because confusion had not been established. In light of my conclusion that confusion is likely, it is appropriate for this Court to consider whether misrepresentation has been established.

[82] In my view, the evidence clearly establishes that there has been misrepresentation. From the time that the respondent's wares first entered the marketplace in 2009, the Travelway marks were quite similar to the Wenger marks. The resemblance was subsequently made stronger by several modifications to the Travelway triangle mark. The result is that the Travelway triangle mark and the Wenger marks are strikingly similar, particularly when displayed as the Disappearing S variant. In addition, the respondent associated its wares with Swiss-ness, as the appellants had done, and some of these claims were false. The only connection between the respondent and Switzerland revealed by the evidence is a branding arrangement with a Swiss corporation that allows the respondent to use the words "SWISS TRAVEL PRODUCTS." Accordingly, the respondent not only has used very similar trademarks but it made other claims of Swiss-ness that would have exacerbated the confusion in the public's mind. Misrepresentation has clearly been established.

(c) Has damage or likelihood of damage been established?

[83] The Federal Court did not discuss damage, the third element of passing off, in light of its conclusion that the first two elements had not been established. It is therefore appropriate to do so.

[84] The appellants and the respondent are direct competitors in the market for luggage and bags in Canada. Their wares are very similar and are sold largely through the same retail outlets. In these circumstances, it only makes sense to infer a likelihood of loss of sales and business by the respondent's misrepresentation (*Orkin Exterminating Co. Inc. v. Pestco Co.*, 50 O.R. (2d) 726, 19 D.L.R. (4th) 90 (Ont. C.A.)).

[85] In my view, the element of damage is also established.

(d) Conclusion on passing off

[86] In light of these findings, I would conclude the appellants have established passing off contrary to paragraph 7(b) of the Act.

(7) Relief

[87] In light of the conclusions above, I would allow the appeal, set aside the judgment of the Federal Court, and provide the additional relief as discussed below.

(a) Declaration of infringement

[88] The appellants seek a declaration that the respondent has infringed the Wenger marks.

The applicable provision is paragraph 20(1)(a) of the Act which reads:

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;

[...]

[89] In light of the conclusion above with respect to confusion, I would grant the declaration requested.

(b) Permanent injunction

[90] The appellants also seek a permanent injunction restraining the respondent from infringing the Wenger marks, and in particular, from using the Travelway marks in association with any wares listed in the Wenger marks' registrations.

[91] I would agree with the appellants that a permanent injunction is appropriate to ensure that infringement will not occur in future. The injunction should apply to the Travelway marks used in association with any wares listed in the registrations of the Wenger marks.

(c) Delivering up wares

[92] The appellants seek an order requiring the respondent "to destroy or to deliver up to the appellants all wares, packages, labels and advertising materials marked with the [Travelway marks] in its possession, power or control."

[93] I agree that this remedy is appropriate and would grant such an order with respect to wares listed in the registrations of the Wenger marks.

(d) Expungement

[94] The appellants seek an order striking the Travelway marks from the register pursuant to subsection 57(1) of the Act. This provision reads:

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.

[...]

[95] The appellants suggest that this order is appropriate because “the trade-marks were not distinctive when these proceedings commenced, and [the respondent] was not the person entitled under s 16(3) to registration of the trademarks because, at the date of filing, the marks were confusing with the [Wenger marks] as previously used and made known in Canada.”

(Appellants’ memorandum of fact and law at para. 103.)

[96] I would refer this issue to the Federal Court to decide after hearing further submissions. In the context of this appeal with time limitations, the parties’ submissions were understandably truncated on this issue.

(e) Damages

[97] The appellants seek damages. I would refer the matter of damages to the Federal Court to determine whether damages are recoverable and, if so, the amount of damages and the appropriate procedure for determining them.

[98] The Federal Court may wish to consider whether a reference is appropriate to facilitate this determination. The respondent submitted that a reference is not appropriate as this matter was instituted as an application rather than an action. This should not be a bar to proceeding by way of reference, and the Federal Court should determine the procedure that is most appropriate.

(f) Costs

[99] I would award costs to the appellants in this Court and below.

“Judith M. Woods”

J.A.

“I agree
Yves de Montigny J.A.”

“I agree
Mary J.L. Gleason J.A.”

APPENDIX A

WENGER CROSS MARK
(Appeal Book, Vol. 2, p. 338)



TRAVELWAY TRIANGLE MARK (Disappearing S)
(Appeal Book, Vol. 2, p. 468)



FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:

A-128-16

APPEAL FROM A JUDGMENT OF THE HONOURABLE MADAM JUSTICE ST-LOUIS DATED MARCH 24, 2016, NO. T-1380-13

STYLE OF CAUSE:

GROUP III INTERNATIONAL
LTD., HOLIDAY GROUP INC.
and WENGER S.A. v.
TRAVELWAY GROUP
INTERNATIONAL LTD.

PLACE OF HEARING:

OTTAWA, ONTARIO

DATE OF HEARING:

MARCH 15, 2017

REASONS FOR JUDGMENT BY:

WOODS J.A.

CONCURRED IN BY:

DE MONTIGNY J.A.
GLEASON J.A.

DATED:

NOVEMBER 6, 2017

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