

Federal Court



Cour fédérale

Date: 20221213

Docket: T-379-18

Citation: 2022 FC 1715

Ottawa, Ontario, December 13, 2022

PRESENT: Madam Justice St-Louis

BETWEEN:

**GENTEC, a partnership consisting of
GENTEC INTERNATIONAL LTD and
2494979 ONTARIO LIMITED**

**Plaintiff/
Defendant by Counterclaim**

and

**NUHEARA IP PTY LTD and NUHEARA
LIMITED**

**Defendants/
Plaintiffs by Counterclaim**

AMENDED PUBLIC JUDGMENT AND REASONS

I. Introduction

[1] This is a motion for summary trial [the Motion] brought by Gentec, a partnership consisting of Gentec International Ltd and 2494979 Ontario Limited [Gentec], in the context of a trademark dispute between Gentec, and Nuheara IP PTY Ltd and Nuheara Limited [Nuheara].

[2] The dispute involves four trademarks, of which one is registered and three are not registered. These are the four trademarks:

- 1) Gentec's Canadian Registration No. TMA780998 [Registration 998] for the trademark "iQ", which registered on October 28, 2010. Although the Registration 998 refers to the trademark iQ, it has no particular design, and the parties have used iQ and IQ indistinctively. I will thus use IQ for uniformity;
- 2) Nuheara's "IQbuds";
- 3) Gentec's "IQ Podz"; and
- 4) Gentec's "IQ Budz"

[3] Gentec brought this Motion to determine, *inter alia*, whether the IQbuds trademark used by Nuheara in association with its earbuds hearables is confusing with Gentec's Registration 998 for its trademark IQ, registered for goods, including headphones. Gentec alleges that they are confusing and that Nuheara's conduct constitutes infringement of Gentec's rights per sections 19 and 20 of the *Trademarks Act*, RSC, 1985, c T-13. In its Notice of Motion, Gentec asks the Court to issue a judgment in the form it attaches to its Notice of Motion as Schedule A. Gentec also asserts that it is entitled to an injunction restraining Nuheara from further infringement and to an award of Nuheara's profits earned from its infringing sales.

[4] In response to Nuheara's invalidity claim, Gentec responds that Registration 998 has not been shown to be invalid due to lack of distinctiveness. In regards to Nuheara's passing off claim, Gentec responds that Nuheara did not possess IQbuds as a valid and enforceable (unregistered) trademark at the time Gentec first began directing public attention to its goods using IQ Podz and that, in any event, Nuheara has not established the elements of the three-part test for passing off.

[5] On this Motion, Gentec seeks an Order from the Court confirming that (1) its Registration 998 has not been shown to be invalid; (2) the trademark IQbuds, used and displayed in Canada by Nuheara in association with its earbud headphones, is confusing with Gentec's registered IQ trademark; (3) Nuheara has infringed Gentec's rights in the IQ registered trademark under sections 19 and 20 of the *Trademarks Act*; and (4) it is entitled to an injunction and to an accounting and disgorgement of Nuheara's profits earned through its infringing sales.

[6] Nuheara responds by attacking the validity of Gentec's Registration 998 for the trademark IQ under paragraph 18(1)(b) of the *Trademarks Act*, for lack of distinctiveness. Nuheara adds that, even if the registration were valid, there is no confusion between Gentec's registered IQ trademark and Nuheara's IQbuds trademark. Nuheara thus seeks an Order expunging Gentec's Registration 998 IQ trademark or in the alternative, declaring that there is no confusion between Gentec's trademark IQ and Nuheara's trademark IQbuds. Nuheara also claims that it has rights in Canada in the IQbuds trademark associated with its earbuds and that Gentec's sale of its own earbuds headphones under its other trademarks, IQ Podz and IQ Budz, constitutes passing off in violation of Nuheara's rights under sections 7(b) and/or 7(c) of the *Trademarks Act*. Nuheara seeks a declaration that Gentec's use of the IQ Podz and IQ Budz trademarks constitute passing off with respect to Nuheara's IQbuds trademark.

[7] Nuheara requests an Order from the Court expunging Gentec's trademark Registration 998 or in the alternative, an order declaring that there is no confusion between Gentec's registered IQ trademark and Nuheara's IQbuds trademark. Nuheara also requests a declaration that Gentec's

use of IQ Podz and IQ Budz constitute passing off with respect to the Nuheara's IQbuds trademark per sections 7(b) and/or (c) of the *Trademarks Act*.

[8] For the reasons that follow, I find first that proceeding by motion for summary trial is appropriate.

[9] As for the merits of this case, I find that (1) Nuheara has established, by balance of probabilities, that Gentec's Registration 998 for the trademark IQ is invalid due to lack of distinctiveness at the relevant time; (2) if I am wrong on this conclusion, I find that Nuheara's IQbuds trademark is not confusing with Gentec's IQ Registration 998 per the legal test and the factors outlined at subsection 6(5) of the *Trademarks Act*, and that Nuheara's conduct therefore does not constitute infringement under section 20 of the *Trademarks Act*; (3) even assuming that Nuheara possessed IQbuds as a valid and enforceable trademark at the relevant time, Nuheara has not established all three elements of the applicable passing off three-part test, and Nuheara has therefore not established that Gentec's use of IQ Podz and IQ Budz constitutes passing off under sections 7(b) and/or 7(c) of the *Trademarks Act*; and (4) Gentec is not entitled to an injunction or disgorgement of profits.

[10] The issue of costs is reserved pending the parties' submissions.

II. Underlying action

[11] This Motion is brought in the broader context of Gentec's action against Nuheara. In its action, Gentec seeks essentially (1) injunctive relief against Nuheara; (2) a declaration that the

trademark IQbuds associated with Nuheara's earbud headphones product is confusing with Gentec's Registration 998 trademark IQ; and (3) a declaration that Gentec's sale, distribution and advertising of its IQ Podz and IQ Budz products does not violate any right of Nuheara under sections 7(b) and/or 7(c) of the *Trademarks Act*.

[12] Nuheara defends the action and denies both that it has infringed any valid or subsisting trademark of Gentec and that it has directed public attention to its goods, services or business in such a way as to cause or be likely to cause confusion in Canada between its goods, services or business and of those of Gentec. Nuheara also counterclaims, stating that Gentec's Registration 998 is invalid, void, and of no effect and that it is Gentec's use of IQ Podz and IQ Budz that constitutes passing off in violation of Nuheara's rights under sections 7(b) and/or 7(c) of the *Trademarks Act*.

[13] In this broader litigation context, Gentec brings this Motion under Rules 213 and 216 of the *Federal Courts Rules*, SOR/98-106 [the Rules].

III. The parties and the evidence they adduced on this Motion

A. *Gentec*

[14] Gentec is a business based in Markham, Ontario, founded in 1990. Its primary activity is importing and distributing third party brands consumer electronic goods across Canada. Gentec's clients are retailers who sell the products to end-user consumers. It has 5000 active accounts that include some of Canada's premier retailers. In addition, Gentec's product portfolio also includes

products packaged, marketed and sold under its own in-house developed brands. For those products, Gentec works directly with offshore manufacturers to design and develop products for sale to retailers across Canada.

[15] Per the evidence it adduced, Gentec developed its IQ brand in-house. On March 14, 2006, Gentec applied to register the trademark IQ in Canada, and on October 28, 2010, Registration 998 issued. It now covers “Accessories for personal music players, MP3 players, satellite radios, cell-phones and portable music devices, but excluding any use in association with global positioning system (GPS) products, namely cases, headphones, interconnect cabling, power adaptors, and maintenance products namely screen protectors”.

[16] Gentec asserts that its audio-visual products bearing the IQ trademark have been advertised and sold continuously in Canada since 2007:



[17] In May 2021, Gentec began transitioning from IQ Podz to IQ Budz, and ceased to use the IQ Podz trademark in December 2021. Gentec refers to both trademarks, IQ Podz and IQ Budz, collectively as its “IQ Headphones”.

[18] Gentec applied to register the IQ Podz trademark in August 2017, which was opposed by Nuheara and by another company. Gentec ultimately withdrew the application and by December 2021, abandoned the IQ Podz trademark for the IQ Budz one.

[19] To support its Motion, Gentec adduced a number of affidavits.

[20] It served three affidavits of Mr. Joel Seigel, President and CEO of Gentec. The first Seigel affidavit was affirmed on November 17, 2020. Mr. Seigel describes the company; the IQ brand; the sales of the products bearing the IQ trademark, the IQ trademark; the use of the IQ trademark with the encircled ® symbol or the TM symbol; the IQ Podz headphones sold since 2017; the volume of sales of the IQ Podz headphones, which exceeded \$4,500,000.00 in the 2018-2019 period; the marketing and advertising of IQ Podz headphones; and outlines the Nuheara's IQbuds sold in Canada since 2017. Mr. Seigel affirmed that by November 30, 2021, Gentec had sold over 1 million units of IQ Headphones in Canada with gross sales exceeding \$22.4 million. Mr. Seigel introduced 17 exhibits.

[21] The second Seigel affidavit was affirmed on June 28, 2021, and outlines that Gentec will cease and permanently desist from using the IQ Podz trademark in Canada by December 21, 2021.

[22] The third Seigel affidavit, affirmed on December 1, 2021, provides updated sales number of \$17,625,996.05 and 905,955 units of the IQ Podz headphones for the period from July 1,

2019, to November 30, 2021. It confirms sales of \$14,044,066.40 for the 2020 and 2021 fiscal years and the sale of 714, 286 units.

[23] Gentec also adduced the affidavits of (1) Mr. Jason Williams, private investigator, who located and purchased a sample of each Nuheara's IQbuds earbuds and Gentec's IQ Podz earbud headphones; (2) Ms. Rachel Barker, a private investigator who conducted internet searches on the IQbuds and IQ Podz products; (3) Ms. Linda Elford, owner of the trademark searching company Trade Mark Reflections Ltd who searched the Wares and Services Manual from around 2006 for the terms earbuds (not listed) and headphones (listed); (4) Mr. Alan Booth, a self-employed trademark searcher who searched the Trademark Offices' Goods and Services Manual for the term ear and noted that the terms ear buds and earbuds appear as of January 8, 2018; and (7) Ms. Lori-Anne DeBorba, a law clerk with counsel for Gentec, who introduced extracts of the file wrappers for the IQbuds and IQbuds BOOST applications, and results of the trademark database search for IQ and headphones.

[24] Gentec adduced the expert report of Dr. Ruth Corbin, a cognitive psychologist and founder of the marketing science company Corbin Partners Inc. Dr. Corbin assessed whether the opinions expressed in the affidavit of Nuheara's expert, Professor Ernan Haruvy, dated July 30, 2021 are supported to the level of accepted standards of social science. Dr. Corbin was tasked with assessing the extent to which the affidavit of Professor Haruvy proves or supports the proposition that the term IQ in Gentec's brand names is "merely descriptive" rather than "distinctive" and has not been successfully associated with the products of any single company, including Gentec's. In summary, Dr. Corbin opined that Professor Haruvy's affidavit provided

no objective enlightenment on consumer perception of the term IQ in the context of its use by Gentec. Generally, Dr. Corbin observed that Professor Haruvy's opinion about the term IQ in association with headphones was supported by no direct measurement, no first-hand substantive findings from actual buyers of headphones, and no demonstrated adherence to the established standard of validity for social scientific evidence. In essence, Dr. Corbin took issue with the fact that Professor Haruvy did not have data from actual consumer survey and that he used second-hand data, compiled by others. She critiqued his methodology.

[25] With its Motion Record, Gentec adduced the transcripts from the cross-examination of (1) Mr. Jean-Marie Rudd; (2) Ms. Shae-Lynn Kapshey; (3) Mr. Scott McKay; (4) Mr. Gavin Phillips; (5) Mr. Ryan Winter; (6) Ms. Céline Bélanger; (7) Mr. Mario Lafrate; (8) Mr. Brian Slatford; and (9) Professor Haruvy.

B. *Nuheara*

[26] Nuheara IP Pty Limited and Nuheara Limited, based in Australia, were formed in 2015 and 2016. Nuheara IP is the owner of all trademarks used in the course of the business of Nuheara Limited. Nuheara Limited is the operating company of the group. It develops markets and operates intelligent hearing technology. The evidence adduced reveals that in 2015, Nuheara began developing its IQbuds wireless earbud earphones and that by January 2016, it had a prototype. In April 2016, Nuheara launched a crowdfunding campaign and raised about \$900,000.00 CAD within two months. In March 2017, the IQbuds branded earphones that had been pre-ordered began arriving to their purchasers in Canada. Since 2017, Nuheara has been responsible for manufacturing and packaging earbud earphones bearing the trademark IQbuds

and selling, distributing and advertising such products in Canada. The first online order on Nuheara's site from a Canadian consumer was placed on May 31, 2017 and delivered on June 21, 2017.

[27] On April 7, 2017, Nuheara filed application No. 1831716 to register the trademark IQbuds and the Registrar of Trademarks objected on the basis that the subject trademark is confusing with Gentec's IQ Registration 998.

[28] In support of their motion record in response, Nuheara adduced two affidavits of Mr. Jean-Marie Rudd, Corporate Secretary of Nuheara IP Pty Ltd and Chief Financial Officer of Nuheara Limited. The first Rudd affidavit was affirmed June 28, 2021. Mr. Rudd describes the companies, the development of the IQbuds trademark and hearables; the sales (from June 2016 to June 2021 totalling over [REDACTED]), trademark, marketing of the media coverage, and promotional efforts for the IQbuds in Canada; Gentec's visit to Nuheara's booth during CES 2017; the actual confusion between IQbuds and IQ Podz in Canada; and the absence of confusion between IQbuds and IQ in Canada. The second Rudd affidavit was affirmed on December 14, 2021 and provides volume of sales in Canada of the IQbuds branded hearables. The sales from June 2021 up to and including November 30, 2021 totalled [REDACTED].

[29] Nuheara also adduced the affidavit of (1) Mr. Brian Slatford, a trademark agent trainee who conducted a search of the terms IQ and I.Q at various dates in the trademark field on the Canadian Intellectual Property Office's website; (2) Ms. Céline Bélanger, who searched the

newspapers and magazines for the IQ trademark and attached 94 exhibits; (3) Mr. Gavin Phillips, an investigator who was tasked with investigating the IQ SOUND brand and the online Canadian retailers that offer IQ-branded products produced by companies other than the parties; (4) Mr. Mario Iafrate, an investigator who was tasked with conducting an investigation to ascertain if a product identified as IQ Podz was being made available for sale at a certain retail location and to purchase it; (5) Mr. Scott McKay, who provided the results of a search he directed in regards to the term IQ in international classes 7, 9 and 11; (6) Ms. Shae-Lynn Kapshey, an investigator who was tasked with conducting an investigation of online Canadian retailers that offer IQ Podz for sale and possible confusion with IQbuds; (7) Mr. Ryan Winter, an investigator tasked with conducting an investigation to determine if there was any indication of product confusion between IQ Podz and IQbuds; (9) Ms. Angela Sanna, Director Client Solutions Canada for the Alliance for Audited Media; and (10) Mr. Michael Timothy Peel, Vice President at Canadian Circulation Audit Board.

[30] Nuheara also adduced the expert evidence of Professor Ernan Haruvy who is the Cleghorn Faculty Scholar Professor of Marketing at McGill University, Desautels Faculty of Management, McGill University, holds a Ph.D in economics, and completed a post-doctorate fellowship.

[31] In the expert affidavit he affirmed on July 30, 2021, Professor Haruvy outlines his sources (Exhibit EH-4) and affirms having considered the data from four particular affidavits (Céline Bélanger, Scott McKay, Brian Slatford and Gavin Phillips). Ultimately, Professor Haruvy opines that the term IQ (or iQ), standing alone, did not function, at the relevant dates, as

a source identifier in the Canadian market for consumer electronics including hearables. He adds that the IQ designator in the Gentec's brands is merely a descriptor used in common language, i.e. "descriptive" rather than "distinctive", and had not been successfully associated with the products of any single company.

[32] In his rebuttal affidavit, Professor Haruvy responded to Dr. Corbin and addressed (1) consumer perception; (2) methodology; (3) second-hand data; (4) consumer rationality; and (5) Covid-19 factor.

[33] Nuheara adduced the transcript of the cross-examination of Dr. Ruth Corbin and of Mr. Joel Seigel.

IV. Issues

[34] In light of the parties' submissions, the Court must determine whether:

- A motion for summary trial is appropriate;
- Gentec's IQ Registration 998 is invalid for lack of distinctiveness;
- If Gentec's IQ Registration 998 is valid, whether Nuheara's IQbuds trademark is confusing with Gentec's IQ Registration 998;
- The sale, distribution and advertising by Nuheara in Canada of its earbuds in association with the trademark IQbuds infringe Gentec's rights in its registered IQ Registration 998 under sections 19 and 20 of the *Trademarks Act*;
- Gentec passed off its IQ Podz and IQ Budz products for those of Nuheara (section 7(b) or (c) of the *Trademarks Act*);
- Gentec is entitled to either an injunction or accounting and disgorgement of profits.

V. A motion for summary trial is appropriate

[35] Gentec cites Rule 213(1) of the Rules to state that summary trial need not be reserved for matters where every issue will be determined. Gentec also cites Rule 216(6) of the Rules to specify that the Court may grant judgment in full or on a particular issue if satisfied there is “sufficient evidence for adjudication, regardless of the amounts involved, the complexities of the issues and the existence of conflicting evidence” unless it would be unjust to do so. Gentec submits that the issues raised on the Motion are suitable for summary trial because (1) the issues are not complex and relevant law is well established; (2) there is sufficient evidence for adjudication of the issues and the fact evidence is largely uncontroversial; and (3) Nuheara has not indicated that it disputes the appropriateness of resolution of the issues on this Motion.

[36] Nuheara does not dispute this issue and I generally agree with Gentec’s arguments in support of proceeding by way of this Motion. Ultimately, “the Court must be satisfied that the prerequisites in the Rules for summary judgment or summary trial, understood in light of Rule 3, are met and that it is able to grant summary judgment, fairly and justly, on the evidence adduced and the law” (*Viiv Healthcare Company v Gilead Sciences Canada Inc*, 2021 FCA 122 at para 42 [*FCA Viiv*]). In addition to the conditions set out in Rule 216(6) mentioned above, there are a number of other factors to be considered on a motion for summary trial (*Wenzel Downhole Tools Ltd v National-Oilwell Canada Ltd*, 2010 FC 966 at paras 36-37).

[37] I am satisfied that there are sufficient facts and evidence for the adjudication of the issues put forward by the parties and that it is an appropriate proceeding for summary trial. Gentec has met its burden to establish a motion for summary trial is appropriate.

[38] The parties each raised on the Motion what they raised in the underlying litigation. The party making an assertion must prove it by relevant evidence and the application of appropriate law (*ViiV Healthcare Company v Gilead Sciences Canada Inc*, 2020 FC 486 aff'd *FCA Viiv*).

VI. Is Gentec's Registration 998 for the IQ trademark invalid?

A. *Nuheara's submissions*

[39] Nuheara alleges that Gentec's IQ Registration 998 is invalid under paragraph 18(1)(b) of the *Trademarks Act* because it lacks distinctiveness. Nuheara asserts that the evidence indicates that the association between the IQ trademark and the goods with which it is registered does not enable Gentec to distinguish its goods from those of other traders in the field of electronic, many of whom have been using the term IQ both generically and as part of their branding for many years.

[40] Nuheara submits that the evidence on this Motion shows that at the relevant date of Gentec's IQ trademark was non-distinctive. Nuheara stresses that consumers did not associate IQ with Gentec as a source identifier for consumer electronics in general or for headphones in particular.

[41] Per Nuheara's submissions, the relevant date for assessing lack of distinctiveness is the filing date of the proceedings questioning the validity of the trademark (*Bodum USA v Meyer Housewares*, 2012 FC 1450 aff'd 2013 FCA 240 at para 19 [*Bodum*]). In the present file, this date is October 9, 2020, when Nuheara amended its Statement of Defence and Counterclaim to allege lack of distinctiveness.

[42] Nuheara particularly raises the following six (6) points: (1) Gentec has admitted that IQ is a weak trademark and that IQ trademarks are widely used in Canada; (2) IQ and IQ-formative trademarks are widely used in consumer electronics; (3) IQ and IQ-formative trademarks are widely used on headphones and earbuds; (4) Gentec's actions and inaction further diminish the distinctiveness of its IQ trademark; (5) Gentec's technical arguments on Nuheara's evidence miss the trademark; and (6) consumers do not recognize IQ as a trademark.

[43] Regarding the first point, Nuheara submits that, from the very beginning, Gentec conceded that its IQ trademark is a weak one and that similar trademarks are in widespread use in Canada. Nuheara relies on what it qualifies as relevant and binding admissions made by Gentec's counsel in the course of obtaining the trademark registration (*Johnson (SC) and Son, Ltd et al v Marketing International Ltd*, [1980] 1 SCR 99 at 113-114; *Elite Hosiery Mills v First to last Hosiery* [1982] TMOB 35; *Venngo Inc v Concierge Connection Inc (Perkopolis)*, 2017 FCA 96 at para 64 [*Venngo*]). Nuheara points to letters from Gentec's counsel to the Canadian Intellectual Property Office dated March 7, 2007, and November 4, 2008, attached to the Slatford affidavit, as well as to the McKay affidavit, and to the Haruvy Report.

[44] Regarding the second point, Nuheara's submits that IQ and IQ-formative trademarks are widely used in consumer electronics. It adds that its evidence confirms that the term IQ is widely used in Canada as shorthand for a "smart" or "intelligent" consumer electronics products and that multiple independent sources of evidence show that Canadian consumers do not perceive IQ as a trademark nor associate it with Gentec.

[45] Nuheara adds that, with respect to marketplace evidence, the Phillips affidavit shows that (1) there is widespread use of the term IQ as a brand name to designate smart consumer electronics (168 IQ-branded consumer electronics products); (2) IQ-branded consumer electronics are sold extensively by major Canadian retailers (11 major online Canadian retailers); and (3) IQ-branded consumer electronics are accessible to and purchased by Canadian consumers.

[46] With respect to media evidence, Nuheara stresses that the Bélanger affidavit shows: (1) there is widespread use in Canada of the term IQ in advertising and product reviews of consumer electronics (referenced in 70 articles); (2) there is widespread use in Canada of the term IQ as a generic term to refer to smart consumer electronics (referenced in 19 articles); and (3) the press articles, product reviews and advertisements were accessible to and accessed by Canadian consumers (also citing the Peel and Sanna affidavits). In response to Gentec's claims that there is no evidence of how many Canadians viewed these articles, Nuheara states that Ms. Bélanger provided website traffic statistics for several websites.

[47] Nuheara alleges that the marketplace and media evidence is confirmed by the “state-of-the-register” evidence and business name evidence. With regards to the “state-of-the-register” evidence and business name evidence, Nuheara submits that the McKay and Slatford affidavits show that (1) IQ is widely used, both alone and in combination with other words, on the Canadian trademark register; (2) IQ-formative trademarks on the Canadian register are predominantly used in association with consumer electronic products; (3) IQ is commonly used as part of business names in Canada; and (4) there was steady growth in the use of IQ in registered trademarks and business names. Nuheara notes that Gentec’s factum claims that there is no evidence that the businesses located by Mr. McKay are active businesses. Nuheara alleges that the companies were necessarily active businesses, since they were paying registration fees, filing annual reports, etc., in order to remain registered.

[48] Regarding the third point, Nuheara submits that IQ and IQ-formative trademarks are widely used on headphones and earbuds. Nuheara alleges that there was substantial evidence directed specifically at third-party use of IQ and IQ-formative trademarks, such as (1) the term IQ was used by third-party traders in association with smart audio electronics, including headphones and wireless earbuds (34 examples, per the Phillips’ affidavit); (2) third-party IQ headphones and earbuds were available for purchase by Canadian consumers (Supersonic IQ and IQ SOUND); (3) the term IQ was widely used by third-party traders to designate audio electronics, including headphones and wireless earbuds (including Starkey’s MUSE IQ hearing aids and Supersonic IQ-branded electronics); (4) Canadians saw third-party advertising for IQ-branded smart audio products; (5) Gentec’s own evidence shows that third-party IQ headphones and earbuds are available to Canadians (see Barker affidavit, second Debora affidavit and Seigel

Cross); and (6) new Audio Products that use the term IQ continue to enter the Canadian market (SkullCandy's IQ Smartt Feature Technology).

[49] Regarding the fourth point, Nuheara submits that Gentec's actions have not added to the distinctiveness of the IQ trademark, while its inaction has contributed to the loss of distinctiveness. Nuheara argues that (1) evidence of sales does not mean distinctiveness as the Court in *Bodum* found that the trademark owner had a large volume of sales, but ruled that the trademark was nonetheless lacking in distinctiveness based on the rest of the evidence in the file; (2) Gentec's sales and advertising are not, in fact, uniformly directed at the IQ trademark and are rather referred to by consumers and retailers as IQ Podz or IQ Budz; (3) the evidence shows that Gentec puts only minimal effort into advertising (first Seigel affidavit, Seigel cross); (4) according to Gentec's own expert, Dr. Ruth Corbin, the above evidence would be insufficient to prove distinctiveness and a consumer survey is needed to assess whether or not a trademark is distinctive while no such survey has been provided; and (5) Gentec has completely failed to police the Canadian marketplace to prevent the entry of third-party IQ trademarks and have admitted that it has not taken any steps and does not, at this time, intend to take any steps to object to the IQ-formative trademarks identified by Nuheara. Nuheara cites, among other decisions, *Mattel Inc v 3894207 Canada Inc*, 2006 SCC 22 [*Mattel*] to argue that failure to protect a trademark from unauthorized use means that the trademark may lose distinctiveness and become invalid. Consequently, Nuheara submits that Gentec's inaction weighs heavily against the distinctiveness of the IQ trademark.

[50] Regarding the fifth point, Nuheara argues that Gentec's technical arguments as they relate to Nuheara's evidence miss the mark. More precisely, Nuheara alleges that (1) Gentec overstates the strength of the presumption of trademark validity as said presumption merely allocates the burden of proof; (2) Gentec places undue weight on the use of the ® symbol on IQ Podz and IQ Budz (*8073902 Canada Inc v Vardy*, 2019 FC 743 at paras 79-82, 104 [*Vardy*]); and (3) contrary to Gentec's position, the Court has confirmed that evidence of third party use of a common term like IQ other than surveys can be reliable evidence (*Bodum* at paras 125-137, 147-149).

[51] Finally, regarding the sixth point, Nuheara submits that consumers do not recognize IQ as a trademark. Nuheara relies on the Haruvy Rebuttal Report, the Haruvy Report, and the Bélanger, Phillips, Slatford and McKay affidavits to argue that the term IQ has acquired a share meaning among consumers that is not related to Gentec's products. Nuheara argues that the IQ Registration 998 is invalid because the term IQ is in ordinary and *bona fide* commercial use as a generic term among Canadians (*Bodum* at para 149; *Ottawa Athletic Club Inc (Ottawa Athletic Club) v Athletic Club Group Inc*, 2014 FC 672 at para 149 [*Ottawa Athletic Club*]). Nuheara further relies on *Mattel* at paragraph 75 to argue that it is well established that no one trader is entitled to monopolize words of a general nature that are commonly used in the relevant industry. It asserts that the term IQ is not used to designate the products or services of a particular company.

B. *Gentec's submissions*

[52] Gentec responds that Registration 998 has not been shown to be invalid. It cites section 19 of the *Trademarks Act* that provides a presumption that its registration is valid and highlights section 2's definition of distinctiveness.

[53] In response to Nuheara's argument that the use by other traders of variations of IQ makes Gentec's IQ trademark not distinctive and invalid, Gentec asserts on the contrary that its IQ trademark is distinctive at the relevant date (October 2020) because (1) Gentec's packaging for its IQ headphones prominently displays the letters IQ followed by the symbol ®; (2) Gentec's gross sales of IQ Headphones in Canada totalled more than \$14 million over the preceding three years; and (3) the evidence indicates that the IQ trademark distinguishes Gentec's goods, particularly headphones, from the goods of others, per Nuheara's own investigator.

[54] Gentec outlines that to negate the distinctiveness of a trademark, another trademark must be known in Canada in a substantial extent (*Kamsut, Inc v Jaymei Enterprises Inc*, 2009 FC 627 [Kamsut] citing *Bojangles' International LLC v Bojangles Café Ltd*, 2006 FC 657). Gentec asserts that the evidence presented by Nuheara is insufficient to show that the IQ trademark is not distinctive of Gentec's headphones.

[55] Gentec raises that Nuheara's evidence does not show (1) any third-party Canadian registration for an IQ trademark covering headphones; (2) the extent of sales in Canada (if any) of any third-party goods or services alleged to be associated with an IQ-formative trademark, and

the nature of the trade (or trade channels) for any such goods or services; (3) the extent of use (if any) of any third-party IQ-formative trademark, including when and where in Canada; (4) the extent (if any) to which consumers in Canada have encountered any third-party IQ-formative trademark (whether through use or advertising); and (5) whether a registration for a business name that includes IQ is associated with an active business.

[56] Gentec submits that Professor Haruvy's opinion should be afforded no weight for the reasons explained by Dr. Corbin. Gentec cites Dr. Corbin's affidavit where she states that Professor Haruvy's opinion about the term IQ in association with headphones "is supported by no direct measurement, no first-hand substantive findings from actual buyers of headphones, and no demonstrated adherence to the established standard of validity for social scientific evidence". Gentec also argues that Professor Haruvy's rebuttal report does not provide a compelling explanation for how he was able to reach a conclusion on distinctiveness. Gentec relies on the cross-examination of Professor Haruvy to state that he admitted that his conclusions on distinctiveness are not made in the "legal" sense, but rather in terms of marketing, and "the way the academic world treats trademarks". It outlines that Professor Haruvy admitted that Nuheara's investigators are not representative of Canadian consumers and that he had no data on whether or to what extent Canadians actually went to the retailer websites that formed the basis for his conclusions.

C. *Analysis*

[57] There is no requirement to register a trademark in Canada. However, registration creates a presumption of validity. As stated at paragraph 20 of *Bodum*: "A presumption of validity

applies to the registration with the burden of proving the contrary resting on the opposing party based on the right to exclusive use set out in s 19 of the Act” (see also *General Motors of Canada v Décarie Motors Inc*, [2001] 1 FC 665 at para 31).

[58] Section 19 of the *Trademarks Act* states that: “Subject to sections 21, 32 and 67, the registration of a trademark in respect of any goods or services, unless shown to be invalid, gives to the owner of the trademark the exclusive right to the use throughout Canada of the trademark in respect of those goods or services”.

[59] However, as stated by Justice Mosley in *Bodum* at paragraph 20, the presumption is “weakly worded”. At paragraph 12 of its decision in *Emall.ca Inc v Cheaptickets and travel Inc*, 2008 FCA 50, the Federal Court of Appeal [FCA] recalled the words of Justice Binnie in *Apotex Inc v Wellcome Foundation Ltd*, 2002 SCC 77, who characterized the presumption as weakly worded and explained that the presumption adds little to the onus already resting, in the usual way, on the attacking party. What this mean, in the view of the FCA, is that an application for expungement will succeed only if an examination of all of the evidence presented to the Federal Court establishes that the trademark was not registrable at the relevant time.

[60] In *Kamsut* at paragraph 27, Justice Lemieux, wrote that:

It is settled law an Applicant, who seeks to expunge a trade-mark registration, has the onus of proof (i.e. must establish by evidence) on a balance of probabilities the grounds of invalidity he asserts in respect of a trade-mark registration and that registration, by virtue of section 19 of the *Act*, is presumed to be valid at law. As Justice Binnie put it at paragraph 5 of his reasons in *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824 (*Veuve Clicquot*): “Under s. 19 of the *Act*, the

respondents' marks are presumptively valid, and entitles them to use the marks ...”

[61] Nuheara claims that the Registration 998 is invalid under paragraph 18(1)(b) of the *Trademarks Act* for lack of distinctiveness.

[62] Paragraph 18(1)(b) of the *Trademarks Act* states that the registration of a trademark is invalid if the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced.

[63] Nuheara amended its defense and counterclaim on October 9, 2020, to include its cause of action under paragraph 18(1)(b) of the *Trademarks Act*. The relevant date to assess validity is therefore October 9, 2020, as the parties submitted.

[64] Section 2 of the *Trademarks Act* states that the term distinctive, in relation to a trademark, describes a trademark 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 that is adapted so to distinguish them.

[65] In *Mattel*, the Supreme Court of Canada cited *Western Clock Co v Oris Watch Co*, [1931] Ex CR 64 to state that “[d]istinctiveness is of the very essence and is the cardinal requirement of a trade-mark” (*Mattel* at para 75). In *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65, the Supreme Court of Canada stated that “The foundation of a trade-mark is distinctiveness because only a distinctive mark will allow the consumer to identify the source of the goods (see D.

Vaver, *Intellectual Property Law: Copyright, Patents, Trade-marks* (1997), at p. 190; *Gill and Jolliffe*, at p 3-19”.

[66] In *Bodum*, Justice Mosley explained that distinctiveness is a question of fact. He outlined the three conditions that must to be met to establish distinctiveness per the definition of trademark as it then read in the *Trademarks Act*.

[67] The inherent distinctiveness of a trademark refers to its originality. Trademarks are inherently distinctive when nothing about them refers the consumer to a multitude of sources. A trademark that is composed of a unique or invented name, such that it can only refer to one thing, will possess more inherent distinctiveness than a word that is commonly used in the trade (*ITV Technologies Inc v WIC Television Ltd*, (2003) 29 CPR (4th) 182 at para 145, aff'd (2005) 38 CPR (4th) ■). Where a trademark may refer to many things, less protection will be afforded to it. Conversely, where the trademark is a unique or invented name, such that it could refer to only one thing, it will be extended a greater scope of protection (*United Artists Pictures Inc v Pink Panther Beauty Corp*, (1998) 80 CPR (3d) 247 (FCA) at para 23). The distinctiveness or inherent distinctiveness of a sign will fall across a spectrum from no distinctiveness to a high degree of distinctiveness.

[68] I am satisfied that Nuheara adduced sufficient evidence to rebut Registration 998's presumption of validity. Nuheara thus had to establish, on a balance of probabilities, that IQ was not distinctive at the relevant time, hence that Canadian consumers did not perceive IQ as a trademark owned solely by Gentec, in October 2020.

[69] Nuheara has succeeded. It has established that it is more probable than not that Canadian consumers perceive the term IQ not as a trademark owned by Gentec, but as a shorthand for a smart or intelligent device.

[70] In this regard, I note first that Gentec has not invented or coined the term IQ. In fact, Gentec acknowledged that its IQ Registration 998 is weak. It acknowledged this both in the course of obtaining the trademark (Exhibit BSL-2 Nuheara-Volume 3 pages 887-888 and 902) and before the Court on this Motion where Gentec agreed its IQ Registration 998 deserved a narrow scope of protection, stressing, however, that a narrow protection is not “no” protection.

[71] It bears noting that the Registration 998 relates strictly to Gentec’s IQ trademark and not to Gentec’s IQ Podz or IQ Budz trademarks. Gentec’s sales and advertising of a headphone branded solely with IQ dates back to 2010. The evidence reveals that Gentec’s use of the IQ trademark has been negligible and occurred in or around 2008 to 2010. Gentec has not sold any IQ branded headphones from 2010 to 2017. Between August 25 and September 22, 2017, it began to sell earbud headphones bearing the IQ trademark, which it called “IQ Podz True Wireless Headphones” [IQ Podz]. The packaging of this product displays the letters iQ followed by the symbol ® (both in red) and the word Podz followed by the symbol TM (both in silver-grey). The IQ Podz packaging depicts a charging storage container which in turn displays the IQ trademark by itself. Contrary to Gentec’s assertion, this iQ display cannot be construed as prominent.

[72] All of Gentec's post 2017 sales earphones headphone (the term headphone is not in dispute in these proceedings) use its IQ Podz or IQ Budz trademarks. Furthermore, the IQ Registration 998 it is not limited to headphones, it covers accessories for personal music players, satellite radios, cell-phones and portable music devices, interconnect cabling, power adaptors and maintenance products. I thus accept that there was no obligation for Nuheara to focus its evidence exclusively on headphones. As highlighted in Nuheara's memorandum at paragraph 34, even some of Gentec's arguments and evidence entertain a certain confusion in that regard.

[73] Nuheara adduced substantial evidence to establish that the IQ trademark is not distinctive and that wide use of IQ or IQ-formative trademarks resulted in a loss of distinctiveness and defeated the notion of a single source of the products, namely the headphones or hearables. Nuheara adduced evidence that at the relevant time (1) IQ-branded headphones earphones were sold by third parties like SuperSonic (Phillips affidavit); (2) widely circulated articles, including in French-language media, referenced third-party IQ products including hearables by Starkey and SuperSonic (Bélanger, Sana and Peel affidavits); (3) and IQ-formative trademarks were in widespread use (McKay and Slatford affidavits).

[74] In regards to the expert evidence, I note that Gentec's expert, Dr. Corbin took issue with Professor Haruvy's expert report and opinions, and suggested it should be given no weight. Dr. Corbin acknowledged that there may be some consumers who share Professor Haruvy's opinion, but nonetheless asserted that his conclusions lacked validity because there was no demonstration of materiality. She faulted Professor Haruvy for not addressing consumer perceptions nor simulate the consumer experience of encountering IQ in association with

headphones. In other words, Dr. Corbin opined that only a consumer survey can prove the non-distinctiveness of a trademark, that no such survey was conducted, and that no weight should consequently be accorded to Professor Haruvy's affidavit.

[75] I disagree. As Nuheara argues, Gentec has submitted no authority to support the proposition that surveys are the only way or that they are necessary to establish non-distinctiveness. Conversely, the Court has previously accepted evidence of third party use of a common term, like IQ, whether through state-of-the-register evidence, tradename use by other businesses, print and electronic media, or retail market investigations as reliable evidence that when taken together, paints a consistent picture of how a term has fallen into generic use in the marketplace (*Bodum* at para 102; *Ottawa Athletic Club* at paras 279-310; *Community Credit Union Ltd. v Registrar of Trade-marks*, 2006 FC 1119 at para 32). I have thus not been convinced that Professor Haruvy's expert affidavit should carry no weight or even less weight on this basis.

[76] On the contrary, I find Professor Haruvy's reports convincing. Professor Haruvy starts his analysis by establishing that "smart" and its synonym "intelligent" products are a well-defined class of products that involve connectivity, internet connectivity and adaptability and, in brief, are most likely to refer to consumer electronics broadly defined. Professor Haruvy examines the data contained in the affidavits of Ms. Bélanger and of Mr. Phillips and the term IQ in the data collected by Ms. McKay and Mr. Slatford. In regards to headphones, Professor Haruvy points to Mr. Phillips' exhibits designated with IQ at paragraph 63 of his expert report, and dedicates a section on hearables that bear an IQ brand. Relying namely on the results of the affidavits,

Professor Haruvy concludes that the term IQ is in widespread use in the Canadian marketplace for consumer electronics, and that this includes hearables.

[77] Professor Haruvy goes on to outline Gentec's own statements of 2007 and 2008 that the IQ component was very common, and he assesses if these statements are true in 2018 and in 2020. He notes Gentec's count of 70 trademarks back in 2008 that represented "many" trademarks or a "very common" trademark, and he notes that today there is an even more crowded field (McKay and Slatford affidavits and data).

[78] Ultimately, Professor Haruvy concluded that the IQ designator in Gentec's brands is merely a descriptor used in common language, that it is, "descriptive rather than distinctive, and has not been successfully associated with the products of any single company".

[79] I note, as Nuheara submitted, that the fact that Gentec used the ® symbol is not determinative (*Vardy*), and I also note that Gentec has confirmed that it has taken no steps to the IQ-formative trademarks identified by Nuheara (Gentec Volume 7 tab 41).

[80] The IQ Registration 998 is weak to start with, as acknowledged by Gentec. The evidence that a large number of third-party IQ-formative trademarks associated with consumer electronics products were being used and advertised to a substantial extent in Canada during the relevant period of time demonstrated that IQ is not used to designate the products of one particular company. Nuheara has established that Gentec's IQ Registration 998 does not function as a

source identifier in Canada for consumer electronics and for headphones in particular, and has thus been shown to be invalid.

[81] As mentioned below, the consumer survey is not necessary, so I will disregard the argument formulated by Nuheara at paragraph 39 of its memorandum.

[82] I am satisfied that Nuheara has established, on balance of probabilities, that the trademark IQ does not actually enable Gentec to distinguish its wares, including hearables, from those of others.

[83] The registration is invalid because the IQ Registration 998 was not distinctive at the time the proceeding attacking its validity was commenced, hence in October 2020. Nuheara's counterclaim will be granted and the Registration 998 will be ordered expunged.

VII. If Gentec's IQ trademark is valid, whether Nuheara's IQbuds trademark is confusing with Gentec's IQ Registration 998

A. *Parties' position*

[84] If I am wrong and Gentec's IQ Registration 998 is valid, I must determine whether Nuheara's IQbuds trademark is confusing and if, consequently, Nuheara's IQbuds infringed Gentec's Registration 998 per section 20 of the *Trademarks Act*.

[85] In brief, Gentec submits that considering all the surrounding circumstances under subsection 6(5) of the *Trademarks Act*, Nuheara's trademark IQbuds is confusing with Gentec's

registered trademark IQ. Gentec asserts that (1) the parties' trademarks bear a very close resemblance in appearance, sound and idea suggested; (2) IQ is inherently distinctive in relation to headphones; (3) Gentec has used and advertised its IQ trademark extensively and for more than a decade; (4) the goods are the same and are sold through the same trade channels; (5) there is evidence of actual confusion between Gentec's IQ headphones (i.e., "IQ Podz and IQ Budz Micro") and Nuheara's IQbuds; and (6) the Registrar of Trademarks has taken the position that the parties' trademarks are confusing.

[86] Nuheara responds that, even if the IQ Registration were valid, there is no confusion. It asserts that Gentec has provided absolutely no evidence of any consumer confusion. Nuheara reasserts that at best, to the extent that IQ is a valid trademark, it is a very weak trademark, entitled only to a narrow ambit of protection. It adds that, in light of this narrow scope and the total absence of evidence of confusion, Nuheara does not infringe any rights Gentec might have in its IQ Registration 998.

B. *The test for confusion*

[87] The purpose of trademarks is to create and symbolize linkages (*Mattel* at para 23). The term trademark is defined at section 2 of the *Trademarks Act*.

[88] Paragraph 20(1)(a) of the *Trademarks Act* states that the exclusive right granted by section 19 is deemed infringed by anyone who sells, distributes or advertises goods in association with a confusing trademark.

[89] The word confusing is defined as follows in the *Trademarks Act*: “when applied as an adjective to a trademark or trade name, means, except in sections 11.13 and 11.21, a trademark or trade name the use of which would cause confusion in the manner and circumstances described in section 6”.

[90] In turn section 6 of the *Trademarks Act* reads as follows:

6 (1) For the purposes of this Act, a trademark or trade name is confusing with another trademark or trade name if the use of the first mentioned trademark or trade name would cause confusion with the last mentioned trademark or trade name in the manner and circumstances described in this section.

Confusion — trademark with other trademark

(2) The use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

Confusion — trademark with trade name

(3) The use of a trademark causes confusion with a trade name if the use of both the trademark and trade name in the same area would be likely to lead to the inference that the goods or services associated with the trademark and those associated with the business carried on under the trade name are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

Confusion — trade name with trademark

(4) The use of a trade name causes confusion with a trademark if the use of both the trade name and trademark in the same area would be likely to lead to the inference that the goods or services associated with the business carried on under the trade name and those associated with the trademark are manufactured, sold, leased, hired or performed by the same person, whether or not the goods

or services are of the same general class or appear in the same class of the Nice Classification.

What to be considered

(5) In determining whether trademarks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a)** the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;
- (b)** the length of time the trademarks or trade names have been in use;
- (c)** the nature of the goods, services or business;
- (d)** the nature of the trade; and
- (e)** the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them

[91] In 2006, the Supreme Court of Canada addressed the confusion test in *Mattel* and in *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve Clicquot*].

[92] In both cases, the Supreme Court of Canada first asserted the statutory framework established by section 6 of the *Trademarks Act* cited above (*Mattel* at para 51; *Veuve Clicquot* at paras 18-19).

[93] Having cited the statutory framework, in *Mattel*, the Supreme Court of Canada outlined that “When assessing the issue of confusion, the trade marks at issue must be considered from the point of view of the average hurried consumer having an imperfect recollection of the opponent’s mark who might encounter the trade mark of the applicant in association with the

applicant's wares in the market-place", at paragraph 56, citing *Delisle Foods Ltd v Anna Beth Holdings Ltd* (1992), 45 CPR (3d) 535 with approval.

[94] At paragraph 20 of the *Veuve Clicquot* decision, the Supreme Court of Canada stated the confusion test as follows:

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 name *Cliquot* on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT 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. As stated by Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202". [Emphasis added]

[95] A few years later, at paragraph 40 of *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*], the Supreme Court of Canada cited the test stated at paragraph 20 of *Veuve Clicquot* as follows:

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.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202, to contrast with what is not to

be done — a careful examination of competing marks or a side by side comparison.

[96] Also, in *Veuve Clicquot*, still at paragraph 20, the Supreme Court of Canada, citing Pigeon J. in *Benson & Hedges (Canada) Ltd v St. Regis Tobacco Corp*, [1969] SCR 192 at 202 outlined that: “It is no doubt true that if one examines both marks carefully, he will readily distinguish them. However, this is not the basis on which one should decide whether there is any likelihood of confusion. . . . the marks will not normally be seen side by side and [the Court must] guard against the danger that a person seeing the new mark may think that it is the same as one he has seen before, or even that it is a new or associated mark of the proprietor of the former mark”. The comparison of the trademarks is not made by a minute comparison of the trademarks syllable by syllable, but should rather be a matter of overall impression left by the marks in the mind of the consumer. The trademarks must be examined as totality and not dissected (*Fox on Canadian Law of Trade-marks and Unfair competition* 4th Edition section 8.6; *Sealy Sleep Products Limited v Simpson’s-Sears Limited*, [1960] Ex CR 441; *Miss Universe, Inc v Bohna*, [1995] 1 FC 614 at 392). Furthermore, the Court must avoid intellectualizing the confusion analysis; similarity and the likelihood of confusion must be determined by first impression.

[97] Subsection 6(5) of the *Trademarks Act* lists the factors that must be considered in a confusion analysis between one trademark and another. The weight to be given to each of the subsection 6(5) confusion factors depends on the circumstances. The analysis usually begins with an assessment of the degree of resemblance. If the trademarks do not resemble each other, it is unlikely that the other factors would lead to a finding of likelihood or confusion. The other

factors become significant once the threshold of similarity has been established (*Masterpiece* at para 49).

[98] It is difficult to grasp how I can simultaneously avoid intellectualizing the analysis (first impression) and go on and assess each of the factors listed at subsection 6(5) of the *Trademarks Act*, but this is what I am tasked with. As the parties acknowledged, there exist tensions in the test.

[99] Likelihood of confusion is to be determined as of the date of the hearing (*Diageo Canada Inc v Heaven Hill Distilleries, In.*, 2017 FC 571 at para 111; *Altacor Inc v Nutravite Pharmaceuticals Inc.*, 2005 FCA 269). Both parties agree that Gentec bears the burden to show confusion at the date of the hearing, in January 2022.

[100] Finally, it is not necessary that actual confusion be proven; a likelihood of confusion is enough (*Veuve Clicquot* at para 20). However, the test is one of likelihood, not one of possibility. A mere possibility of confusion is not sufficient to invalidate a trademark (*Veuve Clicquot* at para 37).

[101] I will now review each of the statutory factors as well as surrounding circumstances, aiming not to intellectualize the analysis.

C. *Confusion analysis*

(1) The degree of resemblance between the trademarks

[102] The degree of resemblance between two trademarks is generally the most important component of the confusion analysis (*TLG Canada Corp v Product Source International LLC*, 2014 FC 924 at para 58; *McCallum Industries Limited v HJ Heinz Company Australia Ltd*, 2011 FC 1216 at para 44; *Canadian Tire Corporation v Accessoires d'autos nordiques Inc*, 2006 FC 1431 at para 32; *UNICAST SA v South Asian Broadcasting Corporation Inc*, 2014 FC 295 at para 82). Hence, although it is the last of the criteria enumerated in subsection 6(5) of the *Trademarks Act*, it is the one examined first. In considering the degree of resemblance, the Court must compare the trademarks in their totalities, not dissect them into their constituent elements or lay them side by side to compare and observe similarities or differences among these elements (*United States Polo Assn v Polo Ralph Lauren Corp*, [REDACTED] FCJ No 1472 (QL) at para 18; *Café Cimo Inc v Abruzzo Italian Imports Inc*, 2014 FC 810 at para 34).

[103] Gentec's Registration 998 is for iQ and the registration covers use of IQ in any form, not limited to any particular design form.

[104] Nuheara is using the trademark IQbuds, where the IQ is in capital letters.

[105] Gentec asserts that the IQ element is the dominant or most striking feature of the trademark and that the suffix "buds" merely describes the product. It submits that IQbuds trademark is essentially the same as the registered trademark IQ in appearance, sound and idea

suggested. It stresses that Nuheara's own investigator, when researching confusion as between IQbuds and IQ Podz excluded the term buds from her search as she considered it less important.

[106] Nuheara responds that trademarks are similar but not identical, and that the differences between them would be apparent even to a casual consumer somewhat in a hurry. I agree.

[107] I see that the two trademarks bear an element of resemblance from the use of the term IQ in both trademarks. However, even if I were to accept that the term IQ is the dominant feature of the trademark, I must note that it is a descriptive word, which, per the FCA's decision in *Venngo*, may have implications on the assessment of the resemblance between the two trademarks. The identical element here is a descriptive term incorporated into their trademarks by both parties to suggest their product is a smart one. I am satisfied that even small a difference, here the adding of the term buds, is enough to distinguish the two trademarks and limits the likelihood of confusion (*Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76). As a matter of first impression, the two trademarks are unlikely to get confused precisely because of the adding of the term buds: it serves as a distinguishable element and allows for a visible difference in appearance, length, sound and idea suggested.

[108] This factor does not favour a conclusion of likelihood of confusion; it favors Nuheara.

- (2) The inherent distinctiveness of the trademark and the extent to which it has become known

[109] Gentec submits first that its IQ trademark is inherently distinctive in relation to headphones. Gentec adds that it has (1) sold and promoted its IQ brand of consumer electronics and accessories in Canada since 2010; (2) selling its IQ Podz product since 2017 with over 1 million units of IQ Headphones sold in Canada amounting to more than 22.4 million in sales; and (3) its IQ trademark has been displayed on its website for IQ Headphones, in its product catalogue, on its YouTube channel and Facebook page and in retailer advertising (Seigel affidavit). Gentec thus submits that the Court should infer from its extensive sales, coupled with continuous advertising, that Gentec's IQ trademark has acquired distinctiveness in connection with Gentec's headphones (*Vachon Bakery Inc v Racioppo*, 2021 FC 308 at para 67 [*Vachon Bakery*]).

[110] Gentec contrasts its situation from Nuheara's, asserting that as (1) Nuheara's sales of IQbuds headphones in Canada have been modest; (2) Nuheara does not know who in Canada read the articles on its product; and (3) Nuheara does not know how Facebook or Google collects or tracks the numbers.

[111] Nuheara responds that Gentec's distinctiveness, if the Court entertains confusion and considers some level of distinctiveness, this level is minimal. It stresses that the factors reviewed in the distinctiveness analysis remain relevant and that dozens of third parties are using IQ-formative trademarks including Supersonic's sale of IQ-branded headphones and earbuds for

years. It also stresses that Gentec's evidence of advertising and sales are minimal and for hearables, they involve the IQ Podz trademark not the IQ one.

[112] Nuheara contrasts Gentec's IQ trademark with Nuheara's IQbuds, presenting the latter as a coined word and inherently distinctive. Nuheara submits that its marketing efforts and industry recognition reinforce that wide scope of protection by showing acquired distinctiveness.

[113] I have already decided that the IQ trademark lacks distinctiveness so as to render its Registration 998 invalid. If I am wrong, then the level of distinctiveness is at best quite minimal for the same reasons, essentially, because it is descriptive and third parties are using IQ-formative trademarks, including Supersonic's sale of IQ-branded headphones and earbuds. In addition, I note that the IQ Headphones Gentec is referring to, and the related sales and marketing of headphones, involves the IQ Podz trademark, not the IQ registered trademark.

[114] To paraphrase Justice Manson's conclusion in *Venngo* (trial), the IQ trademark has little inherent distinctiveness and is afforded a narrow ambit of protection (*Office Cleaning Services v Westminster Window and General Cleaning Ltd*, [1946] 63 RPC 30 at 42, 43). This factor favours the Defendant, Nuheara, as case law supports the view that weak trademarks can enable small differences to result in a lack of a likelihood of confusion (*Molson Cos v John Labatt Ltd*, [1994] FCJ No 1792 at paras 5, 6 (FCA); *Kellogg Salada Canada Inc v Canada (Registrar of Trade Marks)*, [1992] 3 FC 442 (FCA)).

(3) The length of time the trademarks or trade names have been in use

[115] Gentec submits that the length of use of the trademarks favours Gentec. It underlines that its IQ trademark was registered on October 28, 2010, and has always covered headphones.

Gentec adds that it first sold headphones under its IQ brand beginning in 2007 and began selling its IQ Podz headphones in September 2017. Gentec contrasts this with Nuheara who has only used its IQbuds trademark in Canada since March 2017 at the earliest.

[116] Nuheara responds that (1) Gentec's use of the IQ trademark in relation to headphones was negligible and limited to 2008 and 2010; (2) that there was no use of the IQ trademark in association with audio products between 2010 and 2017; (3) that Gentec's claimed use from 2017 onwards is, at best, use of its IQ Podz trademark rather than the IQ one; and (4) that Gentec even filed an application for IQ Podz covering headphones, earphones and earbuds. Nuheara contrasts Gentec's situation with its own, asserting it has been using its IQbuds trademark continuously in Canada since at least as early as the launch of Nuheara's successful crowdfunding campaign in April 2016, and continuous commercial and promotion has continued until the present.

[117] I find this factor favours Nuheara as Gentec stopped selling headphones bearing its IQ trademark in 2010, resumed selling headphones in September 2017, but with its IQ Podz trademark, not its IQ registered trademark, and in any event did so after Nuheara had started using its IQbuds in Canada.

[118] This factor favours Nuheara.

(4) The nature of the goods

[119] The more similar the goods, the more likely that confusion will result from use of the same or similar trademarks with such goods. In *Vachon Bakery*, the Court stated at paragraph 77 that “Nevertheless, the more similar the goods, the more likely that a finding of confusion will result from use of the same or similar marks: *Reynolds Presto Products Inc v PRS Mediterranean Ltd*, 2013 FCA 119 at paras 26–30; *Pink Panther* at para 26; *Mattel* at para 71”. Both products here are hearables in the form of earphones or earbuds.

[120] Nuheara has not presented a discernable counterargument on the similarity of the goods, addressing rather the nature of the trade, which I will review in the next section.

[121] This factor favours Gentec’s assertion of confusion.

(5) The nature of the trade

[122] Gentec submits that here, the parties’ trade channel overlaps and that the fact that the parties’ headphones are sold in similar sections of an online store - the headphones category - increases the likelihood of confusion between the parties’ trademarks (*Vachon Bakery* at para 87).

[123] Nuheara cites paragraph 86 of *Mattel* for the proposition that similar trademarks covering similar goods may coexist if they cover different market niches. Nuheara then asserts that its product and Gentec's have important differences as Nuheara's are specialty earbuds and Gentec's are low-cost earbuds, and that the products largely travel in distinct channels of trade.

[124] In *Mattel*, the Supreme Court of Canada found that the parties operated in different and distinct channels of trade within which their respective wares and services did not intermingle, and that the nature and kind of customer who would be likely to buy the respective wares and services has long been considered a relevant circumstance (*Mattel* at para 86; *General Motors Corp v Bellows*, [1949] SCR 678 at 692; Kelly Gill and R. Scott Jolliffe, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed Toronto: Carswell, 2002 at 8:38-8:40).

[125] These are relevant considerations here as the evidence reveals that parties' channels of trade are quite different: (1) Gentec does not sell directly to consumers, while Nuheara sells ■■■ of its products directly to consumers via its website; (2) Nuheara supplements its sales through a few retailers and sales in audiologist clinics; (3) the evidence reveals that two retailers, Best Buy and Walmart, carried both products, displayed in the same section but not in the same manner.

[126] Furthermore, the parties' products present important differences in regards to their (1) features (IQ Podz are entry level while Nuheara are top of the line); (2) functions, Nuheara's products can substitute for some hearing aids while Gentec cannot; and (3) price, as Nuheara's IQbuds are priced as a niche product (\$400), while Gentec's product is priced much lower (\$50-\$100), which is also likely to reduce the risk of confusion (Exhibit BSL-2).

[127] The parties' products have different channels of trade and different products, aimed at different consumers and this favours Nuheara.

(6) Other surrounding circumstances

[128] Gentec submits that surrounding circumstances in this case include (1) the Registrar of Trademarks objecting to Nuheara's applications to register IQbuds trademarks in Canada for headphones on the basis that such trademarks are confusing with Gentec's registered trademark IQ; and (2) the presence of actual confusion.

[129] Gentec notes Nuheara's argument that the presence of a number of third-party IQ-formative trademark applications or registrations on the Canadian trademarks register covering goods in the Nice trademark classes that relate to electronic products makes confusion less likely, and argues it is flawed because (1) it is the state of the marketplace that matters; (2) the relevant goods are headphones; and (3) there is no evidence of the extent of use in Canada of any relevant third-party trademarks in Canada.

[130] Nuheara argues that the absence of actual confusion between Nuheara's trademark and the IQ Registration 998 trademark as confirmed by Gentec, over a five-year period (2017 to 2022) is a significant factor weighing against a finding of confusion. It adds that adverse inference should be drawn because Gentec has adduced no evidence of actual confusion.

[131] Nuheara's cites *Vachon Bakery* at paragraph 91, arguing that little weight can be placed on an office action, since prosecution of the trademark is ongoing and the Registrar's decision is not final.

[132] I note that according to paragraph 55 of *Mattel*, "an adverse inference *may* be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified". I have no indication from the parties that or if evidence would be readily available and will thus decline the invitation to draw a negative inference.

D. *Conclusion on confusion*

[133] Gentec has not established a likelihood of confusion between its IQ Registration 998 trademark and Nuheara's IQbuds trademark as of January 2022.

VIII. Does the sale, distribution and advertising by Nuheara in Canada of its earbud earphones in association with the trademark IQbuds infringe Gentec's rights in its registered IQ Registration 998 under sections 19 and 20 of the *Trademarks Act*?

[134] Considering my conclusion that Gentec has not established a likelihood of confusion, I find the sale, distribution and advertising by Nuheara in Canada of its earbud earphones in association with the trademark IQbuds does not infringe Gentec's rights in its registered IQ Registration 998 under sections 19 and 20 of the *Trademarks Act*.

IX. Is Gentec passing off its IQ Podz and IQ Budz products for Nuheara's IQbuds'?

[135] Nuheara claims it has rights in Canada in the trademark IQbuds and that Gentec's sales of its IQ Podz and IQ Budz headphones constitutes passing off in violation of its rights under sections 7(b) and/or 7(c) of the *Trademarks Act*.

[136] Gentec responds that, provided its own IQ Registration 998 trademark is valid, Nuheara's passing off claim must fail. It asserts that Nuheara did not have a valid and enforceable trademark at the time Gentec allegedly first began directing public attention to its own goods and services (the end of August 2017) because Nuheara's advertising and sale of IQbuds in Canada were illegal - it infringed Gentec's rights deriving from Registration 998. I have found however that Nuheara did not so infringe. Gentec also asserts that in any event, Nuheara has not proven the required elements of passing off. I agree.

[137] The common law action for passing off as we know it today has been statutorily codified in sections 7(b) to (d) of the *Trademarks Act*.

[138] As Justice Manson recently stated at paragraph 50 of his decision in *Bean Box Inc v Roasted Bean Box Inc*, 2022 FC 499: "In a claim for passing off, a plaintiff must establish three elements: i) that it possesses goodwill in the trademark; ii) that the defendant deceived the public by misrepresentation; and iii) that the plaintiff suffered actual or potential damage through the defendant's actions. The second element of misrepresentation will be met if the plaintiff establishes that the defendant has used a trademark that is likely to be confused with the

plaintiff's distinctive mark *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at paras 66 to 68; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 at para 20 to 21]”.

[139] In *Venngo*, the FCA outlined at paragraph 78 that: “The second element of the test for passing off is misrepresentation causing deception or confusion. In cases not involving intentional deception, this element is made out where the plaintiff can establish a likelihood of confusion between the marks at issue under subsection 6(5) of the *Trade-marks Act*: *Ciba Geigy* at pp. 136-137, 140; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 at para 21, 483 NR 33”.

[140] It is useful to note that the trademarks at issue under this claim are different than the ones that were at issue earlier when I assessed the likelihood of confusion as part of the section 20 infringement claim by Gentec. At issue then were the Registration 998 IQ trademark and Nuheara's IQbuds trademark.

[141] At issue here are Nuheara's IQbuds and Gentec's IQ Podz and IQ Budz trademarks.

[142] Per section 7(b) of the *Trademarks Act*, Nuheara bears the burden to demonstrate passing off at the time “the allegedly confusing directing of attention first began, that is to say the directing of attention that gave rise to the passing off claim” (*Dragona Carpet Supplies Mississauga Inc v Dragona Carpet Supplies Ltd*, 2022 FC 1042 at para 96) (emphasis in original). The alleged confusion happened when Gentec directed attention to its goods by employing IQ Podz and IQ Budz distinctively. IQ Podz were first sold in 2017 and IQ Budz in

2021. While Nuheara had the burden to demonstrate passing off at the relevant time, its pleadings are silent on the matter, and it does not contest Gentec's contention that the passing off must be considered as of September 2017.

A. *Goodwill in the trademark*

[143] In regards to the assessment of the goodwill in the IQbuds trademark, Nuheara submits that the Court may consider the same evidence presented under the infringement/confusion analysis which it asserts, shows Nuheara's solid reputation in its niche market. It points to its distinctiveness, the extent to which the IQbuds trademark has been advertised or publicized, the level of industry and media recognition, the volumes of sales associated with the IQbuds and the extent to which the IQbuds trademark is identified with a particular quality and its continuous use of its IQbuds trademark.

[144] Nuheara adds that the Court may consider Gentec's deliberate decision to move from copying one brand with IQ Podz to copying another brand, such as Nuheara with IQ Budz, supports finding of goodwill in the IQbuds trademark (*Sandhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 at para 10; *Ark Innovation Technology Inc v Matidor Technologies Inc*, 2021 FC 1336 [*Ark Innovation*]). Nuheara asserts that the fact that a defendant deliberately sought to associate itself with a trademark acknowledges the existence of goodwill in that trademark.

[145] Gentec responds that a very substantial volume of sales and advertising would have been required to transform the inherently not distinctive trademark IQbuds into a trademark to which sufficient goodwill had become attached in Canada, while the evidence does not show as such.

[146] Gentec asserts that the evidence does not show that Nuheara had acquired goodwill in the IQbuds trademark in Canada by September 2017, when Gentec began selling its IQ Podz products. Gentec stresses that Nuheara had sold only ■ IQbuds products in Canada by August 25, 2017, and that Professor Haruvy's evidence that a brand with very little sales would have "zero brand equity" or "close to zero" (Haruvy transcript, Gentec MR volume 6 tab 34 p 1658).

[147] I note that Nuheara directs the Court to the evidence it adduced under the infringement/confusion analysis where the relevant date was October 9, 2020, rather than September 2017. The Court stated that a plaintiff must have a valid and enforceable registered or unregistered trademark, and must show goodwill associated with that trademark, at the time of the alleged passing off. The material date for assessing goodwill had to coincide with the conduct they claim amounts to passing off (i.e., use of its trademark) (*Ark Innovation* at para 60 ff). Whether goodwill may have been acquired by October 2020 does not indicate whether goodwill had already been acquired by September 2017.

[148] The assessment and numbers are different depending on the period considered, and I find that Nuheara has not established that goodwill had become attached to its IQbuds trademark in September 2017 in order to satisfy the test. Professor Haruvy's testimony in that regard is

persuasive that a brand with very little sales would have close to zero brand equity; and in September 2017, Nuheara had little sales.

[149] Nuheara has not detailed distinctively its position in regards to Gentec's IQ Budz and has not indicated any relevant date in this regard in its submissions and counterclaim.

B. *Deception of the public by misrepresentation*

[150] In regards to the deception of the public due to a misrepresentation, Nuheara argues that it is required to prove "a likelihood of confusion between the marks at issue", and asserts that Gentec's use of IQ Podz and IQ Budz trademarks caused and is likely to continue causing confusion with Nuheara's IQbuds trademark. Nuheara notes that the trademarks are very similar and reminds the Court that there have been instances of actual confusion by Canadian consumers between Gentec's IQ Podz and Nuheara's IQbuds. Nuheara also submits that Gentec intentionally copied Nuheara's trademark by adopting a trademark that is virtually identical to IQbuds and aggravated by Gentec's decision to change its usual dark packaging to a white packaging mimicking Nuheara's packaging (*United Airlines Inc v Cooperstock*, 2017 FC 616 [United Airlines]).

[151] Gentec responds that as of September 2017, Gentec had been selling other goods bearing the IQ trademark for 10 years at a sale volume of over 1M per year. In that context, Gentec's employment of the IQ on earbud headphones (in packaging bearing IQ Podz and showing such IQ-branded earbuds) cannot be characterized as deception of the public resulting from a misrepresentation. Gentec adds that in June 2021, when it began to employ IQ Budz branding, it

had over \$18,8 million in sales and over 900 000 units of its IQ Podz headphones in Canada whereas Nuheara has sold fewer than [REDACTED] units.

[152] Gentec asserts that there is no evidence showing that consumers would consider the source of Gentec's IQ Budz headphones to be anything other than the same source as Gentec's IQ Podz headphones and that there is no misrepresentation by Gentec.

[153] I note that, per *Mainstreet Equity Corp v Canadian Mortgage Capital Corporation*, 2022 FC 20, the likelihood of confusion under this element of the passing off analysis is to be assessed in accordance with the test set out in *Veuve Clicquot* and detailed earlier. I recognized that the trademarks bear a resemblance, particularly as between IQbuds and IQ Budz, and that there is evidence of actual confusion between IQbuds and IQ Podz. However, even if I were to conclude that Nuheara has established a likelihood of confusion, I cannot conclude to passing off given that the two other elements of the tests have not been met. I will assume that this factor has been established.

C. *Actual or potential damage*

[154] In regards to an actual or potential damage caused, Nuheara argues that Gentec has unlawfully profited from the illicit use of its IQ Podz and IQ Budz trademarks and Nuheara has suffered and is likely to continue to suffer harm as a result. It adds that the likelihood of confusion between the trademarks inevitably leads to a finding of the probability of damage. Nuheara notes that the examples of consumer confusion consist largely of complaints about the quality and reliability of Gentec's products which tarnishes the goodwill of its IQbuds trademark.

[155] Gentec submits there is no evidence showing that Nuheara faces actual or potential damage from Gentec's conduct and that Nuheara's claim must fail as damage in passing off cannot be presumed, they must be proven (*Cheung v Target Event Production Ltd*, 2010 FCA 255 [*Cheung*]). Gentec submits that to infer damage from confusion would be an error in law as doing so eliminates one of the three distinct parts of the test.

[156] The FCA has confirmed that actual or potential damage cannot be presumed and there must be evidence proving them. See *BMW Canada Inc v Nissan Canada Inc*, 2007 FCA 255 at paragraph 35 [*BMW*]:

[...] I find the trial judge erred in law in assuming that there would be damages. Actual or potential damage is a necessary element in finding liability under paragraph 7(b). In the absence of evidence in this regard, the Court cannot conclude that there is liability: *Tommy Hilfiger Licensing Inc. et al. v. Quality Goods I.M.D. Inc. et al.* (2005), 2005 FC 10, 267 F.T.R. 259 at paragraphs 137-138 (F.C.). A plaintiff must "demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff": *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, *supra*, at paragraph 32 citing *Reckitt & Colman Products Ltd. v. Borden Inc.*, [1990] 1 All E.R. 873 (H.L.) at page 880. See also *Pro-C Ltd. v. Computer City, Inc.* (2001), 55 O.R. (3d) 577 at paragraph 24.

[157] The FCA stated it again in *Cheung* when it outlined, at paragraph 24, that "The appellants correctly state that it is necessary to prove the damage component of the tripartite test and that damage cannot be presumed: *BMW* at para. 35; *PharmaCommunications Holdings Inc v Avencia International Inc*, 2009 FCA 144, 79 CPR (4th) 460 at paras 6-12".

[158] Nuheara relies on paragraph 86 of *United Airlines*, where the Court indicated that “Further, some cases have suggested that the likelihood of confusion will lead inexorably to a finding of the probability of damage (see, for example, *Noshery Ltd v Penthouse Motor Inn Ltd*, 61 CPR 207, 1969 CarswellOnt 44 (WL Can) at para 25 (SC))”, which is contrary to the FCA’s teachings in *BMW* and in *Cheung*. Nuheara also relies on *Parsons Inc v Khan*, 2021 FC 57 where the Court notes that the respondent refused to participate in the proceedings, which is not the case here.

[159] I agree with Gentec that to infer damage from confusion would be an error as it would eliminate one of the three distinct parts of the test.

[160] Since Nuheara has not established all three elements of the passing off test, it has not established passing off.

X. Is Gentec is entitled to either an injunction or accounting and disgorgement of profits?

[161] Given my conclusion on infringement, I find that Gentec is not entitled to an injunction and disgorgement of profits.

XI. Costs

[162] Considering the parties’ submissions, the issue of costs is reserved and the parties are asked to provide short submissions of no more than 10 pages in this regard.

AMENDED JUDGMENT in T-379-18

THIS COURT'S JUDGMENT is that:

1. The Plaintiff's action is dismissed;
2. The Defendants' counterclaim of invalidity is allowed;
 - a. The Court declares Canadian Trademark Registration No. TMA780998 for its "IQ" trademark invalid;
 - b. Registration No. TMA780998 will be expunged from the Trademarks Register;
3. The Defendants' counterclaim for passing off under sections 7(b) and/or 7(c) of the *Trademarks Act* is dismissed;
4. Within 45 days of the issuance of this Judgment, the Defendants must serve and file their submissions regarding costs, not to exceed 10 pages in length;
5. Within 30 days of the receipt of the Defendants' submissions, the Plaintiff must serve and file its submissions in response regarding costs, not to exceed 10 pages in length;
6. The parties have fifteen days from the release of these confidential reasons to make submissions as to what should not be released to the public.

"Martine St-Louis"

Judge

TRADEMARKS ACT

<p>When mark or name confusing</p>	<p>Quand une marque ou un nom crée de la confusion</p>
<p>6 (1) For the purposes of this Act, a trademark or trade name is confusing with another trademark or trade name if the use of the first mentioned trademark or trade name would cause confusion with the last mentioned trademark or trade name in the manner and circumstances described in this section.</p>	<p>6 (1) Pour l'application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l'emploi de la marque de commerce ou du nom commercial en premier lieu mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.</p>
<p>Confusion — trademark with other trademark</p>	<p>Marque de commerce créant de la confusion avec une autre</p>
<p>(2) The use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.</p>	<p>(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 services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.</p>
<p>Confusion — trademark with trade name</p>	<p>Marque de commerce créant de la confusion avec un nom commercial</p>
<p>(3) The use of a trademark causes confusion with a trade name if the use of both the trademark and trade name in the same area would be likely to lead to the inference that the goods or services associated with the trademark and those associated with the business carried on under the trade name are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same</p>	<p>(3) L'emploi d'une marque de commerce crée de la confusion avec un nom commercial lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les produits liés à cette marque et les produits liés à l'entreprise poursuivie sous ce nom sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à cette marque et les services liés à l'entreprise poursuivie sous ce nom sont loués ou exécutés, par la même personne, que ces produits ou services soient</p>

general class or appear in the same class of the Nice Classification.	ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.
Confusion — trade name with trademark	Nom commercial créant de la confusion avec une marque de commerce
(4) The use of a trade name causes confusion with a trademark if the use of both the trade name and trademark in the same area would be likely to lead to the inference that the goods or services associated with the business carried on under the trade name and those associated with the trademark are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.	(4) L'emploi d'un nom commercial crée de la confusion avec une marque de commerce lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les produits liés à l'entreprise poursuivie sous ce nom et les produits liés à cette marque sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à l'entreprise poursuivie sous ce nom et les services liés à cette marque sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.
What to be considered	Éléments d'appréciation
(5) In determining whether trademarks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including	(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :
(a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known; (b) the length of time the trademarks or trade names have been in use; (c) the nature of the goods, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.	a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus; b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage; c) le genre de produits, services ou entreprises; d) la nature du commerce; e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

Unfair Competition and Prohibited Signs	Concurrence déloyale et signes interdits
Prohibitions	Interdictions
7 No person shall	7 Nul ne peut :
<p>(a) make a false or misleading statement tending to discredit the business, goods or services of a competitor;</p> <p>(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;</p> <p>(c) pass off other goods or services as and for those ordered or requested; or</p> <p>(d) make use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to</p>	<p>a) faire une déclaration fautive ou trompeuse tendant à discréditer l'entreprise, les produits ou les services d'un concurrent;</p> <p>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;</p> <p>c) faire passer d'autres produits ou services pour ceux qui sont commandés ou demandés;</p> <p>d) employer, en liaison avec des produits ou services, une désignation qui est fautive sous un rapport essentiel et de nature à tromper le public en ce qui regarde :</p>
<p>(i) the character, quality, quantity or composition,</p> <p>(ii) the geographical origin, or</p> <p>(iii) the mode of the manufacture, production or performance of the goods or services.</p>	<p>(i) soit leurs caractéristiques, leur qualité, quantité ou composition,</p> <p>(ii) soit leur origine géographique,</p> <p>(iii) soit leur mode de fabrication, de production ou d'exécution.</p>
When registration invalid	Quand l'enregistrement est invalide
18 (1) The registration of a trademark is invalid if	18 (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :
(a) the trademark was not registrable at the date of registration;	a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
(b) the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;	b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;
(c) the trademark has been abandoned;	c) la marque de commerce a été abandonnée;

(d) subject to section 17, the applicant for registration was not the person entitled to secure the registration; or	d) sous réserve de l'article 17, l'auteur de la demande n'était pas la personne ayant droit d'obtenir l'enregistrement;
(e) the application for registration was filed in bad faith.	e) la demande d'enregistrement a été produite de mauvaise foi.
Exception	Exception
(2) No registration of a trademark that had been so used in Canada by the registrant or his predecessor in title as to have become distinctive at the date of registration shall be held invalid merely on the ground that evidence of the distinctiveness was not submitted to the competent authority or tribunal before the grant of the registration.	(2) Nul enregistrement d'une marque de commerce qui était employée au Canada par l'inscrivant ou son prédécesseur en titre, au point d'être devenue distinctive à la date d'enregistrement, ne peut être considéré comme invalide pour la seule raison que la preuve de ce caractère distinctif n'a pas été soumise à l'autorité ou au tribunal compétent avant l'octroi de cet enregistrement.
Rights conferred by registration	Droits conférés par l'enregistrement
19 Subject to sections 21, 32 and 67, the registration of a trademark in respect of any goods or services, unless shown to be invalid, gives to the owner of the trademark the exclusive right to the use throughout Canada of the trademark in respect of those goods or services.	19 Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de produits ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces produits ou services.
Infringement	Violation
20 (1) The right of the owner of a registered trademark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who	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) sells, distributes or advertises any goods or services in association with a confusing trademark or trade name;	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;
(b) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any goods in association	b) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des produits, en vue de leur vente ou de leur distribution et en liaison avec une

with a confusing trademark or trade name, for the purpose of their sale or distribution;	marque de commerce ou un nom commercial créant de la confusion;
(c) sells, offers for sale or distributes any label or packaging, in any form, bearing a trademark or trade name, if	c) soit vend, offre en vente ou distribue des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial alors que :
(i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trademark, and	(i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,
(ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trademark or trade name; or	(ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion;
(d) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any label or packaging, in any form, bearing a trademark or trade name, for the purpose of its sale or distribution or for the purpose of the sale, distribution or advertisement of goods or services in association with it, if	d) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial, en vue de leur vente ou de leur distribution ou en vue de la vente, de la distribution ou de l'annonce de produits ou services en liaison avec ceux-ci, alors que :
(i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trademark, and	(i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,
(ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trademark or trade name.	(ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion.

Power of court to grant relief	Pouvoir du tribunal d'accorder une réparation
53.2 (1) If a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits, for punitive damages and for the destruction or other disposition of any offending goods, packaging, labels and advertising material and of any equipment used to produce the goods, packaging, labels or advertising material.	53.2 (1) Lorsqu'il est convaincu, sur demande de toute personne intéressée, qu'un acte a été accompli contrairement à la présente loi, le tribunal peut rendre les ordonnances qu'il juge indiquées, notamment pour réparation par voie d'injonction ou par recouvrement de dommages-intérêts ou de profits, pour l'imposition de dommages punitifs, ou encore pour la disposition par destruction ou autrement des produits, emballages, étiquettes et matériel publicitaire contrevenant à la présente loi et de tout équipement employé pour produire ceux-ci.
Notice to interested persons	Autres personnes intéressées
(2) Before making an order for destruction or other disposition, the court shall direct that notice be given to any person who has an interest or right in the item to be destroyed or otherwise disposed of, unless the court is of the opinion that the interests of justice do not require that notice be given.	(2) Sauf s'il estime que l'intérêt de la justice ne l'exige pas, le tribunal, avant d'ordonner la disposition des biens en cause, exige qu'un préavis soit donné aux personnes qui ont un droit ou intérêt sur ceux-ci.
Exclusive jurisdiction of Federal Court	Compétence exclusive de la Cour fédérale
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 trademark.	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 de commerce.
Restriction	Restriction
(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar	(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

of which that person had express notice and from which he had a right to appeal.

formel et dont elle avait le droit d'interjeter appel.

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-379-18

STYLE OF CAUSE: GENTEC, a partnership consisting of GENTEC INTERNATIONAL LTD and 2494979 ONTARIO LIMITED v NUHEARA IP PTY LTD and NUHEARA LIMITED

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APPEARANCES:

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