

Use of a corporate name or registered trade name does not prevent liability for passing off

By Greg Hagen

Cases Considered:

[*Divine Pet Spa Ltd. v Divine Doggies Spa & Boutique Inc.*, 2008 ABQB 618](#)

Charisma Snyder registered a trade name “Divine Doggies Grooming & Boutique” on July 27, 2007 and “Divine Doggies Spa & Boutique” on August 14, 2007. A later name search did not reveal “Divine Pet Spa”, either as part of a corporate name or a trade-mark, so she incorporated Divine Doggies Spa & Boutique Inc. on September 8, 2007. It commenced dog grooming services in June, 2008. As early as 2006, however, Divine Pet Spa Ltd. had engaged in significant marketing of its cat and dog grooming business in order to create goodwill in the Calgary marketplace. In *Divine Pet Spa Ltd. v Divine Doggies Spa & Boutique Inc.*, 2008 ABQB 618, Madam Justice C.L. Kenny of the Alberta Court of Queen’s Bench granted Divine Pet Spa Ltd. an interlocutory injunction against Divine Doggies Spa & Boutique Inc., restraining it from using and advertising the name “Divine Doggies Spa”. This decision is a reminder that, by using its corporate name or registered trade name, a business can be liable in tort law for passing off its products or services as those of another business.

The Court adapted the standard three-part test for an interlocutory injunction from *RJR-MacDonald Inc. v. Canada (Attorney General)*, [1994] 1 S.C.R. 311 and required that:

- a) there is a serious issue to be tried;
- b) the applicant will suffer irreparable harm if no injunction is granted; and
- c) the balance of convenience favours the applicant.

Divine Pet Spa Ltd. alleged passing off as a serious issue to be tried. The Court applied the test for passing off from *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120. It requires:

- a) the existence of goodwill;
- b) deception of the public due to a misrepresentation; and
- c) actual or potential damage to the plaintiff.

Madam Justice Kenny found that the allegation of passing off was a serious issue to be tried since it was not frivolous or vexatious. In fact, although not required to establish a serious issue

to be tried, Justice Kenny said that affidavit evidence “...has established that there is confusion in the marketplace between the two companies” (at para. 29). Second, she found that Divine Pet Spa Ltd. would suffer irreparable harm if no injunction was granted because “[i]t would be difficult to quantify the damages relating to potential loss of business with two businesses providing the same services with almost identical names” (at para. 29). Finally, the balance of convenience favoured Divine Pet Spa Ltd. because it “...spent a significant amount of time and money developing goodwill in the Calgary marketplace...” (at para. 31) while Divine Doggies Spa & Boutique Inc. would suffer little if it were ordered to change its name because its business goodwill is based solely on the reputation of its groomer.