

Federal Court



Cour fédérale

**Date: 20210409**

**Docket: T-1762-17**

**Citation: 2021 FC 308**

**Ottawa, Ontario, April 9, 2021**

**PRESENT: Mr. Justice McHaffie**

**BETWEEN:**

**BOULANGERIE VACHON INC. /  
VACHON BAKERY INC. AND  
CANADA BREAD COMPANY, LIMITED**

**Plaintiffs**

**and**

**SILVANO RACIOPPO,  
NATURAL STUFF INC., AND  
HOSTESS BREAD COMPANY, INC**

**Defendants**

**JUDGMENT AND REASONS**

I. Overview

[1] At issue in this summary trial is whether the defendants' use of the trademark HOSTESS on bread products contravened the registered trademark rights of Boulangerie Vachon Inc/Vachon Bakery Inc in the trademark HOSTESS, used and registered in association with cakes. I conclude that it did.

[2] Considering the factors relevant to the assessment of confusion—including notably the effectively identical marks, the similarity of the wares, and the way in which they are sold—I find the defendants’ use of HOSTESS in association with bread products would likely lead to the inference those products were sold by the owner of the registered HOSTESS trademark, Vachon Bakery. The defendants’ sale of bread products under the HOSTESS name from 2016 to 2019 therefore constituted infringement contrary to subsection 20(1) of the *Trademarks Act*, RSC 1985, c T-13. I also find the defendants’ use of the HOSTESS trademark amounted to passing off contrary to paragraph 7(b) and depreciation of the goodwill in Vachon Bakery’s registered trademark contrary to subsection 22(1) of the *Trademarks Act*.

[3] In reaching these conclusions, I reject the defendants’ arguments that the HOSTESS trademarks have been rendered non-distinctive; that the absence, and in one case removal, of “bread” from Vachon Bakery’s trademark registrations permits the defendants to use the HOSTESS mark on bread products; and that statements made by a representative of Saputo Bakery (the former name of Vachon Bakery) provide a defence to the asserted infringement. In my view, none of these arguments affects the validity or enforceability of the HOSTESS trademarks. I also conclude the defendants have not established they have enforceable rights to prevent the plaintiffs from selling bread under the HOSTESS trademark.

[4] I therefore grant in large part the plaintiffs’ motion for summary trial. I grant the declaratory and injunctive relief sought by the plaintiffs and award damages in the amount of \$10,000. However, I conclude the plaintiffs have not established in the circumstances that the personal defendant, Silvano Racioppo, should be personally liable for the actions of the defendant companies.

[5] If the parties are unable to agree on costs, they may make submissions in accordance with the schedule provided at the conclusion of these reasons.

## II. Issues

[6] The plaintiffs bring their motion for summary trial seeking judgment on the entirety of their claim. The defendants did not bring a separate motion for summary trial on the counterclaim, but in their memorandum of fact and law request declaratory relief and damages based on the issues raised in the counterclaim. This summary trial therefore raises the following five issues:

- A. Is this a suitable case for summary trial in respect of the claim and/or counterclaim?
- B. Have the plaintiffs established they are the owners of valid registered trademarks or, conversely, have the defendants established the trademarks are invalid?
- C. Have the plaintiffs established a contravention of their trademark rights, and in particular, have they established that one or more of the defendants:
  - (1) infringed the registered trademarks of Vachon Bakery contrary to subsection 20(1) of the *Trademarks Act*;
  - (2) committed passing off contrary to paragraph 7(b) of the *Trademarks Act*; and/or
  - (3) depreciated the goodwill in the registered trademarks of Vachon Bakery contrary to subsection 22(1) of the *Trademarks Act*?
- D. Have the defendants established a claim of passing off against the plaintiffs?
- E. What remedies are appropriate?

III. Analysis

A. *This is a Suitable Case for Summary Trial*

[7] Rule 216 of the *Federal Courts Rules*, SOR/98-106, governs the conduct of summary trials. In particular, Rules 216(5)–(8) address when summary trial will be appropriate and the outcomes that may result. The Court is to dismiss the motion if the issues are “not suitable for summary trial,” or if “summary trial would not assist in the efficient resolution of the action”: Rule 216(5). Conversely, 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: Rule 216(6).

[8] Both parties submit this is a suitable case for summary trial. I agree. There is sufficient evidence for adjudication of the issues. The parties each filed significant affidavit evidence and documentary exhibits. The plaintiffs filed affidavits from Heather Crees, Vice President, Marketing, of Vachon Bakery; Tania Goecke, Senior Director, Marketing, of Canada Bread Company, Limited; and Jacinta De Abreu, a Senior Litigation Law Clerk with counsel for the plaintiffs. The defendants filed affidavits from Silvano Racioppo, who is a defendant personally, is President and sole owner of Natural Stuff Inc, and was formerly President and owner of Hostess Bread Company Inc; and Ken Skellett, a business associate of Mr. Racioppo, the President of 2207831 Ontario Inc o/a Snack Sales Canada, and now owner of Hostess Bread.

[9] Ms. Crees, Ms. Goecke, Mr. Racioppo, and Mr. Skellett were each cross-examined on their affidavits. A transcript of Mr. Racioppo's examination for discovery on behalf of the three defendants was also filed. On my review of this evidence, there are some minor factual disputes or discrepancies, but there are no material credibility or factual issues that require a trial to determine: *Kwan Lam v Chanel S de RL*, 2016 FCA 111 at paras 15–16.

[10] The issues are circumscribed and not of significant complexity. The amounts at stake are modest. In my view, it would not be unjust to decide the action on summary trial. To the contrary, summary trial on the materials presented by the parties would secure the just, most expeditious, and least expensive determination of this proceeding on the merits: *Federal Courts Rules*, Rules 3, 216; *Driving Alternative Inc v Keyz Thankz Inc*, 2014 FC 559 at paras 35–36.

[11] It is also relevant that this motion was almost two years in the making. The plaintiffs first indicated their intention to bring a motion for summary trial in early 2019. With a number of delays and active case management by Case Management Judge Aalto, steps to prepare the summary trial were completed in 2019 and 2020, leading to the hearing of this matter in December 2020. These efforts by the parties and the Court to move the matter to adjudication by summary trial weigh additionally in favour of deciding the matter now rather than further prolonging this action, which was commenced in November 2017.

[12] With respect to the counterclaim, as stated, the defendants did not bring a separate motion for summary trial. However, in their responding memorandum of fact and law, the defendants sought the declaratory relief and damages that are claimed in the counterclaim. The plaintiffs

raised no procedural concern about the defendants seeking this relief as part of the summary trial. To the contrary, both parties indicated their understanding the summary trial was to be a hearing of all of the issues in the proceeding. Further, the central issues raised by the defendants, notably regarding the validity of the plaintiffs' registered trademarks and the statements made by a representative of Saputo Bakery, are raised both by way of defence and as the basis for the counterclaim. As I must address these issues as part of the defendants' defences, it would be inefficient not to address the counterclaims for relief that arise from them. In the circumstances, and with reference to Rules 3, 55, and 216, I am satisfied I can and should determine all issues in the proceeding, including the counterclaim.

B. *The Plaintiffs are Owners of Valid Registered Trademarks*

[13] The plaintiffs allege Hostess Bread's sales of bread products in association with the trademark HOSTESS and the trade name Hostess Bread Company Inc violated their rights in three registered trademarks. The defendants argue these marks have lost distinctiveness owing to the presence of other traders using the trademark HOSTESS in the marketplace. The defendants also ask the Court to direct the Register of Trademarks to expunge the word *rolls* from one of the registrations on the basis of non-use.

[14] For the following reasons, I conclude Vachon Bakery's trademark registrations are valid, and the defendants' request for partial expungement is moot as a result of the Registrar's recent decision issued pursuant to section 45 of the *Trademarks Act*.

(1) Vachon Bakery's registered trademarks

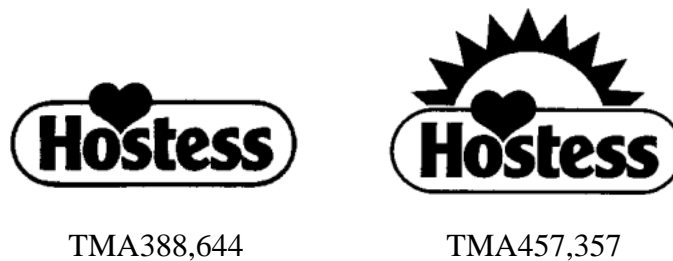
[15] The plaintiffs rely on three trademarks registered in the name of Vachon Bakery. The first, TMDA37,702, is for the trademark HOSTESS as a word mark [the HOSTESS Word Mark]. It was registered in 1925 under the old *Trade Mark and Design Act*, RSC 1906, c 71. I note that as this trademark was on the register on September 1, 1932, subsection 27(2) of the *Trademarks Act* requires it to be treated as a “word mark” as defined in the *Unfair Competition Act*, RSC 1952, c 274. Word marks and design marks were defined separately under the *Unfair Competition Act* and had different provisions governing registrability. However, neither party suggested subsection 27(2) has any impact on the treatment of the HOSTESS Word Mark.

[16] At the time this matter was heard, the HOSTESS Word Mark was registered for use in association with the goods *Rolls, cakes and biscuits*. As discussed in the next section, the goods *rolls* and *biscuits* were subsequently expunged from the registration by the Registrar of Trademarks.

[17] In addition to this recent expungement of *rolls* and *biscuits*, the HOSTESS Word Mark has undergone a number of changes over the years, both in ownership and in its list of goods. Materially for purposes of this motion, the registration was modified in 1980 to delete the goods *bread* after an expungement proceeding under what was then section 44 (now section 45) of the *Trademarks Act*. In 1994, the registration was amended to reflect the 1993 purchase of the mark by Vachon (then known as Culinar Inc) from George Weston Limited. The same company has owned the registration since then, although it has changed its name a number of times, including

to Saputo Groupe Boulangerie inc/Saputo Bakery Group inc in 2001 after Saputo acquired Vachon; and to the current Boulangerie Vachon Inc/Vachon Bakery Inc in 2015 after Canada Bread acquired Saputo Bakery from Saputo. Vachon Bakery is a wholly owned subsidiary of Canada Bread.

[18] Vachon Bakery's other two registrations, TMA388,644 and TMA457,357 respectively, are each for designs that incorporate the word HOSTESS, shown as follows:



*[Description of inserted picture: Two designs are shown. On the left, appearing over the legend TMA388,644, the design consists of the word HOSTESS written with a capital H and the remaining letters in lower case. The word appears in an oval. A heart appears above the word intersecting the surrounding oval, such that the lower tip of the heart comes between the letter O and the letter S in the word. On the right, appearing over the legend TMA457,357, is a second design. The design is the same as that on the left, with the addition of a semicircular sunray design over top of the oval.]*

[19] TMA388,644 [HOSTESS Heart Design] was registered in 1991 in association with the goods *Snack cakes*. TMA457,357 [HOSTESS Heart & Sun Design] was registered in 1996 in association with the goods *Collations et desserts, nommément: gâteaux, tartes, biscuits, tartelettes, pâtisseries, danoises, muffins, beignes, petits-fours, gaufrettes, feuilletés* [Vachon Bakery's translation: *Snacks and desserts, namely: cakes, pies, cookies, tartlets, pastries, danishes, muffins, donuts, petits fours, wafers, puff pastries*].



[20] Vachon Bakery sells sweet baked goods under the HOSTESS trademark. Some of these bear additional trademarks, such as KING DONS and TWINKIES, while others are sold simply with the HOSTESS trademark and the product name, such as “CupCakes” or “Rainbow Chip Brownies.” The evidence of Ms. Crees and Ms. Goecke indicates that the HOSTESS trademark is represented on these products in the form of the HOSTESS Heart Design, although more recent packaging shows a variation of this design:



*[Description of inserted picture: A design is shown in which the word HOSTESS is written with a capital H and the remaining letters in lower case. The word is written in a slight arc. It is surrounded by an oval. A heart appears above and between the letter O and the letter S and interrupts the oval.]*

[21] Vachon Bakery has also applied more recently for registration of the trademark HOSTESS for use in association with the goods *bread and sliced bread*. That application, bearing Application No 1781357, was filed on May 9, 2016 based on proposed use in Canada. It appears to have been filed after the plaintiffs became aware of Natural Stuff’s first application to register the trademark HOSTESS, discussed further below, and shortly before the plaintiffs first wrote to Natural Stuff to put it on notice of Vachon Bakery’s rights and demand that Natural Stuff not use or register a HOSTESS trademark. This application has not proceeded to registration.

[22] Canada Bread started selling bread under the HOSTESS trademark in April 2017, originally in Western Canada. This launch was about a year after the defendants started selling bread under the HOSTESS name in March 2016. Canada Bread uses the HOSTESS trademarks

under license from Vachon Bakery. Such use accrues to the benefit of Vachon Bakery pursuant to subsection 50(1) of the *Trademarks Act*. It is therefore Vachon Bakery, rather than Canada Bread, that owns the trademark rights and associated goodwill in the HOSTESS trademarks.

(2) Effect of the Registrar's section 45 decision

[23] In 2017, at the request of the defendants, the Registrar issued a notice pursuant to section 45 of the *Trademarks Act*, requiring Vachon Bakery to furnish evidence of use of the trademark in the preceding three-year period. At the time of the hearing of this matter, that proceeding had not yet been heard.

[24] On March 22, 2021, the defendants advised the Court that on March 9, 2021 the Trademarks Opposition Board, on behalf of the Registrar of Trademarks, rendered its decision in respect of the section 45 proceeding: *Natural Stuff Inc v Boulangerie Vachon Inc/Vachon Bakery Inc*, 2021 TMOB 41. The Registrar maintained the registration for the goods *cakes*, while expunging the goods *rolls* and *biscuits* from the registration. Upon receipt of the Registrar's decision, I invited the parties to make submissions on the impact of the decision, if any, on this motion.

[25] The plaintiffs argue the decision has no relevance to this summary trial, for a number of reasons. They state that their passing off claim is not based upon a trademark registration, so is unaffected by the decision. They also argue the relevant date for assessing confusion in an infringement action, including where a permanent injunction is sought, is typically the date of hearing, although this may depend on the allegations and the facts of the case: *Alticor Inc v*

*Nutravite Pharmaceuticals Inc*, 2005 FCA 269 at paras 10–16. They maintain that at the time of the defendants’ actions the registration gave them the exclusive right to use the word HOSTESS in association with *Rolls, cakes and biscuits*, so that changes to the registration after that date, and indeed after the hearing, cannot affect their cause of action. They also underscore that in any case, their evidence and submissions at the summary trial were focused on the plaintiffs’ snack cake products, and not on the presence of *rolls* or *biscuits* in the registration.

[26] The defendants, for their part, argue the HOSTESS Word Mark should be recognized as having been maintained only in association with *cakes* and the plaintiffs should not be able to rely on the registration for *rolls*. They note the purpose of a section 45 proceeding is to remove “deadwood” from the register: *Sport Maska Inc v Bauer Hockey Corp*, 2016 FCA 44 at paras 56–59. They argue the Court should avoid a result that would be inconsistent with the Registrar’s conclusion that the HOSTESS Word Mark was such deadwood as it related to *rolls*. As for the date of the confusion assessment, the defendants underscore the conclusion in *Alticor* that using the date of hearing is not an unwavering rule: *Alticor* at para 16.

[27] I note that in discussing the relevant date as being the date of trial, *Alticor* appears to be considering primarily other dates prior to trial, rather than occurrences after trial: *Alticor* at paras 13–15. In my view, there may in some circumstances be aspects of a proceeding, including prospective remedies like a permanent injunction, that might be affected by a change in a registration subsequent to a hearing but before a decision is rendered.

[28] In this case, however, I conclude the summary trial motion is largely unaffected by the Registrar's decision. The plaintiffs' evidence and their primary arguments were all directed to Vachon Bakery's registration and use of the HOSTESS Word Mark in association with *cakes*, and snack cakes in particular. While the plaintiffs placed passing reliance on the registration for *rolls*, their evidence of length of use, acquired distinctiveness, and nature of the trade all pertained to snack cakes. As set out below, I conclude the defendants' use of HOSTESS in association with bread and buns is confusing with the HOSTESS Word Mark as registered in association with *cakes*, such that the presence of *rolls* on the registration is immaterial.

[29] The Registrar's decision is relevant to one aspect of this summary trial. The defendants asked the Court on this motion to order the Registrar to delete the word *rolls* from the registration based on the plaintiffs' lack of use. The plaintiffs opposed this request. Given the nature of the defendants' arguments, they were in my view effectively asking this Court to direct an outcome in the ongoing section 45 proceeding. That is not the role of this Court; Parliament has given the mandate to make determinations under section 45, and to act in consequence, to the Registrar. In any event, however, the Registrar's decision renders the defendants' request moot, as it would be of no value for this Court to direct the Registrar to do something they have already done, even if it had the power to do so.

(3) The Vachon Bakery registrations are valid

[30] The defendants place significant reliance on the existence of other trademark registrations that consist of or contain the word HOSTESS for use in association with food products. They raise this "state of the register" evidence to undermine the distinctiveness of the Vachon Bakery

trademarks. On this basis, they argue both that the Vachon Bakery trademarks are non-distinctive to the extent of being unenforceable and that the other HOSTESS marks are relevant as a factor in the confusion analysis.

[31] In my view, these are different but related issues. If a trademark is not distinctive at all, it is invalid and cannot be enforced: *Trademarks Act*, ss 2 (“distinctive”, “trademark”), 18(1)(b). If it is distinctive, the degree of its inherent or acquired distinctiveness is a factor for consideration in assessing confusion: *Trademarks Act*, s 6(5)(a). I will therefore address these two issues separately, addressing the argument of non-distinctiveness at this stage, and considering the impact of this evidence on the confusion analysis below.

[32] The defendants’ counterclaim alleges the Vachon Bakery trademarks are invalid under section 18 of the *Trademarks Act* as they are not distinctive or capable of distinguishing the plaintiffs’ goods from those of others. While not expressed in those terms on this motion, I take the defendants’ non-distinctiveness argument to effectively be an allegation of invalidity based on non-distinctiveness under paragraph 18(1)(b).

[33] That paragraph provides that a registration is invalid if it “is not distinctive at the time proceedings bringing the validity of the registration into question are commenced”: *Trademarks Act*, s 18(1)(b). This makes the relevant date for this assessment the date of the defendants’ counterclaim, January 12, 2018: *Bodum USA, Inc v Meyer Housewares Canada Inc*, 2012 FC 1450 at paras 19, 23, aff’d 2013 FCA 240. The onus lies on the party attacking a trademark registration to show it is not valid: *Cheaptickets and Travel Inc v Emall.ca Inc*, 2008 FCA 50 at

para 12. Although registered trademarks benefit from a presumption of validity, it is “weakly worded” such that it adds little to the general onus resting on an attacking party: *Bodum (FC)* at para 20; *Cheaptickets* at para 12; *Trademarks Act*, s 19.

[34] The defendants’ non-distinctiveness argument rests on there being a number of other trademark registrations that consist of or contain the word HOSTESS. The defendants argue the presence of multiple traders using HOSTESS-related marks, and the plaintiffs’ failure to enforce their marks against these traders, means the HOSTESS mark does not and cannot serve to distinguish the goods of Vachon Bakery from those of other traders.

[35] The evidence presented by the defendants shows the following trademark registrations that include the word HOSTESS for use in association with food products:

- a series of eleven HOSTESS and HOSTESS-formative trademark registrations owned by PepsiCo Canada ULC, c/o/b as Frito Lay Canada, for use in association with a variety of snack foods including potato chips. The earliest of these, for the word mark HOSTESS, was registered in 1930;
- HOSTESS, registered by Maple Leaf Foods Inc in 1961 for use in association with *Fresh and processed meat excluding mince meat, mince meat pies and tarts and meat pies*. The exclusion of *mince meat, mince meat pies and tarts and meat pies* from the Maple Leaf Foods Inc mark appears to have been in light of a 1959 registration for HOSTESS that covers those goods, which is also owned by Vachon Bakery;

- HOSTESS PACKAGE, registered in 1925 for packages containing soft drinks and owned by Canada Dry Mott's Inc; and
- THE HOSTESS SHOP, owned by Sears Canada Inc and registered in 1935 for use in association with *Pickles, teas, jellies, marmalades, jams and sandwich spreads*.

[36] This evidence shows that different HOSTESS-related trademarks can and do co-exist on the register in respect of different food products. However, it is in my view insufficient to show the HOSTESS trademarks are not distinctive of Vachon Bakery or that the registrations are invalid.

[37] As the defendants recognize, the various PepsiCo HOSTESS marks are related, such that there are ultimately four other traders with registrations for HOSTESS-formative marks for use in association with food. Two of the registrations contain other word elements that add points of distinction compared to Vachon Bakery's HOSTESS trademark: HOSTESS PACKAGE and THE HOSTESS SHOP. None of the registrations is for food products particularly similar to the cakes and other pastries listed in the Vachon Bakery registrations. The presence of a few other traders with HOSTESS-formative marks on the register for other food products is far from sufficient to show that Vachon Bakery's trademarks do not distinguish their products from those of others.

[38] Importantly, the defendants filed no evidence of any actual use of these other HOSTESS trademarks in Canada. While the presence of a large number of registrations may give some indication of the marketplace, use in the market cannot be assumed simply from a registration:

*McDowell v Laverana GmbH & Co KG*, 2017 FC 327 at paras 41–46; *Eclectic Edge Inc v Gildan Apparel (Canada) LP*, 2015 FC 1332 at paras 82–84. Here, there was no evidence at all that any of the identified marks are in use, let alone that the use was of a nature that might render Vachon Bakery's marks non-distinctive.

[39] The defendants also rely on a purported failure by Vachon Bakery to enforce its marks against these other traders. As they note, failure to protect a mark may result in a loss of distinctiveness: *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 26; *8073902 Canada Inc v Vardy*, 2019 FC 743 at para 67. This argument cannot succeed, for three reasons.

[40] First, as indicated, there is no evidence the trademark owners have used the trademarks in question. There is therefore no evidentiary basis to fault Vachon Bakery for failing to enforce its marks to prevent such use. Second, even if there were evidence of use, section 19 of the *Trademarks Act* grants the owners of the registrations the right to use their marks. That right would provide a defence to any claim by Vachon Bakery of either infringement or passing off: *Philip Morris Products SA v Marlboro Canada Limited*, 2010 FC 1099 at paras 183, 207–210; *Remo Imports Ltd v Jaguar Cars Limited*, 2007 FCA 258 at paras 110–113. Third, even if Vachon Bakery did not enforce its marks against certain traders, this is not alone enough to show a loss of distinctiveness. The ongoing and unenforced use of the mark must be such that consumers were no longer able, at the date of the challenge, to distinguish between Vachon Bakery's products and those of others using HOSTESS marks. There is no evidence this is the case. In essence, the defendants ask the Court to conclude Vachon Bakery's marks have lost distinctiveness simply because it has not enforced them against four other traders who have not



been shown to be using their marks, and who would have the statutory right to do so if they were. In my view, there is no basis to reach such a conclusion.

[41] As the plaintiffs point out, the present situation is very different from the *Vardy* case the defendants rely on. There, the evidence showed widespread unregistered and unlicensed use by many businesses of the trademark DIAL-A-BOTTLE, with insufficient enforcement by the registered trademark owner, causing confusion in the market: *Vardy* at paras 57–63. There is no equivalent evidence in this case. To the contrary, the only evidence of use in the marketplace is that of the plaintiffs and the defendants.

[42] I therefore conclude the defendants have not met their onus to show Vachon Bakery's HOSTESS marks have lost distinctiveness such that they are invalid or otherwise cannot be enforced. As indicated, I will consider whether the state of the register evidence affects the confusion analysis when I address that issue below.

C. *The Plaintiffs Have Established a Violation of their Trademark Rights*

[43] The plaintiffs allege the defendants have infringed their registered trademarks, committed passing off, and depreciated the goodwill in their registered trademarks. As each of these allegations is based on the same actions of the defendants, I will summarize the defendants' conduct at issue before turning to the relevant causes of action and applicable provisions of the *Trademarks Act*.

[44] Natural Stuff is a food distributor that has sold and distributed various food products, including snack products, in Canada and the United States since 1994. Mr. Racioppo is the President of Natural Stuff. Beginning in about 2010, Mr. Racioppo and Natural Stuff started to work collaboratively with Ken Skellett and his food distribution company, Snack Sales Canada. Mr. Racioppo and Mr. Skellett, in their affidavits filed on this motion, each describe the arrangement as an “informal joint venture” although the parties never entered into a written agreement.

[45] Prior to 2012, an American company known as Hostess Brands, Inc owned certain rights to the HOSTESS trademark in the United States. There was not a great deal of detailed evidence with respect to these American rights, but defendants’ counsel described them in terms that suggested a parallel to those then owned by Saputo Bakery in Canada. Natural Stuff and/or Snack Sales Canada imported into Canada some products produced by Hostess Brands, Inc, such as ZINGERS and DOLLY MADISON snack cakes.

[46] In 2012, Hostess Brands, Inc declared bankruptcy. This appears to have prompted Mr. Skellett to explore opportunities involving the HOSTESS trademark. He contacted the President and Chief Operating Officer of Saputo Bakery, Lionel Ettetdgui in October or November 2012. After some telephone calls, Mr. Skellett and Mr. Racioppo met with Mr. Ettetdgui in November 2012. That meeting included discussion of the possibility of producing bread under the HOSTESS brand. Mr. Ettetdgui said Saputo Bakery was not, and was not interested in, selling bread under the HOSTESS name. He was also not certain Saputo had the right to sell bread but would look into it.

[47] After the meeting, Mr. Skellett exchanged emails with Mr. Etedgui in November and December 2012. While the initial emails did not refer to bread, on December 11, 2012 Mr. Skellett asked Mr. Etedgui, among other items, if he would “be opposed to a licensing agreement for Hostess brand for bread and rolls.” Mr. Etedgui responded the following day, stating in response to this issue “I don’t think we own the brand for this category of products. I’ll check again with legal department but I think that the brand is owned by Weston for bread.” The day after, Mr. Etedgui wrote again to Mr. Skellett based on feedback from Saputo Bakery’s legal department, saying “Regarding Hostess brand, we only owned the brand for snack-cake so we can’t give a licence for other categories.”

[48] Nothing further appears to have been done about selling bread under the HOSTESS brand until about a year later. In November or December, 2013, Mr. Skellett contacted representatives of Hostess Brands, LLC, which had acquired the US rights to HOSTESS out of the bankruptcy of Hostess Brands, Inc. The relevant upshot of these discussions was that Hostess Brands, LLC advised Mr. Skellett it had no rights to the HOSTESS trademark in Canada.

[49] On December 22, 2014, four days after Canada Bread’s acquisition of Saputo Bakery was announced and reported in various Canadian news media, Natural Stuff applied for registration of the trademark HOSTESS, Application No 1,708,488, for use in association with the goods *bread, bread rolls, and bagels* and the services *wholesale distribution of bread, bread rolls and bagels*. Mr. Racioppo’s evidence was that he was not aware of the acquisition at the time of the application, and that he had commenced the process of preparing the application earlier in 2014.

I agree with the plaintiffs that the timing of the application seems remarkably coincidental.

However, I need not decide whether Natural Stuff's application was triggered by reports of the acquisition, as Natural Stuff's knowledge or intent at the time of the application is ultimately not relevant to the issues on this summary trial.

[50] Natural Stuff's application remains pending. During the course of examination, a number of office actions were issued opining that the mark applied for was confusing with the previously registered HOSTESS Word Mark. To overcome these objections, Natural Stuff revised the application to remove *bread rolls* from the list of goods and services, and later revised the statement of goods and services to (i) *bread, namely: sliced and unsliced loaves of bread, bread rolls and bread buns, and (ii) bagels* and associated wholesale distribution services. However, the examiner's objections remained. The most recent examiner's report, dated August 11, 2017, focused on the presence of *rolls* in the HOSTESS Word Mark in particular.

[51] On February 3, 2016, Mr. Racioppo incorporated Hostess Bread. His evidence was that the original intention was for Hostess Bread to source bread products for sale under the HOSTESS trademark, which would then be sold to Natural Stuff for distribution. Ultimately, however, a sole supplier was identified, and Natural Stuff began selling bread under the HOSTESS name in March 2016.

[52] The HOSTESS bread sold by Natural Stuff displays the HOSTESS name in the following design:



*[Description of inserted picture: A design is shown in which the word HOSTESS is represented in script with a capital H and the remaining letters in lower case. A small maple leaf appears above and between the letter E and the letter S. The whole word appears on an angle tilting upward to the right, and against a shaded wavy rectangular banner background.]*

[53] Natural Stuff filed a further application for registration of this HOSTESS Design (Application No 1,784,614) on May 30, 2016, for use in association with the goods *(i) bread, namely: sliced and unsliced loaves of bread, bread rolls and bread buns (ii) and bagels* and the services *wholesale distribution of (i) bread, namely: sliced and unsliced loaves of bread, bread rolls and bread buns and (ii) bagels*. These are the same goods and services in Natural Stuff's revised application for the HOSTESS trademark. As with Natural Stuff's other application, the examiner has issued office actions citing potential confusion with the HOSTESS Word Mark. Again, the most recent examiner's report, dated July 18, 2018, focused in particular on the presence of *rolls* in the HOSTESS Word Mark.

[54] Examination of both of Natural Stuff's applications was effectively suspended pending the section 45 proceeding. As noted above, the section 45 proceeding recently resulted in the expungement of *rolls* and *biscuits* from the HOSTESS Word Mark, subject to any appeal therefrom. The Court has no further information on the prosecution of Natural Stuff's applications subsequent to this decision.

[55] Natural Stuff and Hostess Bread sold bread and buns under the HOSTESS trademark between March 2016 and approximately May 2019, when they ceased selling bread products

under the HOSTESS mark pending this Court's determination. The vast majority of these sales were by Natural Stuff. These sales were primarily to convenience stores and pharmacies in Ontario, New Brunswick, Nova Scotia and Prince Edward Island. The defendants now sell bread under a different trademark, SOFT AND FRESH, with the company name being set out on packaging as "HBCI."

(1) Infringement under subsection 20(1) of the *Trademarks Act*

[56] Section 19 of the *Trademarks Act* provides that registration of a trademark gives the owner the exclusive right to the use throughout Canada of the trademark in respect of the goods or services listed in the registration. The defendants apparently concluded at some point in the 2012 to 2016 time frame that since Vachon Bakery's registrations for the HOSTESS Word Mark and design marks did not list bread, Vachon Bakery did not have the exclusive right to sell bread in association with the HOSTESS trademark, and the defendants were therefore entitled to do so. This impression seems to have been informed by Mr. Etedgui's statement that "we only owned the brand for snack-cake so we can't give a licence for other categories"; by the advice from Hostess Brands, LLC that it owned no rights to HOSTESS in Canada; and by the defendants' review of the trademarks register, which showed the registrations discussed above for HOSTESS-related trademarks owned by different parties for food products, none of which included bread.

[57] However, there may be infringement even where a defendant sells a good not expressly listed in a registration, even if those goods are not in the same general class. Paragraph 20(1)(a) of the *Trademarks Act* provides that the exclusive right granted by section 19 is deemed

infringed by anyone who sells, distributes or advertises goods or services in association with a confusing trademark or trade name. A trademark or trade name is “confusing” with another trademark if the use of both in the same area “would be likely to lead to the inference that the goods or services associated with [them] are manufactured, sold, leased, hired or performed by the same person, whether or not the goods and services are of the same general class or appear in the same class of the Nice Classification”: *Trademarks Act*, ss 2 (“confusing”), 6(1), (2), (4). This determination is made with regard to “all the surrounding circumstances” including in particular the list of circumstances set out in subsection 6(5) of the *Trademarks Act*:

#### **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

#### **Éléments d’appréciation**

**(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)** 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) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.

e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[58] The weight to be given to each of these factors will depend on the circumstances of a particular case and they may not be given equal weight: *Mattel* at paras 54, 73; *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 21. In the recognized formulation, the question of confusion is assessed as “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”: *Veuve Clicquot* at para 20; *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 40. If such a person is likely to be confused, that is, consider that the defendants’ HOSTESS bread is sourced from Vachon Bakery as the owner of its HOSTESS registered trademarks, then there is infringement: *Masterpiece* at para 41.

[59] The plaintiffs assert each of the HOSTESS Word Mark, the HOSTESS Heart Design, and the HOSTESS Heart & Sun Design. However, they focused their submissions on the HOSTESS Word Mark. In my view, the confusion analysis with respect to the HOSTESS Word Mark is decisive. Neither the design elements of the HOSTESS Heart Design and HOSTESS Heart & Sun Design, nor the differences in the statements of goods, improve the plaintiffs’ infringement case compared to the HOSTESS Word Mark. I will therefore address the analysis to that mark in particular: *Masterpiece* at para 61.



[60] As discussed above, at the time of the defendants' sale of bread products, and at the time of the hearing, the HOSTESS Word Mark registration listed not only *cakes* but also *rolls* and *biscuits*. The plaintiffs argued in passing that the similarity between *rolls* and the defendants' bread products, particular their hamburger and hot dog buns, is such that an infringement claim under section 19 might be asserted. However, the plaintiffs relied primarily on section 20 and the registration for *cakes*. As I conclude that the plaintiffs have established infringement of the HOSTESS Word Mark based on the registration for *cakes*, I need not address the potential confusion based on *rolls* or the impact of the Registrar's section 45 decision on the plaintiffs' ability to rely on *rolls*.

(a) *Degree of resemblance*

[61] In *Masterpiece*, Justice Rothstein for the Supreme Court of Canada suggested the confusion analysis should typically start with the degree of resemblance, as it is often likely to have the greatest effect on the analysis: *Masterpiece* at para 49. The resemblance between the trademarks is a significant factor in this case and I therefore begin the analysis with this factor.

[62] The defendants argue the comparison to make is between its own HOSTESS design, reproduced at paragraph [52] above, and the HOSTESS design currently used by Vachon Bakery, seen in paragraph [20]. I disagree. In assessing confusion with a registered trademark, the comparison is between the mark as registered and the impugned use: *Masterpiece* at paras 53–59; *Black & Decker Corporation v Piranha Abrasives Inc*, 2015 FC 185 at para 83. The HOSTESS Word Mark is not limited by any particular design elements: *Masterpiece* at para 55, quoting *Mr Submarine Ltd v Amandista Investments Ltd*, [1988] 3 FC 91 at pp 102–103.

In assessing infringement of the HOSTESS Word Mark, distinctions between the defendants' design and those that have been adopted by Vachon Bakery are of limited relevance.

[63] In this regard, the defendants' reliance on *Pink Panther Beauty Corp v United Artists Corp*, [1998] 3 FC 534 (CA) is misplaced. The Court of Appeal in that case noted that a trademark is used to distinguish one's wares and services from those of others, and that "[t]he mark, therefore, cannot be considered in isolation, but only in connection with those wares or services": *Pink Panther* at para 21. However, the Court was making a general statement that confusion pertains to goods and services and not simply marks in isolation. It was not suggesting that confusion with a registered word mark is assessed only with reference to the design with which the mark is generally used.

[64] In my view, the casual consumer somewhat in a hurry reviewing the defendants' trademark would come away primarily with the impression of the word HOSTESS. Although I consider the marks as a whole, this is the "dominant or most striking or unique feature" of each trademark: *Masterpiece* at para 92. There are design elements to the defendants' trademark, but none of these in my view would affect the casual consumer's impression of the mark as being in essence a graphic representation of the word HOSTESS. This word aspect of the mark is identical to the HOSTESS Word Mark in sound, meaning, and connotation. This factor therefore weighs in favour of a finding of confusion.

[65] I note that even if I were comparing the defendants' design with that used by Vachon Bakery, I would conclude there is significant similarity. In each design, the word

HOSTESS remains the primary impression given. The particular lettering used in each mark is unlikely to make a significant impression on the casual consumer in a hurry. Nor are the other design elements—the presence of a small maple leaf in a different location from a heart or the framing of the word—likely to give the consumer with an imperfect recollection of Vachon Bakery’s design a significantly different impression.

(b) *Inherent distinctiveness and degree to which they have become known*

[66] The plaintiffs suggest that HOSTESS is a strong and inherently distinctive mark, since it is neither descriptive nor suggestive of its bakery products. In my view, while the mark has some inherent distinctiveness, it is not highly so. The word HOSTESS is not coined, but is rather a common English word. It has connotations associated with guests and hospitality, which while not directly suggestive of bakery products, have at least some connotative association with food.

[67] Although it has only moderate inherent distinctiveness, the evidence suggests the HOSTESS Word Mark has gained distinctiveness through its use by Vachon Bakery. Ms. Crees gave evidence that Vachon Bakery has continuously used the HOSTESS trademarks “for decades” (clarified in cross-examination as being since acquisition of the mark in 1993). While the extent of such historical use was not in evidence, Ms. Crees provided clear evidence of yearly sales between 2009 and 2018 ranging from 4.5 to 7.9 million dollars, representing over 18,000,000 units of sales at the wholesale level. She also gave evidence of advertising and promotion spending of over \$300,000 between 2015 and 2017. Given the extent of these sales and this advertising, I am prepared to infer that the HOSTESS trademark has acquired significant

distinctiveness through its presence and use in the marketplace in connection with Vachon Bakery's snack cake products.

[68] There is some evidence that this acquired distinctiveness has some regionality to it. Ms. Goecke attached to her affidavit an internal presentation prepared in 2016 when Canada Bread was considering launching HOSTESS bread. That presentation stated, among other things, that "Hostess brand is not sold in Quebec and awareness is zero (as per Vachon tracking)." Nevertheless, Ms. Crees' evidence from 2019 was that Vachon Bakery distributes and sells its HOSTESS baked goods "across Canada" and she was not cross-examined on that statement. In any event, the defendants' sales at issue were outside Quebec, such that any lower degree of acquired distinctiveness in that province is irrelevant.

[69] I consider it relevant to the assessment of acquired distinctiveness that when the defendants were looking to sell products under the HOSTESS trademark, they sought out Vachon Bakery (then named Saputo Bakery) as the company that owned the mark in association with snack cake products. While the defendants' own knowledge is not itself necessarily representative of the knowledge of the mark in the marketplace, the defendants were apparently looking to build on a known brand and contacted Vachon Bakery to that end. This further supports the conclusion that the HOSTESS trademark is and was well known in the marketplace.

[70] Against this evidence, the defendants cite the presence of the other HOSTESS-formative marks on the register, discussed above. They argue this state of the register evidence suggests widespread use of HOSTESS marks, and leads to the inference that the marketplace can

distinguish between competing marks containing that element: *United States Polo Assn v Polo Ralph Lauren Corp*, 2000 CanLII 16099 (FCA) at paras 22–23.

[71] As noted previously, I agree the identified registrations show that different HOSTESS-formative trademarks can co-exist on the register in respect of different food products. They also provide some evidence to confirm the conclusion above that the word HOSTESS is not highly inherently distinctive when used in association with food products: *Kellogg Salada Canada Inc v Canada (Registrar of Trade Marks)*, [1992] 3 FC 442 (CA) at pp 454–457.

[72] However, for the reasons given in discussing the allegation of non-distinctiveness, the state of the register is typically invoked as an indicator of the state of the marketplace, suggesting that a consumer would be able to distinguish between the marks of different traders based on small differences where the market is crowded with similar marks: *Polo Ralph Lauren* at paras 23–26; *Kellogg* at p 455; *McDowell* at paras 41–46; *Eclectic Edge* at paras 82–84. Here, there is no evidence of use in Canada of the other HOSTESS or HOSTESS-formative marks. Without evidence as to the extent of any use of the marks, it is difficult to draw a meaningful inference of common adoption of HOSTESS in the trade such as to reduce the likelihood of confusion: *Ports International Limited v Dunlop Limited*, 1992 CanLII 7031 (TMOB). I therefore conclude that the presence of these other registrations does not materially affect the acquired distinctiveness of the HOSTESS Word Mark and thus the scope of protection to be given to it.

[73] With respect to the defendants' HOSTESS trademark, it has essentially the same degree of inherent distinctiveness as the Vachon Bakery trademark, given that it consists principally of the same word. The additional graphic elements of the defendants' mark add somewhat to the inherent distinctiveness of the trademark, although this is a fairly minimal effect given the nature of those graphic elements and the centrality of the word in the mark. Unlike the HOSTESS Word Mark, however, there is little evidence to support any material acquired distinctiveness in the mark. The sales of all of its bread products under the HOSTESS name, including by the defendants and its licensee, appear to have been in the range of approximately \$70,000 over the period from 2016 to 2019. While Natural Stuff had a sales team, and Mr. Racioppo registered the domain name <hostessbread.com>, there was no evidence of other marketing or promotion efforts.

[74] I conclude the distinctiveness of the marks and the extent they have become known is a factor in favour of a finding of confusion.

(c) *Length of use*

[75] The length of use of the marks also favours Vachon Bakery. There is some evidence of use of the HOSTESS Word Mark by Vachon Bakery in association with cakes since 1993 and stronger evidence of extensive use since 2009. While the HOSTESS Word Mark has been registered since 1925, there is little evidence of its use dating back that far other than statements found in the trademark file history. In any event, even relying only on the evidence of use since 1993, this indicates over 25 years of use, whereas the defendants' use was limited to the considerably more recent three-year period from 2016 to 2019.

[76] The defendants argue they began selling bread under the HOSTESS trademark before Canada Bread did, having started selling their bread products about a year prior to Canada Bread introducing their HOSTESS branded bread. While this is true, it does not make the overall length of use a factor in the defendants' favour. In assessing whether the defendants' sale of bread beginning in 2016 infringed the HOSTESS Word Mark, the considerable length of time that Vachon Bakery had used its mark in association with the goods in its registration, namely cakes, weighs in favour of a finding of confusion.

(d) *Nature of the goods, services and business*

[77] The use of trademarks or trade names may be confusing “whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification”: *Trademarks Act*, ss 6(2)–6(4); *Mattel* at paras 65, 71. 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.

[78] In my view, there are substantial similarities between the sliced bread and bun products sold by the defendants, and the *cakes* identified in the HOSTESS Word Mark. As the plaintiffs point out, both are not just food products, but fall within a narrower category that might be described as “bakery products” or “baked goods.” At the same time, the defendants are correct that they are different products within that category.

[79] There are, of course, a wide variety of different food products. As the defendants submit, this Court has recognized that putting, for example, barbecue sauce and fruitcake in a general category of “foodstuffs” may risk a finding of confusion when there is no reasonable likelihood of such confusion in the mind of consumers: *Clorox Co v Sears Canada Inc*, [1992] 2 FC 579 at pp 589–590; see also *Loblaws Inc v Tritap Food Broker* (1999), 3 CPR (4th) 108 (TMOB) at para 23.

[80] Of particular relevance, the defendants rely on the decision of Justice Blanchard in *Tradition Fine Foods Ltd v Group Tradition'l Inc*, 2006 FC 858. There, the Court upheld the Registrar’s decision that a design mark, BAGEL TRADITION’L ET DESSIN, was registrable for use in association with bagels, pizza bagels, dough, and pastry notwithstanding Tradition Fine Foods’ registrations for TRADITION for use in association with muffins, croissants, cookies, cakes, and pastries: *Tradition Fine Foods* at paras 3, 4, 6, 35, 49, 73–81, 85. The Registrar concluded that while the parties’ goods fell within the same general class of baked goods, “there is a difference between a bagel and a muffin”: *Tradition Fine Foods* at para 40. In upholding the Registrar’s decision, Justice Blanchard discussed *Clorox* in the following terms:

In that case, Justice Joyal observed that the “narrow protection” doctrine applies equally to the “similarity of wares” factor as it does to the “inherent distinctiveness” factor under subsection 6(5) of the Act. His point was to caution against giving too much weight to the fact that products fall within the “same general class”; otherwise, holders of weak trade-marks would essentially gain a monopoly over a particular word. That is, just because two trade-marks operate in the “same general class” does not automatically mean that confusion will ensue. Rather, the Board and the Court must consider more specifically how similar the wares are, especially where the opponent’s trade-mark is found to be not inherently distinctive. In the present case, the Board found both the Applicant’s and the Respondent’s trade-marks to be weak and the nature of their respective wares – muffins versus bagels –



to be different. Therefore, in my view, the Board properly applied the Court's decision in *Clorox* in affording little weight to the fact that the Applicant's and Respondent's trade-marks both exist in the "same general class" of wares.

[Emphasis added; *Tradition Fine Foods* at para 77.]

[81] I believe this clearly and accurately summarizes the appropriate approach. The fact that two trademarks operate in the same general class does not automatically mean that confusion will ensue, just as the fact that they operate in different classes does not preclude a finding of confusion. Subsection 6(5) mandates a multi-factorial approach in which the distinctiveness and similarity of marks are considered together with similarities and differences in goods and channels of trade. Where an inherently weak and not very similar mark is considered, the difference between muffins and bagels may be more important. Where a mark has a higher degree of inherent or acquired distinctiveness and/or the marks are more similar, differences between baked goods, or even between foodstuffs, may be insufficient to prevent a likelihood of confusion.

[82] I am satisfied in the present case that there is significant similarity between bread and cakes. This similarity is underscored by the evidence that shows such products are often sold near each other in retailers, whether in the same or adjoining aisles. Some of the photographic evidence showed snack cakes, including Vachon Bakery's products, being displayed in grocery stores near or very near bread shelves. Mr. Racioppo's evidence was that it varies from retailer to retailer, with some retailers selling snack cakes next to bread, while some do not.

[83] In this regard, I give less weight to the plaintiffs' evidence showing that after they started selling HOSTESS branded bread products in April 2017, their bread products were sold in close proximity to their snack cake products. This was apparently done by retailers at the plaintiffs' request, often with the plaintiffs' cake and bread products on the same display rack bearing the HOSTESS Heart Design. The fact that the plaintiffs' requested their own products be displayed in close proximity shows little in my view about how cake and bread products are generally displayed or seen by the consuming public. Nonetheless, even leaving this specific evidence aside, the remaining evidence still shows that cake products and bread products are frequently displayed and sold near each other. This adds to the inherent similarity between these products as bakery products or baked goods.

[84] I note that even if I were to consider the defendants' state of the register evidence as showing multiple HOSTESS marks being used on food products, I would still consider the defendants' bread products to be very similar in nature to the *cakes* in the HOSTESS Word Mark registration. The other HOSTESS registrations pertain to other foods that are considerably less similar to cakes than the defendants' breads. While the PepsiCo marks are associated with various snack foods, the HOSTESS Word Mark is for *cakes* and not snack cakes in particular. In any case, even if the potato chips, nuts, seeds, and chocolate of the PepsiCo HOSTESS marks might afford Vachon Bakery less scope of protection in snack foods or even foods more generally, they would not in my view narrow the scope of the HOSTESS Word Mark so as to limit it to cakes exclusively, which is essentially what the defendants seek.

[85] I also note I consider it largely irrelevant that *bread* was deleted from the HOSTESS Word Mark as a result of a prior expungement action. Sections 6 and 20 of the *Trademarks Act* make it clear that confusion and infringement can result even if the impugned product is not expressly listed in a trademark registration. What matters is whether the use of the trademark is likely to cause confusion in all of the surrounding circumstances. I therefore view the Court's task as assessing whether in all the circumstances the defendants' use of its HOSTESS trademark in association with bread and buns is confusing with the HOSTESS Word Mark as it currently stands. The issue is not whether there might have been a greater or lesser chance of confusion based on a prior listing of goods.

(e) *Nature of the trade*

[86] The HOSTESS Word Mark does not limit the channels of trade in which Vachon Bakery may sell its cakes. However, both parties sell their commercial baked goods into retail streams that commonly sell both cake and bread products: the "gas and convenience" channel, and the grocery and food distribution channel. Goods need not be sold in the same places for there to be a likelihood of confusion: *Everex Systems, Inc v Everdata Computer Inc*, [1992] FCJ No 701, 44 CPR (3d) 175, at para 25. Nonetheless, the evidence was that, in addition to selling to the same general channels, both parties in fact sold to some of the same gas station and convenience store chains.

[87] I have described above the manner in which these channels of trade tend to display and sell cake products, particularly snack cake products, and bread products. Without wishing to "double-count" this element, the fact that these products are often sold in similar areas of such

stores points to a greater likelihood of confusion between the defendants' products and those of Vachon Bakery. In this regard, I disagree with the defendants' argument that sale of the products in close proximity would reduce the likelihood of confusion since customers could then view the differences in the trademark designs side-by-side. In addition to being counterintuitive, this approach suggests that a consumer would undertake a side-by-side trademark comparison that is contrary to the "casual consumer somewhat in a hurry" approach mandated by the Supreme Court of Canada: *Veuve Clicquot* at para 20. It also ignores the allegation that the defendants are infringing Vachon Bakery's HOSTESS Word Mark, which does not rely on or protect a specific graphic representation.

[88] Both cakes and breads are "run-of-the-mill consumer wares" that are taken "from a supermarket shelf," on which a consumer would tend to spend less time than a luxury item: *Mattel* at para 58; *Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 at pp 137–138. This further suggests that a consumer would be less attuned to differences in the trademarks or the goods than might be the case for other items or channels of trade.

[89] I therefore agree with the plaintiffs that the nature of the trade is a factor that favours a finding of likely confusion.

(f) *Other surrounding circumstances*

[90] The parties have raised three other factors as additional surrounding circumstances for the Court's consideration. In my view, none of them has a particularly persuasive effect.

[91] The plaintiffs point to the fact that the Registrar has to date refused Natural Stuff's applications to register the trademarks HOSTESS and HOSTESS Design. They suggest that this is a surrounding circumstance consistent with a likelihood of confusion, citing *McCallum Industries Limited v HJ Heinz Company Australia Ltd*, 2011 FC 1216 at para 52, aff'd 2013 FCA 5. However, as the prosecution of Natural Stuff's trademark applications is ongoing, and the Registrar's decisions were not final, I do not believe significant weight can be placed on the fact that the examiner issued office actions citing the HOSTESS Word Mark.

[92] The plaintiffs also point to what it describes as the defendants' intentional adoption of Vachon Bakery's HOSTESS trademark. It points in part to evidence that the defendants' website included promotional material stating that "Now, American's [*sic*] most iconic snack cake brand will also offer white and wheat bread, plus hamburger and hot dog buns." It argues this shows a clear intent to trade off goodwill in the HOSTESS brand, and cites two decisions of the Ontario Court of Appeal that considered intentional copying in the context of passing off: *Orkin Exterminating Co Inc v Pestco Co of Canada Ltd et al*, [1985] OJ No 2536, 5 CPR (3d) 433 (CA) at paras 46–48, 56; *Ray Plastics Ltd v Dustbane Products Ltd*, [1994] OJ No 2050, 57 CPR (3d) 474 (CA) at paras 13–15.

[93] I do not consider this is a relevant circumstance in this case, for two reasons. First, I understand the main point in *Orkin* and *Ray Plastics* to have been that intentional copying may be evidence of the existence of goodwill in the copied mark, rather than it being a factor going to confusion. Indeed, as the defendants argue, the Supreme Court in *Mattel* confirmed that intent “is of little relevance to the issue of confusion”: *Mattel* at para 90; *Roots Corporation v YM Inc (Sales)*, 2019 FC 16 at paras 49–51. Second, the evidence regarding the defendants’ website was contested by the defendants, and came only in the form of Ms. De Abreu’s affidavit, on information and belief from a lawyer with counsel for the plaintiffs. I am unwilling to accept such evidence on a matter of controversy in light of Rules 81(1) and 82: *AB Hassle v Apotex Inc*, 2008 FC 184 at paras 45–46, *aff’d* 2008 FCA 416.

[94] Finally, the defendants point to the lack of actual confusion as a surrounding circumstance indicating there is no likelihood of confusion. As Justice Binnie confirmed in *Mattel*, the presence or absence of actual confusion may be a surrounding circumstance: *Mattel* at para 55. However, the absence of confusion only points away from a likelihood of confusion in circumstances where evidence of confusion would be readily available if confusion was likely, such as where concurrent use has been extensive: *Mattel* at paras 55, 89, quoting *Dion Neckwear Ltd v Christian Dior SA*, 2002 FCA 29 at para 19. In the current case, the defendants’ sales over the period from 2016 to 2019 were modest and geographically localized. In such circumstances, I do not believe the absence of evidence of actual confusion to be of material weight in the confusion analysis.

(g) *Conclusion on confusion analysis*

[95] Considering the foregoing factors, I conclude that use of the defendants' HOSTESS trademark in association with its bread products in the same area as the cakes identified in Vachon Bakery's HOSTESS Word Mark would be likely to lead to the inference that the goods are sold by the same person. Effectively identical marks, being used on very similar goods, in a retail context where the goods are sold in the same channels, would commonly be seen near each other, and on which consumers would spend less time, is likely to create confusion.

[96] I reach the same conclusion in respect of the trade name Hostess Bread Company Inc. The inclusion in the trade name of the relevant product, bread, and the generic corporate identifiers does not affect the confusion analysis. In my view, a consumer seeing the trade name Hostess Bread Company Inc on a bread product would likely conclude that the bread product and the cakes bearing the HOSTESS trademark were manufactured or sold by the same person:

*Trademarks Act*, s 6(4).

[97] The defendants are right that no single company owns the rights to use the name HOSTESS in connection with the sale of all food products in Canada. The other HOSTESS and HOSTESS-formative registered trademarks give their respective owners the exclusive right to use their marks in association with the goods in the registrations. However, the question before the Court is not whether one company owns the exclusive right to HOSTESS in respect of all food products, but whether the use of HOSTESS by the defendants in association with the particular food products they sold was likely to cause confusion. I conclude that it was. This does

not mean, as the defendants contend, that Vachon Bakery has been permitted to retroactively expand the scope of its trademark beyond its registration, nor does it defeat the purpose of identifying goods in a trademark registration. It simply recognizes that section 20 of the *Trademarks Act* protects registered trademarks by deeming use of a confusing trademark to be infringement, even where the registration does not cover the specific goods on which the confusing mark is being used.

(h) *Statements by Saputo Bakery*

[98] As noted above, the defendants filed evidence of communications between Mr. Skellett, Mr. Racioppo, and Saputo Bakery's COO, Mr. Ettetdgui. The defendants referred to these discussions as part of the history of events, and as indicative of their diligence and good faith in determining whether they could sell bread under the HOSTESS mark. They did not, however, argue this was a surrounding circumstance affecting the confusion analysis. Nor did they pursue the argument raised in their Further Amended Statement of Defence and Counterclaim, that the plaintiffs were estopped from asserting rights in the HOSTESS trademarks in respect of bread products in light of Mr. Ettetdgui's statements. Nonetheless, the communications are raised as a form of defence to the allegations of infringement, so I will consider them at this stage.

[99] I begin by noting that the communications in question do not affect the issue of confusion. As set out above, intent is of little relevance to the issue of confusion: *Mattel* at para 60. The plaintiffs' allegation that the defendants deliberately copied the HOSTESS mark does not bear on the confusion analysis. For the same reason, the defendants' belief they were entitled to use the mark is also immaterial at this stage.



[100] Nor do I find that Mr. Etedgui's statements affect the defendants' liability or provide a defence to infringement. As the plaintiffs note, while Mr. Racioppo "sat in on" one meeting with Mr. Etedgui, all subsequent communications with Mr. Etedgui were only with Mr. Skellett. As Mr. Racioppo admitted, Mr. Skellett's involvement in the discussions was solely as a representative of his own company, Snack Sales. Any representation from Mr. Etedgui subsequent to that meeting was made to Mr. Skellett and not to the defendants. The defendants point to the "informal joint venture" between Mr. Skellett and his company and Mr. Racioppo and his company. However, in the absence of any legal relationship, and in the absence of any indication Saputo Bakery knew it was dealing with the defendants, I cannot conclude the defendants can treat Mr. Etedgui's statements as representations to them.

[101] In any event, even if they had been made to the defendants, I do not believe Mr. Etedgui's statements would affect the defendants' liability. The first statement referred to is that Saputo Bakery had "no current or future interest in selling bread in Canada under any name." Whether or not Saputo Bakery (now Vachon Bakery) was interested in selling bread under the HOSTESS mark did not and does not affect their ability to prevent the use of a confusing trademark.

[102] The second statement referred to is that Saputo Bakery only owned the brand for snack cakes, so could not give a licence for other categories. Saputo Bakery's registrations at the time clearly went beyond "snack cakes" to include cakes, other desserts and, at the time, rolls and biscuits. Leaving aside whether Mr. Etedgui or his legal advisors were correct that Saputo Bakery was unable to offer a licence for bread since their trademark was not registered

for that product, the statement again does not affect whether Saputo Bakery was entitled to enforce its trademarks by preventing the use of a confusing trademark.

[103] I agree with the plaintiffs that Mr. Ettedgui did not give Saputo Bakery's agreement or consent to either Mr. Skellett or the defendants to offer bread in Canada under the HOSTESS trademark. Indeed, neither Mr. Skellett nor the defendants asked for such agreement or consent. The mere statement that Saputo Bakery felt it could not licence categories other than snack cakes does not grant an authorization or approval that would preclude subsequent enforcement of the trademarks.

(2) Passing off under paragraph 7(b) of the *Trademarks Act*

[104] The parties' submissions with respect to passing off under paragraph 7(b) were much shorter and largely paralleled their submissions with respect to infringement. Paragraph 7(b) is accepted as a codification of the common law tort of passing off: *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at para 23. The parties agree that to show passing off, the plaintiffs must demonstrate (a) the existence of goodwill; (b) a deception of the public due to a misrepresentation; and (c) actual or potential damage: *Ciba-Geigy* at p 132; *Kirkbi* at paras 66–68. They must also show the existence of a valid and enforceable trademark, whether registered or unregistered: *Sandhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 at para 39.

[105] The plaintiffs have shown the existence of valid and enforceable trademarks, including the HOSTESS Word Mark. I note that the plaintiffs argue in the context of the Registrar's expungement decision that their passing off claim does not rely on their registrations. In any

event, whether relying on the registration or the trademark that underlies the registration, I am satisfied that the plaintiffs have shown that the HOSTESS Word Mark is an enforceable trademark. I have already rejected the defendants' arguments that this mark has lost distinctiveness either due to the presence of other HOSTESS trademarks in the marketplace or due to the plaintiffs' failure to enforce their marks.

[106] Goodwill must be established in respect of the distinctiveness of the product: *Kirkbi* at para 67; *Sandhu Singh* at para 48. Courts have considered factors including inherent and acquired distinctiveness, length of use, surveys, sales volumes, extent and duration of advertising and marketing, and intentional copying: *Sandhu Singh* at para 48, citing Kelly Gill, *Fox on Canadian Law of Trade-Marks and Unfair Competition*, 4th ed (Toronto: Thomson Reuters, 2019) (loose-leaf updated 2019, release 5), ch 4 at 4-77 – 4-81.

[107] I am satisfied the plaintiffs have shown the existence of goodwill in the HOSTESS trademark used in association with snack cakes. The evidence of extensive sales and promotion over a lengthy period is in my view sufficient in this case to demonstrate the existence of goodwill. While no survey evidence was filed, such evidence is not a prerequisite to a finding of goodwill. Further, the defendants themselves considered using the HOSTESS trademark at least in part based on their knowledge of that mark as used by Saputo Bakery (although also through the American use by Hostess Brands company), also suggesting the recognized existence of goodwill. The defendants' only argument on the issue of goodwill is to repeat their argument that the HOSTESS trademark is not distinctive. I have rejected that argument above.

[108] For the reasons given above in respect of the confusion analysis, I am also satisfied the defendants' sale of bread products under the confusing HOSTESS trademark constitutes a deception of the public due to a misrepresentation.

[109] With respect to damages, the plaintiffs do not point to specific evidence of any lost sales. Rather, they point to the loss of control over their trademark arising from the defendants' use of a confusing trademark. An inference of damage may be drawn from the defendants' use of the owner's trademark, even in the absence of lost sales: *Cheung v Target Event Production Ltd*, 2010 FCA 255 at para 28; *Biofert Manufacturing Inc v Agrisol Manufacturing Inc*, 2020 FC 379 at paras 80, 137; *Edward Chapman Ladies' Shop Limited v Edward Chapman Limited et al*, 2006 BCSC 14 at paras 53–60, aff'd 2007 BCCA 370; *Orkin* at para 51. I am satisfied that the presence of the defendants' HOSTESS branded bread products in the Canadian market was sufficient to cause some damage to goodwill in the plaintiffs' HOSTESS trademark as a result of the loss of control implicit in the use by another trader of a confusing mark.

[110] I therefore conclude that the plaintiffs have established the elements of passing off.

(3) Depreciation of goodwill under section 22 of the *Trademarks Act*

[111] The plaintiffs also assert the defendants' use of the trademark HOSTESS constitutes a use of their registered HOSTESS Word Mark in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to subsection 22(1) of the *Trademarks Act*. The Supreme Court of Canada confirmed in *Veuve Clicquot* that section 22 has four elements: (a) the plaintiff's registered trademark has been used by the defendant; (b) the

trademark is sufficiently well known to have significant goodwill attached to it; (c) the trademark was used in a manner likely to have an effect on that goodwill (*i.e.*, linkage); and (d) the likely effect would be to depreciate the value of the goodwill (*i.e.*, damage): *Veuve Clicquot* at para 46.

[112] The trademark used by the defendant need not be identical to the plaintiff's mark, but must be "so closely akin to the registered mark that it would be understood in a relevant universe of consumers to be the registered mark": *Venngo Inc v Concierge Connection Inc (Perkopolis)*, 2017 FCA 96 at paras 79–80; *Veuve Clicquot* at paras 38, 48. In the present case, the mark at issue is the registered HOSTESS Word Mark. The defendants' HOSTESS trademark, while incorporating design elements, constitutes use of the HOSTESS Word Mark or, in any event, is so closely akin to the registered mark that it would be understood by consumers to be the HOSTESS Word Mark.

[113] To be "sufficiently well known," a mark need not be "well known or famous," but there must be goodwill that can be depreciated: *Veuve Clicquot* at para 46; *Sandhu Singh* at para 34. The Federal Court of Appeal has noted that the purposes of the goodwill assessment are different for passing off and depreciation of goodwill, but that the factors considered for each may overlap and be relevant to both: *Sandhu Singh* at paras 44–50. Factors relevant to the goodwill assessment include:

the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant's mark, the extent and duration of advertising and publicity accorded the claimant's mark, the geographic reach of the claimant's mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant's mark are confined to a narrow or

specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality.

[Emphasis added; *Veuve Clicquot* at para 54.]

[114] Again, as discussed above, the volume of sales, the extent and duration of advertising and publicity, and the degree of inherent and acquired distinctiveness of the HOSTESS Word Mark favour a finding of goodwill. The geographic reach of the plaintiffs' mark also favours such a finding, given the evidence that Vachon Bakery's HOSTESS products are sold across Canada. Vachon Bakery's products are also not confined to a specialized channel of trade, but are sold in various third party grocery, gas, and convenience retailers. I am satisfied that the plaintiffs have shown the HOSTESS Word Mark to be sufficiently well known to have significant goodwill attached to it.

[115] The linkage requirement means that a somewhat hurried consumer must associate the defendants' use of the trademark with the plaintiffs' mark: *Veuve Clicquot* at paras 48, 56. As the Supreme Court stated, "likelihood" of depreciation is a matter of evidence, not speculation: *Veuve Clicquot* at para 60. I do not take this to mean, however, that such evidence needs to include either expert opinion or direct evidence of consumers making a mental association between the marks. Rather, in the appropriate case, inferences may be drawn from the evidence as to the likely existence of a linkage that would lead to depreciation. In this case, an inference can readily be drawn that a somewhat hurried consumer would make a mental connection between the HOSTESS trademark seen on the bread products of the defendants and Vachon Bakery's HOSTESS Word Mark.

[116] Finally, the requirement of likely depreciation involves a lowering of the value of the goodwill in the trademark: *Veuve Clicquot* at para 63. This may include notions of “blurring” of brand image, “whittling away” of the power to distinguish the plaintiffs’ products and attract consumers, “diminishing its distinctiveness,” or “tarnishing” the trademark through negative association: *Veuve Clicquot* at paras 64–67. This is not by causing confusion, but “by creating an association in consumers’ minds between a mark and a different good or service”: *Veuve Clicquot* at para 64, quoting *Playboy Enterprises, Inc v Welles*, 279 F.3d 796 at para 16. I am satisfied that the defendants’ use of the trademark HOSTESS on bread products had—and if permitted to resume, would further have—the likely effect of blurring the HOSTESS brand image and diminishing its distinctiveness. This is sufficient to demonstrate the likely depreciation required for a claim under section 22.

[117] I therefore conclude that the plaintiffs have also established their claim for depreciation of goodwill in the HOSTESS Word Mark.

(4) Personal liability of Mr. Racioppo

[118] Mr. Racioppo did not himself sell any bread products under the HOSTESS trademark. Rather, most of the sales appear to have been made by Natural Stuff, with Hostess Bread having made some sales, and a third company, National Brands, having sold some products under license, paying a commission to Hostess Bread. Nonetheless, the plaintiffs assert their claims against Mr. Racioppo in his personal capacity as well as against the two companies. They note that Mr. Racioppo is or was the directing mind of the corporate defendants, and argue he engaged in deliberate and knowing pursuit of conduct that was likely to constitute infringement

or reflected an indifference to the risk of it: *Louis Vuitton Malletier SA v Singga Enterprises (Canada) Inc*, 2011 FC 776 at para 113, applying *Mentmore Manufacturing Co Ltd et al v National Merchandising Manufacturing Co Inc*, 1978 CanLII 2037, 89 DLR (3d) 195 (FCA).

[119] In *Mentmore*, a patent infringement case, the Federal Court of Appeal recognized two competing principles. First, the principle that “everyone should answer for [their] tortious acts.” And second, the principle that an incorporated company is a separate legal entity, and that generally its shareholders, directors, and officers “enjoy the benefit of the limited liability afforded by incorporation,” whether the company is a large or small one: *Mentmore* at p 202. Despite the principle of limited liability, the Court of Appeal concluded that participation in the acts of the company could give rise to personal liability where the director or officer’s personal involvement is of a degree and kind to make the tortious act their own: *Mentmore* at p 203. This is the same approach taken in respect of personal liability for torts generally: *ScotiaMcLeod Inc v Peoples Jewellers Ltd*, 1995 CanLII 1301, 26 OR (3d) 481 (CA) at p 491; *Venngo Inc v Concierge Connection Inc (Perkopolis, Morgan C Marlowe and Richard Thomas Joynt)*, 2015 FC 1338 at paras 77–78, aff’d in part 2017 FCA 96.

[120] In the context of intellectual property infringement in particular, the Court of Appeal found that for there to be personal liability, there must be circumstances showing that the individual’s purpose was not just ordinary course business activity “but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it”: *Mentmore* at pp 204–205.



[121] Most of what the plaintiffs rely on to establish personal liability is simply the fact that as owner, director, and officer, Mr. Racioppo was responsible for the business and inextricably linked to its success. However, this Court has confirmed that merely being the directing mind of a company is not sufficient to establish personal liability: *Venngo (FC)* at para 77, quoting *Normart Management Ltd v West Hill Redevelopment Co Ltd*, 1998 CanLII 2447, 37 OR (3d) 97 (CA) at p 102. While the plaintiffs point to the fact that Mr. Racioppo incorporated Hostess Bread to sell bread under the HOSTESS trademark, they concede there is no evidence it was incorporated to avoid personal liability for infringement or other tortious conduct. In my view, the plaintiffs have not established that Mr. Racioppo's conduct met the *Mentmore* standard described above. While Mr. Racioppo made the decision to sell HOSTESS bread, simply being the person who made the decision that a company would undertake acts that infringe is not enough to create personal liability.

[122] The plaintiffs argue that their case for infringement and passing off is so clear that Mr. Racioppo's conduct itself shows deliberate and wilful infringement, or at least indifference to the risk of it. In my view, however, the evidence shows that while Mr. Racioppo may have been misguided, he believed the companies were entitled to sell HOSTESS branded bread in light of the absence of *bread* from Vachon Bakery's registrations, and the information received from Mr. Skellett regarding Mr. Etedgui's statements.

[123] I concede there are some factors that point in the direction of personal liability. Most of the defendants' sales of bread products occurred after the plaintiffs had asserted their rights and made clear they considered the sales to be infringing. Mr. Racioppo also registered the domain

name <hostessbread.com> in his own name, although he said this was because Hostess Bread was not yet incorporated, and he simply forgot to transfer it to the company as he intended. On balance, however, I conclude these actions are not enough to show wilful infringement or indifference, so as to attach personal liability in the circumstances.

D. *The Defendants Have Not Established Passing Off*

[124] In addition to asserting that the plaintiffs could not prevent them from selling bread bearing the trademark HOSTESS, the defendants ask for a declaration that they own unregistered rights to the trademark HOSTESS for use in association with bread, hamburger buns, hot dog buns, and bagels. They claim they are the senior user of the HOSTESS trademark in association with bread, and ask the Court to find the plaintiffs liable in passing off for their sale of bread commencing in 2017.

[125] For the reasons discussed above, the defendants' claim in passing off cannot succeed. The defendants' sale of bread products from 2016 to 2019 under the HOSTESS trademark infringed Vachon Bakery's registered trademark rights. It cannot rely on such sales to establish the existence of goodwill in an attempt to prevent the plaintiffs from selling bread under the HOSTESS trademark.

E. *Remedies*

[126] As noted above, the evidence indicates that the defendants' sales of bread products were in the range of approximately \$70,000. Mr. Racioppo gave evidence of various costs associated

with those sales, and of overall losses of Natural Stuff and Hostess Bread, but the plaintiffs do not seek an accounting of profits. Nor have the plaintiffs attempted to show any actual damages in the form of lost sales arising from the defendants' sales. Rather, they seek nominal damages for loss of goodwill arising from the defendants' conduct: *Toys "R" Us (Canada) Ltd v Herbs "R" Us Wellness Society*, 2020 FC 682 at para 67, citing *Teavana Corporation v Teayama Inc*, 2014 FC 372 at paras 39–41. The plaintiffs requested damages in the amount of \$10,000 on this basis. The defendants accepted that this amount was not unreasonable, although they argued that the defendants' profits were closer to \$5,000.

[127] I am satisfied that \$10,000 is a reasonable amount in the circumstances given the sales at issue, the nature of the infringement, and the potential impact on the plaintiffs' goodwill. I will award damages in this amount. While the plaintiffs initially sought punitive or exemplary damages, they confirmed at the hearing they were not pursuing those aspects of their claim.

[128] The plaintiffs also seek declaratory relief, delivery up, and injunctive relief. The defendants argued an injunction was not necessary as they had already stopped selling, and counsel at the hearing offered an undertaking on behalf of his clients not to use the mark if they were unsuccessful. In the circumstances, having brought the matter through hearing, and in the absence of an undertaking of clearly defined scope from the defendants themselves, the plaintiffs are entitled to injunctive relief.

[129] The plaintiffs' action also asserted that the defendants had passed off their goods as and for those ordered or requested, contrary to paragraph 7(c) of the *Trademarks Act*. While the

plaintiffs' motion for summary trial requested a declaratory order to this effect, the plaintiffs directed no argument to this ground. I therefore decline to grant this aspect of the requested order.

[130] As to Mr. Racioppo personally, he will be subject to the injunction against the corporate defendants since he remains an officer of Natural Stuff. The Court's order in respect of the <hostessbread.com> domain name will also be directed to him personally as the evidence showed it was registered and remained in his name. In other respects, the action against Mr. Racioppo will be dismissed.

[131] The parties requested an opportunity to address costs. I encourage them to reach agreement on costs. If they are unable to do so, they may make written submissions in accordance with the following schedule:

- within 20 days of the date of this judgment, the plaintiffs may file submissions in letter format not to exceed 5 pages, to which they may attach a bill of costs as an appendix;
- within 10 days of receipt of the plaintiffs' submissions, the defendants may file submissions in letter format not to exceed 5 pages, to which they may attach as an appendix a bill of costs and/or a submission, not to exceed 2 pages, addressing specific line items in the plaintiffs' bill of costs (if filed); and
- within 5 days of receipt of the defendants' submissions, the plaintiffs may file reply submissions in letter format not to exceed 2 pages, to which they may attach as an appendix a submission, not to exceed 2 pages, addressing specific line items in the defendants' bill of costs (if filed).

**JUDGMENT IN T-1762-17**

**THIS COURT'S JUDGMENT is that**

1. The defendants, Natural Stuff Inc and Hostess Bread Company Inc, have:
  - a. infringed the registered trademark of the plaintiff, Boulangerie Vachon Inc/Vachon Bakery Inc, for the trademark HOSTESS (TMDA37,702), contrary to section 20 of the *Trademarks Act*;
  - b. directed public attention to their wares, services or business in such a way as to cause, or be likely to cause, confusion in Canada between their goods, services and business and those of the plaintiff, Boulangerie Vachon Inc/Vachon Bakery Inc, contrary to paragraph 7(b) of the *Trademarks Act*;  
and
  - c. depreciated the value of the goodwill attaching to the registered trademark of the plaintiff, Boulangerie Vachon Inc/Vachon Bakery Inc, for the trademark HOSTESS (TMDA37,702), contrary to section 22 of the *Trademarks Act*.
2. The defendants, Natural Stuff Inc and Hostess Bread Company Inc, and their respective directors, officers, servants, agents, employees, successors, and assigns, and all those over whom they exercise control, are enjoined from:
  - a. infringing the rights in and to registered trademark TMDA37,702 for the trademark HOSTESS;
  - b. directing public attention to their wares, services or business in such a way as to cause, or be likely to cause, confusion in Canada between their goods, services and business and those of the plaintiff, Boulangerie Vachon Inc/Vachon Bakery Inc; or

c. depreciating the value of the goodwill attaching to registered trademark  
TMDA37,702 for the trademark HOSTESS;

through the use of the trademark HOSTESS or the trade name Hostess Bread  
Company Inc in association with bread or bread products, or through the use of any  
confusingly similar trademark, trade name, corporate name, or domain name.

3. The defendants, Natural Stuff Inc and Hostess Bread Company Inc, shall forthwith deliver up to the plaintiffs, or destroy under oath, all articles in their possession, power, and/or control that may offend in any way against the foregoing injunction, including all offending packaging, labels, and business, promotional, and advertising materials.
4. The defendants, Natural Stuff Inc and Hostess Bread Company Inc, shall pay to the plaintiffs damages in the amount of \$10,000.
5. The defendants, Natural Stuff Inc, Hostess Bread Company Inc, and Silvano Racioppo, shall cancel the domain name <hostessbread.com> and any other domain names in their possession, power, or control that may offend against the foregoing injunction.
6. In all other respects, the action as against the defendant, Silvano Racioppo, is dismissed.
7. The counterclaim herein is dismissed.
8. The parties may make submissions on costs in accordance with the schedule set out in the reasons for judgment.

“Nicholas McHaffie”

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1762-17

**STYLE OF CAUSE:** BOULANGERIE VACHON INC / VACHON BAKERY  
INC AND CANADA BREAD COMPANY, LIMITED v  
SILVANO RACIOPPO, NATURAL STUFF INC, AND  
HOSTESS BREAD COMPANY, INC

**HEARING HELD BY VIDEOCONFERENCE ON DECEMBER 7, 2020 FROM  
OTTAWA, ONTARIO (COURT) AND TORONTO, ONTARIO (PARTIES)**

**JUDGMENT AND REASONS:** MCHAFFIE J.

**DATED:** APRIL 9, 2021

**APPEARANCES:**

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Graham Hood

Ted A. Kalnins FOR THE DEFENDANTS

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