

Federal Court



Cour fédérale

Date: 20220518

Docket: T-530-21

Citation: 2022 FC 743

Toronto, Ontario, May 18, 2022

**PRESENT:** The Honourable Madam Justice Furlanetto

**BETWEEN:**

**BEIJING JUDIAN RESTAURANT CO. LTD.**

**Applicant**

and

**WEI MENG**

**Respondent**

**JUDGMENT AND REASONS**

[1] The Applicant Beijing Judian Restaurant Co. Ltd. [Beijing Judian] seeks a declaration of invalidity and applies under subsection 57(1) of the *Trademarks Act*, RSC, 1985, c T-13 [TMA] to strike from the Register of Trademarks [Register], Canadian Trademark Registration No. TMA1020055, for the trademark JU DIAN & Design [JU DIAN & Design Mark], depicted below:



[2] The JU DIAN & Design Mark was registered to the individual Respondent, Wei Meng, on August 25, 2019 for use in association with “restaurant services; take-out restaurant services” and “beer”.

[3] The Applicant owns and operates two restaurants in British Columbia [BC] and a series of well-known restaurants in China, through which it has used a family of Ju Dian character trademarks, including in China, one identical to the JU DIAN & Design Mark. It asserts that the Respondent has not used the JU DIAN & Design Mark and only registered the mark with the intention of trying to sell the registration to the Applicant or otherwise interfere with, or profit from, the Applicant’s business and reputation. The Applicant asserts that the Respondent similarly applied to register the marks of other well-known Chinese restaurants with the same intention.

[4] The Applicant contends that the JU DIAN & Design Mark is invalid because it was obtained in bad faith, contrary to s. 18(1)(e) of the TMA. Alternatively, it asserts that the mark is invalid under ss. 18(1)(b) and/or 18(1)(d) of the TMA. The Applicant also requests a declaration that the Respondent’s actions constitute passing off under s. 7(b) of the TMA and at common law. It seeks an injunction and damages in association with its passing off allegation and exemplary damages in association with its allegation of invalidity based on bad faith.

[5] For the reasons set out below, I find that the registration for the JU DIAN & Design Mark is invalid and should be expunged from the Register, but that there is no basis for an award of an injunction and damages.

I. Background

[6] The only evidence before the Court is the evidence filed by the Applicant. As there were no cross-examinations, this evidence is uncontradicted.

[7] The evidence includes two affidavits: 1) an affidavit of Jiantao Zou, [Zou Affidavit], Co-Founder and General Manager of Beijing Judian, which was affirmed on March 15, 2021; and 2) an affidavit of Lai Lam Sing [Sing Affidavit], a consultant for Beijing Judian and an employee of The Meat Up Restaurant Ltd., an indirect subsidiary of Beijing Judian, which operates the Beijing Judian restaurant in Vancouver. The Sing Affidavit was affirmed on March 16, 2021.

[8] Although the Respondent filed a Notice of Appearance, he did not file any further documents in the proceeding, nor did he attend the hearing of the application.

[9] A summary of the facts established by the Applicant's evidence is set out below.

A. *The Applicant's trademarks*

[10] Since 2005, Beijing Judian has operated a chain of barbeque bar restaurants in China that use one or more trademarks from those depicted below that incorporate the Ju Dian characters

聚点串吧 in written and design form, an English stylized character design for the word “Partybase” and/or a circles design [JU DIAN Trademarks].



Chinese JU DIAN Characters Mark  
(jù diǎn chuàn bā)



Chinese JU DIAN Characters Design Mark



Stylized English language  
“Partybase” mark



Circles Design Mark



Combination Mark

[11] As of June 2020, Beijing Judian had close to 40 restaurants in China operated by the Applicant or a subsidiary operating under the Applicant’s control.

[12] The Beijing Judian restaurants are well-known in China and served over 5,750,000 customers between 2011 and 2019. The JU DIAN Trademarks are heavily used to promote Beijing Julian’s restaurant services through various media, including publications, billboards, social media, pop-up shops, video advertisements, review sites and online blogs. Beijing Judian’s restaurant services feature the JU DIAN Trademarks on signage at subway stations, receiving significant throughput and exposure; and on billboards in office buildings and residential

communities. The Zou Affidavit provides a number of examples of the vast and extensive use of the JU DIAN Trademarks in association with Beijing Judian's restaurants in China.

[13] Since 2011 and 2013 respectively, Beijing Judian has also used the JU DIAN Trademarks in association with its social media accounts on Weibo and WeChat to promote and advertise its restaurant services to the Chinese population inside and outside China.

B. *The Canadian restaurants*

[14] In 2015, the Applicant began investigating bringing its chain of restaurants into Canada. The Applicant chose the Metro Vancouver and Toronto regions given the large population of Chinese Canadians in these areas who it considered would be familiar with the Beijing Judian restaurants and the Applicant's JU DIAN Trademarks.

[15] Beijing Judian opened its Vancouver restaurant in May 2018 and a second restaurant in Richmond BC in 2019. It also maintained a restaurant in Toronto between October 2018 and October 2019. The Applicant served over 77,000 customers and generated over CAD \$2.6 million in revenue from its Vancouver restaurant between May 1, 2018 and September 1, 2019, and served over 36,000 customers and generated CAD \$1.2 million in revenue from its Richmond restaurant since September 2019.

[16] All of the Canadian restaurants display and use the Ju Dian characters in the following trademark design format [Canadian JU DIAN Characters Mark]:



[17] The Applicant filed an application for the Canadian JU DIAN Characters Mark on November 24, 2017.

C. *The Respondent's activities*

[18] Unbeknownst to the Applicant, on June 27, 2017, the individual Respondent who resides in Richmond BC, had already applied to register the JU DIAN & Design Mark for use in association with “restaurant services; take-out restaurant services” and “beer” based on proposed use. Around the same time, the Respondent also applied, based on proposed use, to register the trademarks of other restaurant chains in China, including Gangli Restaurant, Jiang Bian Cheng Wai Kao Quan Yu, Saizeriya, Seahood, and Yuanmai Shanqiu (Withwheat).

[19] On April 21, 2019, the Respondent approached the Applicant about its trademark at the Vancouver Beijing Restaurant. The Sing Affidavit refers, on information and belief, to details of the interaction as follows:

5. I am advised by my daughter, Jacqueline Lai, and believe that on or about April 21, 2019, the Respondent showed up at the Vancouver Restaurant and demanded to speak to the owner. My daughter spoke directly with the Respondent, who alleged that Beijing Judian stole his trademark. When she informed the Respondent that the JUDIEN Trademarks were originally created and used by Beijing Judian for its restaurant chains in China and

Canada, the Respondent insisted that he did not care about the Chinese trademarks and that he had the paperwork in Canada. She asked the Respondent to leave his contact details and details of the paperwork he was talking about at the store so she could review them.

[20] Shortly after the meeting, on April 25, 2019, the Respondent filed a declaration of use for the JU DIAN & Design Mark, which was then issued on the same day.

[21] On May 1, 2019, Mr. Sing arranged a further meeting with the Respondent at the Vancouver Beijing Judian restaurant. Mr. Sing states that during the meeting, the Respondent “demanded CAD \$1,500,000 for Beijing Judian to acquire use of the JU DIAN Trademarks and refused to concede his ownership rights”. The request for payment was refused.

[22] On May 8, 2019, the Respondent sent a letter to Ms. Zou’s cofounder, Mr. Zhang Lin, alleging that Beijing Judian’s restaurants used his trademarks without his permission and infringed his copyright in Canada. The Respondent stated that he would contact the “registry department” and the Canadian Revenue Agency if the Applicant did not stop using the JU DIAN Trademarks within one week.

[23] On June 28, 2019, the Applicant wrote to the Respondent with its own cease and desist letter, demanding that the Respondent cease all use of the Applicant’s marks and abandon the JU DIAN & Design Mark. After subsequent follow-up correspondence, the Respondent replied, denying the demands and reasserting his JU DIAN & Design Mark.

[24] On June 3, 2019, the Applicant became aware of an advertisement for the sale of the registration of the JU DIAN & Design Mark on a BC online marketplace news website and messageboard, VanSky: [www.vansky.com](http://www.vansky.com). The Applicant arranged to have a contact make inquiries into the purchase of the mark. In response to the inquiry, the Respondent proposed that the contact pay \$100,000 a year to license the registration and open a franchise of the restaurant.

The text message stated that:

\$100,000 a year is merely one person's salary, no other service fees. You won't find another franchise as low as this price. If you open a store with no reputation, you'll lose even more money [than my asking price]. You can search JuDian Chuan Ba on Baidu and you will see how many stores are in Beijing. Anyone in the industry knows powerful brands attract customers. If you are interested, contact me.

[25] In October 2020, the Respondent opposed the Applicant's application to register the Canadian JU DIAN Characters Mark. Its statement of opposition argued that the Canadian JU DIAN Characters Mark was not distinctive because it was the same as the Respondent's JU DIAN & Design Mark.

## II. Issues

[26] The following issues are raised by this application:

1. Should the registration for the JU DIAN & Design Mark be declared invalid and expunged from the Register?
2. Was the JU DIAN & Design Mark obtained in bad faith contrary to paragraph 18(1)(e) of the TMA or otherwise invalid under paragraphs 18(1)(b) or 18(1)(d) of the TMA?
3. Do the Respondent's actions constitute passing off under subsection 7(b) of the TMA and at common law?



4. Is the Applicant entitled to an injunction and damages, and if so, in what quantum?

### III. Analysis

- A. *Should the registration for the JU DIAN & Design Mark be declared invalid and expunged from the Register?*

[27] Subsection 57(1) of the TMA provides the Federal Court with exclusive jurisdiction on the application of the registrar, or of any person interested, to strike out an entry on the Register on the ground that at the date of application the entry does not accurately express or define the existing rights of the person appearing to be the registered owner of the trademark.

[28] Pursuant to section 2 of the TMA, a “person interested” is defined as including a person who is affected, or reasonably believes that they may be affected, by an entry on the Register.

[29] As the Applicant of the Canadian JU DIAN Characters Mark, which has been opposed on the basis of the JU DIAN & Design Mark, and as the owner of the JU DIAN Trademarks, the Applicant is a person interested for the purpose of subsection 57(1) of the TMA.

- (1) Was the JU DIAN & Design Mark obtained in bad faith contrary to paragraph 18(1)(e) of the TMA

[30] Pursuant to paragraph 18(1)(e) of the TMA, a registration for a trademark may be invalidated if “the application for the registration was filed in bad faith”. Paragraph 18(1)(e) of the TMA was introduced in Bill C-86 as part of section 218 of the *Budget Implementation Act No. 2*, SC 2018, c 27. A definition of “bad faith” was not introduced along with the provision. The purpose of s. 18(1)(e), along with its corresponding opposition ground, was described in the

Legislative Summary Publication No 42-1-C86-E, 14 December 2018, at section 2.5.7.2, Subdivision B: Amendments to the Trade-marks Act as aiming to “hinder the registration of a trade-mark for the sole purpose of extracting value from preventing others from using it.”

[31] Similar comments were made during the final reading of Bill C-86, where the proposed amendments to the TMA were described at the time as seeking to “prevent the abusive use of the trademark regime, such as by applying for registration with the sole intention of seeking remuneration from the legitimate owner of the trademark” (Bill C-86, 3<sup>rd</sup> reading, *House of Commons Debates*, 42-1, No 361 (29 November 2018) at 1155 (Hon Dan Ruimy)).

[32] As a newer provision, paragraph 18(1)(e) has only been considered to a limited extent in Canadian jurisprudence: *Norsteel Building Systems Ltd v Toti Holdings Inc*, 2021 FC 927; *YIWU Thousand Shores E-Commerce Co Ltd v Lin*, 2021 FC 1040; *Advanced Purification Engineering Corporation DBA APEC Water Systems v iSpring Water Systems LLC*, 2022 FC 388. The Applicant asserts that Canadian jurisprudence referring to bad faith prior to the introduction of paragraph 18(1)(e) remains applicable with the caveat that bad faith conduct is now, on its own, sufficient to ground expungement as an express statutory basis for invalidity. It refers to *Cerverceria Modelo, SA de CV v Marcon*, [2008] TMOB No 131 [*Cerverceria*] and *Julia Wine Inc v Les Marques Metro, SENC*, 2016 FC 738 [*Julia Wine*], which were decisions arising from opposition proceedings based on subsection 30(i) of the TMA. That provision required “a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the goods or services described in the application”. Each of these cases involved an applicant’s serial filing of applications for well-known marks. At paragraph 36 of ,

*Cerverceria*, which is also referenced in *Julia Wine*, the Registrar comments on what might constitute bad faith behaviour:

I am not aware of any jurisprudence that describes what “bad faith” is in the context of s. 30(i). While I am not sure whether this term applies in present circumstances, I question how any reasonable person would be satisfied that he/she was entitled to file trade-mark applications for over 18 arguably well known marks for arguably related wares and/or services. I also question the underlying intent of such an applicant in doing so. In my view, the activity of attempting to coat-tail on the established reputation of so many well known marks should be the type of activity that s. 30(i) is designed to prevent.

[33] The Applicant notes that similar statutory provisions to paragraph 18(1)(e) are also found under EU and UK trademark law and have been adjudicated by the EU and UK courts: *Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks*, [2015] OJ, L 336/8 at art 4(2); *Trade Marks Act, 1994 (UK)*, s. 3(6). It refers to this jurisprudence as guidance for interpreting what constitutes bad faith under paragraph 18(1)(e).

[34] As stated by Professor David Vaver in “Good Faith in Canadian Trademark Applications,” *Intellectual Property Journal*, 33 IPJ 1, December 2000, [Vaver] at page 1:

The new bar is no doubt inspired by the similar provisions in EU and UK trademark law and also by comparable provisions found in domain name registry rules. The bar vindicates the fundamental legal and moral principle that nobody should benefit from their wrong, which, as applied to trademarks, may be defined as attempting to use registration as a means to gain rights “in an improper manner or for an improper purpose.” Not only may cases such as that of the 400-application filer be caught; so too, may less egregious abuses where applicants seek unfairly to interfere with the interests of others instead of merely advancing their own trading interests legitimately.

[35] Under UK and EU trademark law, bad faith filing of a trademark application is not limited to dishonest conduct on the part of an applicant, but may also include dealings which fall short of the standards of acceptable commercial behaviour as observed by reasonable experienced people in the area being examined: *Walton International Ltd and another v Verweij Fashion BV*, [2018] EWHC 1608 (Ch) [*Walton*] at para 186(ii); *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*, [1999] RPC 367 at 379; *Sky plc and other companies v SkyKick UK Ltd and another company*, [2018] EWHC 155 (Ch), at paras 209-210. Assessing the conduct of the applicant involves considering the applicant's subjective intention at the time of filing as determined by reference to the objective circumstances of the particular case: *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, [2009] EUECJ C-529/07 [*Chocoladefabriken*] at paras 41-45; *Walton* at para 186(vi).

[36] Bad faith is generally characterized as a breach of a legal or moral obligation on the part of an applicant towards a third party; however, it is not necessary for there to be contractual or pre-contractual relations between the parties for an application to be made in bad faith: *Walton* at para 187. As stated by N. Dawson in "Bad faith in European trade mark law" [2011] IPQ 229 [Dawson] at 255:

While the existence of a relevant relationship makes it a relatively straightforward matter to establish bad faith, the absence of such a relationship or indeed of any kind of contact between the parties is by no means fatal: numerous "arm's length" cases of pre-emption have resulted in a finding of bad faith.

The factual matrix of pre-emption generally involves an application for registration of a mark that is identical to an earlier mark registered or simply used by a third party, for the same or similar products. [...]

[37] Under UK and EU law, bad faith conduct can include applying for registration of a mark without any intention of using it in a legitimate commercial way, where the sole objective is to prevent a third party from entering the market or to interfere with their business (see for example, *Chocoladefabriken* at paras 43-45; *Byford v Oliver*, [2003] EWHC 295 (Ch)). Bad faith may also exist when an applicant seeks or obtains registration of a trademark for use as an instrument of extortion: *Walton* at para 187, referring to *Hotel Cipriani srl v Cipriani (Grosvenor Street)* [2009] EWHC 3031 (Ch) at para 186 which refers to *Melly's Trademark Application (Fianna Fail and Fine Gael Trademarks)*, [2008] RPC 20.

[38] The Applicant asserts and I agree that while the timing of the application is the relevant date for the section 18(1)(e) analysis, later evidence may also be relevant where it helps to clarify the reason for filing the application: *Pentastar Transport Ltd v FCA US LLC*, 2020 FC 367 at para 98.

[39] The Applicant accepts that it has the burden of establishing that the application for the JUDI & Design Mark was made in bad faith, which must be proved on a balance of probabilities with clear, convincing and cogent evidence: *FH v McDougall*, 2008 SCC 53 at paras 40, 45-46. However, where there are facts that fall uniquely within the knowledge of the Respondent, circumstantial evidence and inferences from proved facts may be sufficient to establish the objectives of the Respondent at the time of filing, while hearsay evidence and vague conjecture will not: *Beijing Jingdong 360 Du E-Commerce Ltd v Zhang*, 2019 FC 1293 at para 23-24; *Domaines Pinnacle Inc v Les Vergers de la Colline*, 2016 FC 188 at para 68; Vaver at page 6.

[40] The Applicant argues that when the Respondent filed the application to register the JU DIAN & Design Mark, he was manifestly aware of the Beijing Judian restaurants and the reputation associated with the JU DIAN Trademarks in China and with the Chinese-Canadian community in Richmond, Vancouver and Toronto. It contends that the Respondent never had a legitimate commercial intention to use the JU DIAN & Design Mark, but instead sought to obtain the registration to benefit from the Applicant's reputation and to extort money from the sale of the mark.

[41] The JU DIAN & Design Mark is a direct reproduction of the Applicant's Combination Mark and incorporates the Ju Dian characters, Partybase mark and Circles Design used in association with the Applicant's restaurants in China. I agree with the Applicant that it is implausible to contemplate that the Respondent could have created this same original design on his own. Rather, it can be logically inferred that the Respondent intended to obtain registration for the same mark that he knew was associated with the Beijing Judian restaurants in China.

[42] The intentional filing of an application for the Applicant's mark in and of itself, however, is not sufficient to invalidate the JU DIAN & Design Mark. As acknowledged by the Applicant, there may be a legitimate basis to obtain a registered trademark in Canada for the same mark that is registered and used by a third party elsewhere where there is no reputation for the third party's mark in Canada: *USA PRO IP Limited v Courtaulds Textiles America Inc.*, 2018 TMOB 90 at para 21; *Santa Barbara Restaurant Group Inc v Veto*, 2014 TMOB 286 at para 31-33; *Bousquet v Barmish Inc*, [1991] FCJ No 340, 1991 CarswellNat 878 (WL) at para 29 (FCTD); *aff'd* [1993] FCJ No 34, 46 CPR (3d) 510 (FCA).

[43] This is consistent with comments made in Dawson at page 257 with reference to the approach taken to an allegation of bad faith in the EU:

The establishment of an a priori right attracting some level of legal protection seems essential to the use of bad faith as trade mark law's "inbuilt unfair competition rule" and fundamental to the application of the "abuse of rights" approach described earlier, now two of the guiding forces within Community discourse on bad faith. In the absence of such an earlier right, it is difficult to see how the applicant's behaviour could be considered unfair, abusive or *mala fide*.

[44] In this case, however, there is sufficient evidence from the Zou and Sing Affidavits and the Respondent's own actions to establish that the Applicant had some reputation amongst at least the Chinese Canadian population in BC at the time of filing the application of the JU DIAN & Design Mark. Ms. Zou speaks of her personal knowledge of Canadian residents visiting the Beijing Judian restaurants in China. Similarly, Mr. Sing speaks generally to his personal knowledge of awareness of the JU DIAN Trademarks amongst Chinese-Canadians living in Vancouver, Richmond and in Toronto. The Zou affidavit also refers to marketing and promotion through the Applicant's WeChat and Weibo accounts directed at the Chinese population, including those outside China.

[45] The Respondent indicates his awareness of the reputation in the Applicant's JU DIAN Trademarks in his text message to the proposed purchaser wherein he references the Applicant's Beijing restaurants and the reputation in the Ju Dian characters and the JU DIAN brand. This evidence when taken together with the objective circumstances are in my view telling of the Respondent's intention to use the reputation in the JU DIAN Trademarks to his economic advantage.

[46] The evidence indicates that the Respondent registered the JU DIAN & Design Mark with the intention of extorting money from the Applicant or using the Applicant's reputation in the JU DIAN Trademarks to obtain money from others. One week after the JU DIAN & Design Mark was registered the Respondent approached the Applicant to purchase the mark for \$1,500,000; a cost well above any cost associated with obtaining the mark. When the Applicant refused to purchase the mark, the Respondent made threats against the Applicant's business. He later resorted to placing a public advertisement on VanSky, offering the trademark registration for sale, and subsequently in correspondence with a would-be purchaser to franchise rights for \$100,000 a year. The Respondent's correspondence with the proposed purchaser of the JU DIAN & Design Mark relied on the reputation in the Applicant's restaurants as a means to justify the significant cost requested to license the mark.

[47] The Applicant asserts that these actions must be considered together with the evidence of similar trademark filings made by the Respondent around the same time. These filings were for other trademarks associated with different Chinese restaurants for which the Respondent has no known affiliation. All of these applications were filed based on proposed use. The Applicant asserts that this pattern of activity indicates that the Respondent filed the application for the JU DIAN & Design Mark without a legitimate commercial purpose. I agree.

[48] UK Courts have held that an inference of bad faith may be rebuttable where there is registration of a trademark associated with a well-known brand by an applicant with no connection to the brand. However, where an applicant has engaged in a pattern of acquiring multiple such registrations, rebutting the inference of bad faith becomes significantly more



difficult: *Trump International Limited v Dttm Operations LLC*, [2019] EWHC 769 (Ch) at paras 46-48.

[49] The application for the JU DIAN & Design Mark was based on proposed use. While a declaration of use was subsequently filed by the Respondent on April 25, 2019, there is no evidence in the record of the Respondent's use of the JU DIAN & Design Mark for a commercial purpose. The only use is in the advertisement to sell the mark on VanSky. Ms. Zou indicates in her affidavit that the Applicant made diligent efforts but was unable to find any use of the JU DIAN & Design Mark by the Respondent in association with its registered goods and services, or any good and services at all. The Applicant argues that this omission is striking as the Respondent knew that the validity of his mark was in issue, yet chose not to file any evidence.

[50] Indeed, there is no evidence from the Respondent to rebut the inference created by the circumstantial evidence or to indicate any intention to use the JU DIAN & Design Mark as a trademark in association with its own restaurant services. Rather, all evidence points to the Respondent's intention of using the JU DIAN & Design Mark to extort money from the Applicant, or to obtain money from others. As held in *HomeAway.com, Inc v Hrdlicka*, 2012 FC 1467 [*HomeAway*] at paragraph 37, this type of activity should not be condoned or encouraged:

[37] The correspondence by e-mail and otherwise, not only that found at Exhibit Q to the Dickey affidavit, but also attached to the two affidavits of Hrdlicka, show that Hrdlicka was endeavouring to sell his registration to HomeAway for a large sum of money and/or for employment or royalties. I find that Hrdlicka, in filing the application for registration, had no *bona fide* intent of using it in a legitimate commercial way in Canada. His intent was to extort money or other consideration from HomeAway. Such activity should not be condoned or encouraged.

[51] I agree with the Applicant. The evidence demonstrates that the Respondent registered the JU DIAN & Design Mark without a legitimate commercial purpose. In my view, the circumstances here constitute bad faith and the registration for the JU DIAN & Design Mark should be found invalid and expunged accordingly.

[52] As I have found that the registration for the JU DIAN & Design Mark is invalid under subsection 18(1)(e), I need not go on to consider subsections 18(1)(d) and 18(1)(b).

[53] The Applicant, however, has also requested an injunction and damages for passing off under section 7(b) of the TMA or at common law. While the use of a registered trademark is an absolute defence to an action in passing off (*Remo Imports Ltd v Jaquar Cars Limited*, 2007 FCA 258 at para 111), in view of my finding on subsection 18(1)(e), such defence is no longer applicable. As such, an analysis of the passing off allegation follows.

B. *Do the Respondent's actions constitute passing off under subsection 7(b) of the TMA and at common law?*

[54] To establish that there has been passing off either at common law or under subsection 7(b) of the TMA, the Applicant must establish three elements: (1) that it possesses goodwill in its trade-marks; (2) that the Respondent deceived the public by misrepresentation; and, (3) that the Applicant suffered actual or potential damage through the Respondent's actions: *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at para 66; *Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 [*Ciba Geigy*] at 132; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 at para 20.

[55] Leaving aside the issue of whether the Applicant possesses goodwill in Canada in association with its trademarks, in my view the Applicant cannot succeed on the issue of passing off as at least the second part of the passing off test has not been met.

[56] The second element of the passing off analysis requires the Applicant to establish a misrepresentation by the Respondent to the public that causes or is likely to cause confusion between the goods, services or business of the Respondent and the goods, services or business of the Applicant. As stated in *Ciba-Geigy* at page 132, with reference to *Reckitt & Colman Products Ltd v Borden Inc*, [1990] 1 All ER 873 at 880:

The law of passing off can be summarized in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying “get-up” (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff... Third, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant’s misrepresentation that the source of the defendant’s goods or services is the same as the source of those offered by the plaintiff. [emphasis removed]

[57] Inherent in the second part of the analysis is that a misrepresentation has been made to the public in commerce associated with the sale, offering for sale or advertisement of goods and/or services. While the nature of the misrepresentation may take on different forms (*TFI*

*Foods Ltd v Every Green International Inc*, 2021 FC 241 at paragraph 51; *Ark Innovation Technology Inc v Matidor Technologies Inc*, 2021 FC 1336 at para 69), confusion, or the potential for confusion, arising from the misrepresentation must be established in the marketplace amongst the relevant purchasing public.

[58] In this case, as admitted by the Applicant, there has been no commercial use of the JU DIAN & Design Mark by the Respondent. The only use of the mark is its advertisement for sale on VanSky.

[59] The Applicant asserts that there is a threat of use on a *quia timet* basis given the Respondent's registration and attempts to find licensees to use the mark. However, I do not consider the one-on-one exchange in the text message in response to the VanSky inquiry to be sufficient evidence on its own to establish a likelihood of confusion in the marketplace amongst the relevant public. This is particularly so as the message was sent to an anonymous contact associated with the Applicant and arose from an advertisement to sell the JU DIAN & Design Mark on VanSky, and not from the use of the JU DIAN & Design Mark in commerce. Indeed, the advertisement itself did not include any reference to the proposed franchising. The reference to franchising was only in the private text message.

[60] The Applicant refers the Court to the decision in *Law Society of British Columbia v Canada Domain Name Exchange Corporation*, 2004 BCSC 1102 [*Law Society*] at para 23; aff'd 2005 BCCA 535, which referenced the decision in *British Telecom plc v One in a Million Ltd*, [1998] 4 All ER 476, [1997] EWJ No 1599 (QL) (High Ct Just), as authority for the

proposition that even placing a third party's mark on a domain name registry may be a misrepresentation sufficient on its own to constitute passing off. However, I note that in *Law Society* there was evidence of the domain name being in use to direct traffic to another website (see also *Cabanons Mirabel c Cabanons Fontain Inc*, 2020 QCCS 1419 at paras 3 and 49; *Dentec Safety Specialists Inc v Degil Safety Products Inc*, 2012 ONSC 4721 at paras 1 and 12). To the extent this proposition could be applied to the listing of a trademark on the Trademarks Register, I do not consider this act alone to be sufficient, in this case, to establish confusion or the likelihood of confusion, particularly without any evidence of trademark use by the Respondent.

[61] While I have found that the application for the registration of the JU DIAN & Design Mark was made in bad faith, contrary to paragraph 18(1)(e) of the TMA, there is insufficient evidence before me to conclude that the Respondent has created confusion or the likelihood of confusion in the marketplace as to source of any goods, services or business as there has been no commercial activity or use of the JU DIAN & Design Mark by the Respondent.

C. *Is the Applicant entitled to an injunction and damages, and if so, in what quantum?*

[62] In view of my finding on the issue of passing off, there is no entitlement to an injunction or compensatory damages.

[63] The Applicant also requests \$15,000 in exemplary damages arising from my finding under paragraph 18(1)(e) of the TMA. It argues such damages should be awarded as a deterrent for the reprehensible conduct of the Respondent in applying for registration of a trademark that it

did not intend to use for anything other than forcing the hand of the Applicant or taking advantage of unwitting third parties.

[64] In *Sun Life Assurance Company of Canada v Fidler*, 2006 SCC 30 at paragraph 63, the Supreme Court of Canada discussed its decision in *Whiten v Pilot Insurance Co*, 2002 SCC 18, which set out principles governing an award of punitive damages in a breach of contract case. The Supreme Court confirmed that “in addition to the requirement that the conduct constitute a marked departure from ordinary standards of decency, it must be independently actionable”. In my view, the same reasoning applies in this case. As the allegations of bad faith are not a separately actionable tort, I find no basis to grant the punitive damages requested.

[65] In my view, expungement of the mark is the appropriate remedy. The Applicant will also be entitled to costs and as requested, will be provided with time to make separate submissions accordingly.

**JUDGMENT IN T-530-21**

**THIS COURT'S JUDGMENT is that:**

1. Canadian Trademark Registration Number TMA1020055 for the trademark JU DIAN & Design is declared invalid and shall be struck by the Registrar from the Canadian Trademarks Register.
2. The remainder of the application is dismissed.
3. The Applicant shall have thirty (30) days from the date of this decision to provide its submissions as to costs.

"Angela Furlanetto"

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Judge

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

**DOCKET:** T-530-21

**STYLE OF CAUSE:** BEIJING JUDIAN RESTAURANT CO. LTD. v WEI MENG

**PLACE OF HEARING:** HEARD BY VIDEOCONFERENCE

**DATE OF HEARING:** OCTOBER 12, 2021

**JUDGMENT AND REASONS:** FURLANETTO J.

**DATED:** MAY 18, 2022

**APPEARANCES:**

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James Z. Jeffries-Chung

FOR THE APPLICANT

No one appearing

FOR THE RESPONDENT

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FOR THE APPLICANT