



Date: 20230308

Docket: T-202-17

Citation: 2023 FC 319

Ottawa, Ontario, March 8, 2023

PRESENT: Madam Justice Walker

BETWEEN:

TRAVEL LEADERS GROUP, LLC

Plaintiff/Defendant by Counterclaim

and

2042923 ONTARIO INC.  
D.B.A. TRAVEL LEADERS

Defendant/Plaintiff by Counterclaim

**JUDGMENT AND REASONS**

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I. **Overview**

[1] The central issue in this proceeding is the validity of a Canadian trademark registration, namely registration number TMA790523 (the Registration) for the trademark TRAVEL LEADERS. The Registration is owned by the Defendant/Plaintiff by Counterclaim, 2042923 Ontario Inc. (Ontario Inc.). The Plaintiff/Defendant by Counterclaim, Travel Leaders Group, LLC (TLG) asserts that the Registration is invalid on the basis of material misstatement as to the date of first use, abandonment and bad faith (paragraphs 18(1)(a), (c) and (e) respectively of the *Trademarks Act*, RSC 1985, c T-13 (the *Act*)). Ontario Inc. denies TLG's claims of invalidity. In turn, Ontario Inc. asserts that TLG has infringed its exclusive rights as the owner of the TRAVEL LEADERS trademark, depreciated the value of the goodwill associated with the trademark, and engaged in passing off contrary to paragraph 7(b) of the *Act*.

[2] For the reasons that follow, I have found that Ontario Inc. abandoned the registered TRAVEL LEADERS trademark as of February 14, 2017. As a result, the Registration will be expunged from the Register. I have also found that Ontario Inc. has failed to establish its claims against TLG pursuant to each of section 19, subsections 20(1) and 22(1) and paragraph 7(b) of the *Act*.

II. **The Parties**

[3] TLG was incorporated under the laws of Delaware and has its principal place of business in Plymouth, Minnesota. It is one of three business units of Internova Travel Group (Internova). TLG itself carries on business through a number of divisions, one of which is Travel Leaders

Network LLC. The Canadian operations of Travel Leaders Network LLC are conducted via TL Network Canada Inc. (TL Network Canada).

[4] The TL Network business has two components: member travel agencies who sell travel services directly to consumers and preferred travel supply partners (e.g., hotels, cruise lines, tour operators, rental car companies and airlines). TLG also operates franchised travel agencies in the United States under the name TRAVEL LEADERS but has no franchises in Canada.

[5] In exchange for membership fees, TLG leverages the buying power of its member travel agencies to negotiate preferential business terms with preferred travel suppliers. For example, preferred suppliers provide TLG's member agencies with higher commissions compared to those paid to non-member agencies. TLG also assists member agencies in building their businesses by providing software booking solutions, education and certifications, networking events and other business services. TLG's primary lines of revenue are derived from its preferred suppliers who pay TLG (1) a small percentage on sales to member agencies; and (2) fees for TLG to market its services to member agencies.

[6] Ontario Inc. was incorporated on March 16, 2004 and has two equal shareholders: Mr. Amin Saleh, the sole director and principal of Ontario Inc. and its sole witness in this proceeding, and Mrs. Salehmohamed, Mr. Saleh's spouse. Mrs. Salehmohamed is not, and has not been, an employee of Ontario Inc. She works full-time for a well-established and unrelated organization.

[7] On or around May 10, 2004, Ontario Inc. acquired a stand-alone travel agency, K&S Travel Limited (K&S Travel). Ontario Inc.'s initial clients were the former clients of K&S Travel and Ontario Inc. first operated from the existing K&S Travel premises at 550 Ontario Street South in Milton, Ontario. Subsequently, Ontario Inc. moved to business premises at Suite 203, 400 Bronte St South, again in Milton, Ontario (the Office) from which it offered travel services directly to Canadian consumers.

### III. **Background and Timeline**

[8] The following factual and temporal background is drawn from the parties' detailed Agreed Statement of Facts, the live and documentary evidence presented at trial and the parties' read-ins from discovery. This section is a summary of the evidence to provide context for the dispute between the parties. A detailed review of the relevant evidence is set out in my substantive analysis of the issues in dispute.

[9] Ontario Inc. began operations in 2004 following its acquisition of K&S Travel and initially carried on business under the name K&S Travel from storefront premises. In or around 2006-2007, Ontario Inc. purchased the Office, a condominium unit of approximately 700 square-feet on the second floor of a low-rise building.

[10] Mr. Saleh decided to rebrand Ontario Inc. in late 2004. On November 8, 2004, he performed business name searches for "Travel Ways" and "Travel Leaders" and chose to move forward with "Travel Leaders". According to Mr. Saleh, he searched online for Travel Leaders but did not find any other businesses using that name in Ontario.

[11] Mr. Saleh obtained an Ontario Master Business Licence under the name Travel Leaders on November 8, 2004 and stated that he registered the domain name “travelleaders.ca” on November 9, 2004. Mr. Saleh testified that he did not consider using a “.com” domain name and did not search “travelleaders.com”. In January 2005, Mr. Saleh applied to update Ontario Inc.’s trade name, TRAVEL LEADERS, with the Travel Industry Council of Ontario (TICO) and the International Air Transport Association (IATA).

[12] Based on publicly filed records in the United States Patent and Trademark Office, a predecessor to TLG, American Leisure Equities Corporation, first adopted the trademark TRAVELEADERS in 2001 and filed for registration on April 19, 2005. The application issued to registration on November 14, 2006.

[13] The original US Registration was amended to two words, TRAVEL LEADERS, on September 11, 2008. TLG and its predecessors have used the trade name and trademark TRAVEL LEADERS in the United States since 2008.

[14] TLG filed for registration of TRAVEL LEADERS in Canada based on proposed use in Canada on August 18, 2008 (Canadian Application No. 1,407,622) (the Application). The Application was advertised on June 10, 2009.

[15] Ontario Inc. filed a Statement of Opposition in respect of the Application on November 24, 2009 and TLG did not file a counterstatement. In an attempt to resolve the Opposition, TLG offered to purchase the TRAVEL LEADERS trademark for \$4,000 plus a

license back to Ontario Inc., failing which TLG would give up the trademark and proceed with a different trademark in Canada. Ontario Inc. rejected the offer.

[16] The Registrar of Trademarks deemed the Application abandoned on March 29, 2010.

[17] Ontario Inc. filed an application to register the TRAVEL LEADERS trademark on May 4, 2010, claiming use in Canada since at least as early as March 22, 2005.

[18] Ontario Inc.'s application was registered without opposition on February 14, 2011 (Canadian trademark registration number TMA790523 (the Registration)).

[19] In mid-2011, TLG offered to purchase the Registration from Ontario Inc. for \$25,000, plus the right to operate as a TLG member agency in Canada. In the alternative, TLG offered to purchase the business at its fair market value.

[20] Ontario Inc. responded to TLG's offer with a counteroffer to sell the Registration to TLG for \$850 million. TLG replied that the response was "disappointing and amateur".

[21] In November/December 2015, Ontario Inc. paid for and posted an advertisement (the Advertisement) for sale of the Registration on [www.ustrademarkexchange.com](http://www.ustrademarkexchange.com) for \$80 million (US). Mr. Saleh drafted the Advertisement and paid a one-year listing fee. On December 7, 2016, Mr. Saleh wrote to the listing exchange to request removal of the Advertisement from the website but the Advertisement remained online until 2019. Following repeated questioning by

TLG on examination for discovery, , Mr. Saleh wrote to the listing exchange on May 10, 2019 again requesting its removal.

[22] The Advertisement included the statements “UNBELIEVABLE OPPORTUNITY,” “Travel Leaders Group can’t bring their flagship Travel Leaders franchises into Canada without buying or licensing this trademark” and “Travel Leaders Group states that they currently encompass over 30% of all travel agencies in North America and have gross sales of approximately \$20 Billion USD”. The Advertisement provided links to two news articles that discussed the value of TLG’s business.

[23] As of February 14, 2017, the date of issuance of the Statement of Claim, TLG owned 11 registered trademarks and 13 pending trademark applications in Canada (the TLG Marks) based on publicly filed records in the Canadian Intellectual Property Office. The TLG Marks included pending applications for TRAVEL LEADERS NETWORK, TL NETWORK and TL NETWORK & Design.

[24] Ontario Inc. opposed both TL NETWORK applications.

[25] On August 16, 2021, the Trademarks Opposition Board (TMOB) issued one decision allowing registration of the TL NETWORK word mark (Canadian registration TMA1114893). The TMOB dismissed Ontario Inc.’s opposition to the TL NETWORK mark, finding that TL NETWORK is not confusing with TRAVEL LEADERS. Ontario Inc. did not appeal the TMOB’s decision.



IV. **Procedural History**

[26] TLG filed its Statement of Claim in this proceeding on February 14, 2017, asserting that the Registration is invalid and should be expunged pursuant to subsection 57(1) of the *Act*. TLG claimed that Ontario Inc. had not used the TRAVEL LEADERS trademark as of the date of first use claimed and had abandoned the mark as of February 14, 2017. TLG also claimed that the Registration is invalid pursuant to paragraph 18(1)(b) of the *Act* for lack of distinctiveness but did not ultimately pursue the 18(1)(b) claim.

[27] Ontario Inc. filed its Statement of Defence on March 31, 2017.

[28] The action moved forward as a specially managed proceeding and the typical steps ensued, including examinations for discovery. Mr. Saleh was first examined for discovery on November 28 and 29, 2017. An Order of the Case Management Judge was issued on March 23, 2018 to compel Ontario Inc. to answer questions refused and undertaken at the November 2017 examinations for discovery.

[29] Mr. Saleh was also examined on June 13, 2018, August 7, 2019, November 7, 2019 and February 20, 2020.

[30] In December 2018, Ontario Inc. commenced a separate action against TLG (T-2153-18) that was consolidated with this proceeding by Order dated February 11, 2019. The claims in T-2153-18 continued as counterclaims in the consolidated proceeding.

[31] Ontario Inc. filed an Amended Statement of Defence and Counterclaim on February 28, 2019.

[32] On May 8, 2019, TLG filed an Amended Statement of Claim relying on new paragraph 18(1)(e) of the *Act* to add a claim that the Registration is invalid because it was filed in bad faith.

[33] On June 5, 2019, Ontario Inc. filed a Further Amended Statement of Defence and Counterclaim, claiming that TLG had infringed its registered trademark TRAVEL LEADERS thereby depreciating the goodwill associated with the trademark.

[34] TLG filed its Reply and Defence to Counterclaim on July 15, 2019.

[35] The parties participated in mediation on March 13, 2020 but did not arrive at an agreed resolution of the consolidated action.

[36] Following the suspension of Court proceedings in March of 2020 due to the COVID-19 pandemic, trial preparations resumed in late 2020.

[37] The trial took place in person in Toronto from September 12 to September 22, 2022. Both parties had full opportunity to present their witnesses and documentary evidence to the Court and to provide oral and written closing submissions. The trial addressed all issues in dispute between

the parties, with only costs submissions to be received by the Court once this judgment has issued.

[38] On September 21, 2022, the penultimate day of the trial, Mr. Saleh requested permission to address the Court concerning his counsel's conduct of the trial. I issued a direction indicating that counsel for both parties would have the opportunity to make submissions regarding Mr. Saleh's request prior to closing arguments on September 22, 2022. Early on September 22, 2022, Mr. Saleh withdrew his request and counsel proceeded with closing arguments.

[39] On October 19, 2022, following completion of the trial, Mr. Saleh, on behalf of Ontario Inc., filed a motion requesting (1) leave pursuant to Rule 120 to allow Mr. Saleh to represent Ontario Inc.; and (2) permission to file additional evidence that was available but not filed at trial. As Mr. Saleh had no standing to introduce the relief sought in the second element of the motion and to safeguard the integrity of the trial process, the Court informed the parties that it would consider only the Rule 120 motion.

[40] On November 14, 2022, I dismissed Ontario Inc.'s Rule 120 motion, finding that Ontario Inc. had not satisfied the Court that special circumstances warranted the granting of the motion and the appointment of Mr. Saleh as its representative. As the Rule 120 motion was dismissed, Ontario Inc. could only be represented in this proceeding by a solicitor and the Court did not consider the request for permission to file additional evidence.

[41] On December 7, 2022, Ontario Inc.'s counsel, Mr. Baker, filed a motion requesting an order permitting him to be removed as solicitor of record for Ontario Inc. on the basis of a breakdown of the solicitor-client relationship. Ontario Inc. indicated that it would not respond to the motion. The Case Management Judge granted Mr. Baker's motion on December 12, 2022.

V. **Witnesses at trial**

1. *TLG's fact witnesses*

(a) Stephen McGillivray

[42] Mr. Stephen McGillivray is the Chief Marketing Officer of TLG. He is based in Alexandria, Virginia, and has been in the same role since 2010. Mr. McGillivray leads a US-based marketing team of about 50 people. Their primary responsibility is to support TLG's member travel agencies by negotiating preferential contracts and pricing with preferred travel service providers. Mr. McGillivray and his team manage TLG's marketing budget and are responsible for approximately 90% of communications with TL Network members in Canada. The team is assisted in this regard by a TLG colleague based in Toronto.

[43] Mr. McGillivray gave an overview of TLG's business model and its operations in Canada through TL Network Canada. He testified that TLG has produced logo usage guidelines for its franchisees and member travel agencies in the United States, and distinct guidelines for TL Network member agencies in Canada. Mr. McGillivray explained that TLG's Canadian member agencies have the right to use the TL NETWORK MEMBER mark to indicate their association with TL Network. They are not permitted to use TRAVEL LEADERS to denote the association. In addition, Canadian TL Network supplier partners are permitted to use the TL NETWORK

SUPPLIER PARTNER mark. In contrast, under the US logo usage guidelines, a US supplier would run an advertisement describing itself as a “supplier partner of TRAVEL LEADERS Network”.

(b) Mario Iafrate

[44] Mr. Mario Iafrate is a retired private investigator. He founded Hallmark Investigation Services Inc. (Hallmark) in 1979, specializing in anti-counterfeiting and trademark infringement retainers. Between 2016 and 2017, Mr. Iafrate conducted five investigations on behalf of TLG to determine whether Ontario Inc. was a viable and operational business. Mr. Iafrate prepared five reports, one documenting each investigation. The reports were entered into evidence at trial and admitted for the truth of their contents.

(c) Daryl Somes

[45] Mr. Daryl Somes is a licenced private investigator and majority owner of Backlit Resource Group Incorporated (Backlit), an investigation agency that specializes in anti-counterfeiting and IP-related investigations. Backlit was retained by TLG’s counsel to conduct a series of investigations into Ontario Inc.’s operating status between 2019 and 2022. Mr. Somes acted as case manager for the investigations and reviewed the reports prepared by Backlit’s licensed investigator.

(d) Gul Mohammed

[46] Mr. Gul Mohammed is a licenced private investigator employed by Backlit. On instructions from Mr. Somes, Mr. Mohammed attended Ontario Inc.’s Office on five occasions

between 2019 and 2022 to determine whether there was a travel agency operating out of that location. Mr. Mohammed prepared a report detailing each of his five investigations and those reports were entered into evidence at trial and admitted for the truth of their contents.

2. *TLG's expert witness*

[47] Mr. Jon Purther is currently the Director of Market Insights for Payments Canada. He was formerly President and Chief Operating Officer of CorbinPartners, a firm providing forensic research and business intelligence primarily for litigation matters. During his tenure at CorbinPartners, Mr. Purther designed and conducted a survey study to measure consumer recognition of a Milton-based travel agency named "Travel Leaders" (the Survey).

[48] Mr. Purther attested in his November 30, 2018 affidavit that he had read and signed the required certificate agreeing to be bound by the Federal Court's "Code of Conduct for Expert Witnesses" stipulated in Rule 52.2 of the *Federal Courts Rules*, SOR/98-106. He also confirmed during examination in chief that he understood his obligation to provide independent unbiased information to the Court. Ontario Inc. did not object to Mr. Purther's qualification as an expert witness.

[49] The Court qualified Mr. Purther as an expert in market research, with particular expertise in the design, execution and analysis of research studies and consumer surveys in intellectual property matters.

3. *Ontario Inc.'s fact witness*

[50] Mr. Saleh was Ontario Inc.'s sole witness at trial. Mr. Saleh is the President and general manager of Ontario Inc. and, as noted above, holds 50% of the outstanding shares of the company. He testified at length in chief and was subject to detailed cross-examination. Mr. Saleh provided background on Ontario Inc., the conduct of its business since 2004, its adoption, use and registration of the TRAVEL LEADERS mark, and his activities in relation to the business and attempted sale of the registered trademark to TLG and to third parties. Mr. Saleh also described the steps taken in rebranding Ontario Inc. in 2004 and the development and dénouement of its travel agency business since that time.

VI. **Issues**

[51] The issues before the Court are:

- A. Is the Registration invalid on one or more of the following grounds:
  - (a) Has the Registration been abandoned?
  - (b) Does the Registration contain a material misstatement as to the date of first use?
  - (c) Was the Registration registered in bad faith by Ontario Inc.?
- B. If the Registration is valid, has TLG infringed the Registration:
  - (a) Is TLG liable for infringement pursuant to section 19 or subsection 20(1) of the *Act*?
  - (b) Has TLG depreciated Ontario Inc.'s goodwill in the Registration contrary to subsection 22(1) of the *Act*?
- C. Has TLG engaged in passing off contrary to paragraph 7(b) of the *Act*?
- D. Has Ontario Inc. engaged in passing off contrary to paragraph 7(b) of the *Act*?
- E. What remedies are appropriate in this proceeding?

[52] Ontario Inc. initially argued that TLG’s claim is barred by subsection 17(2) of the *Act* but did not pursue the issue at trial.

VII. **Relevant Provisions**

[53] See Schedule “A” attached to this judgment.

VIII. **Analysis**

1. *Is the Registration invalid?*

[54] TLG seeks an order of the Court expunging the Registration pursuant to subsection 57(1) of the *Act* on the basis of invalidity. This request gives rise to two preliminary issues, both of which can be addressed quickly.

[55] First, the Court must be satisfied that TLG has standing to request expungement of the Registration. For ease of reference, subsection 57(1) of the *Act* provides that:

57(1) The Federal Court has exclusive original jurisdiction on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the trademark.

57(1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu’une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l’inscription figurant au registre n’exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque de commerce.



[56] The Registrar and any “person interested” in an entry in the register of trademarks may bring an application under subsection 57(1). Section 2 of the *Act* defines a “person interested” as including “...any person who is affected or reasonably apprehends that he may be affected by any entry in the register, or by any act or omission or contemplated act or omission under or contrary to this Act...”.

[57] A “person interested” is a *de minimus* threshold (*Beijing Jingdong 360 du E-commerce Ltd. v Zhang*, 2019 FC 1293 at para 11 (*Beijing Jingdong*); *Advanced Purification Engineering Corporation (APEC Water Systems) v iSpring Water Systems, LLC*, 2022 FC 388 at para 13 (*APEC Water Systems*)). The term is to be interpreted broadly and includes a party whose rights may be restricted by a trademark registration or who has a reasonable apprehension of prejudice, or whose business is likely to be hampered by a trademark registration (*Apotex Inc. v Registrar of Trademarks*, 2010 FC 291 at para 7; *TLG Canada Corp v Product Source International LLC.*, 2014 FC 924 at paras 38-39; see also *Beijing Jingdong* at paras 11-13).

[58] Ontario Inc. does not dispute that TLG is a “person interested” within the meaning of subsection 57(1) of the *Act*. TLG argues that it is a person interested in the TRAVEL LEADERS trademark as it uses the trademark in other jurisdictions, notably the United States, owns a U.S. registration for the same mark and is the target of an infringement claim by Ontario Inc. I agree. The entry in the trademarks registry of the Registration affects TLG’s legitimate business activities and gives rise to a reasonable apprehension of prejudice on its part.

[59] I am satisfied that TLG is a person interested for purposes of subsection 57(1) of the *Act* and has standing to bring its request for expungement.

[60] Second, the starting point for my assessment of TLG's claim that the Registration is invalid is the presumption that trademarks are valid until proven otherwise (*APEC Water Systems* at para 16; *Beyond Restaurant Group LLC v Wang*, 2020 FC 514 at para 24 (*Beyond Restaurant Group*)). The presumption underlines the normal burden of proof borne by an attacking party to present evidence establishing that the trademark at issue is invalid (*Bedessee Imports Ltd. v GlaxoSmithKline Consumer Healthcare (UK) IP Limited*, 2019 FC 206 at paras 14-15 (*Bedessee FC*) (aff'd *Bedessee Imports Ltd. v GlaxoSmithKline Consumer Healthcare (UK) IP Limited*, 2020 FCA 94) (*Bedessee FCA*)), citing *Cheaptickets and Travel Inc. v Email.ca Inc.*, 2008 FCA 50 at para 12).

[61] As the party alleging invalidity, TLG bears the onus of proving, on a balance of probabilities, that the Registration for the TRAVEL LEADERS trademark is invalid (*Techno-Pieux Inc. v Techno Piles Inc.*, 2022 FC 721 at para 172, citing *Bedessee FCA* at para 18).

(a) Paragraph 18(1)(c): Has the Registration been abandoned?

[62] Paragraph 18(1)(c) of the *Act* provides that the registration of a trademark is invalid if the trademark has been abandoned. The relevant date for assessing abandonment is the date of the application to expunge (*Yiwu Thousand Shores E-Commerce Co. Ltd. v Lin*, 2021 FC 1040 at para 45 (*Yiwu Thousand Shores*); *Bedessee FC* at para 43; *Cross Canada Auto Body Supply*

*(Windsor) Limited v Hyundai Motor America*, 2007 FC 580 at para 10, aff'd *Cross-Canada Auto Body Supply (Windsor) Ltd. v Hyundai Auto Canada*, 2008 FCA 98, leave to appeal to Supreme Court of Canada (SCC) denied).

[63] In this proceeding, the relevant date is February 14, 2017, the date TLG filed its Statement of Claim. This date also serves as a marker to assess whether actions taken by Ontario Inc. after February 14, 2017 were attempts to bolster its operations in response to TLG's abandonment claim or were normal course actions in furtherance of the business.

[64] A finding of abandonment requires (1) non-use in Canada of the trademark, and (2) an intention to abandon the trademark (*Promafil Canada Ltee v Munsingwear Inc.*, (1992) 44 CPR (3d) 59 (FCA); *Milano Pizza Ltd. v 6034799 Canada Inc.*, 2022 FC 425 at para 111; *Iwasaki Electric Co. Ltd. v Hortilux Schreder B.V.*, 2012 FCA 321 at para 18 (*Iwasaki*)). An intention to abandon may be inferred from a person's failure to use the mark for an extended period of time (*Iwasaki* at para 21) but an owner's intention to abandon is a factual determination in which a long period of non-use is not necessarily required (*Beijing Jingdong* at para 24).

[65] I note two additional parameters in my assessment of TLG's abandonment claim.

[66] First, TLG brought its action for expungement pursuant to subsection 57(1) of the *Act*. The jurisprudence draws a distinction between section 45 and 57 expungement proceedings. A trademark owner's onus of rebutting a claim "is lighter in a section 45 case than in [a section 57]

expungement proceeding” (*Miller Thomson LLP v Hilton Worldwide Holdings LLP*, 2020 FCA 134 at para 139 (*Hilton Worldwide*)).

[67] Second, there is a further distinction that is critical to my assessment of the evidence. Paragraph 18(1)(c) concerns abandonment of a trademark and not abandonment of a business. Each party introduced evidence to support its respective assertion that Ontario Inc.’s travel agency business has, or has not, ceased except for passive and minimal activity. This evidence provides critical context for my assessment of abandonment of the TRAVEL LEADERS mark. People intend the natural and probable consequences of their actions (*Beijing Jingdong* at para 24). The cessation of Ontario Inc.’s business leads to the natural and probable inference that it is no longer using and has abandoned its trademark. However, the converse is not true. The fact that Ontario Inc. may maintain business signage and undertake minimal business activity as a travel agent, a question I assess below, is not sufficient to establish use and non-abandonment of its trademark. Use of a trademark requires evidence of both its use in connection with services provided and its communication to the relevant consumers: Ontario Inc.’s travel service clientele.

[68] I have carefully considered the evidence presented at trial by TLG, including that of its investigators and expert witness, the relevant statements in the parties’ Agreed Statement of Facts, and Ontario Inc.’s evidence, notably Mr. Saleh’s testimony in chief and on cross-examination. In assessing Ontario Inc.’s operations, I accept that the COVID-19 pandemic has significantly and negatively impacted its business since March 2020.

[69] My findings are as follows.

[70] Ontario Inc. has consistently lost money year-over-year. The decline in its business and financial position began shortly after the acquisition of K&S Travel in 2004. According to Mr. Saleh, the change of name and rebranding of the business in 2005 to TRAVEL LEADERS did not improve the fortunes of the business.

[71] Ontario Inc.'s key metrics derived from its financial statements for the years 2004 to 2016 inclusive show an initial net loss for the partial year 2004 of \$43,568.00 and an outstanding shareholder loan of \$139,715. By 2010, Ontario Inc.'s retained deficit totalled nearly \$300,000. The company suffered a net loss in each ensuing year, culminating in cumulative losses and retained deficit of \$459,646 and an aggregate shareholder loan amount of \$562,703 at year-end 2016.

[72] The Notes to Ontario Inc.'s 2006 unaudited financial statements include the following statement by its accountant: "The company's ability to continue as a going concern is dependent on its ability to increase sales sufficiently to cover its expenses or receive additional funding from the shareholder or financial institutions. While management believes that the sales for 2007 will increase enough to cover costs in 2007, and also has the ability to inject for [sic] funds for working capital, if needed, it is impossible to predict with certainty that this will indeed take place, which casts doubt on the company's ability to continue as a going concern."

[73] The same Note to the financial statements has appeared each year on Ontario Inc.'s financial statements since 2006.

[74] Ontario Inc.'s losses have continued in the years after 2016. Its financial statements for the year ended December 2019 report a net loss of \$25,115 for the year and a cumulative deficit of \$519,682. Ontario Inc. is unable to meet its expenses and is reliant on cash injections from Mr. Saleh's spouse to maintain a bank balance required to maintain its travel agency license.

[75] Ontario Inc. has no business plan for stemming its losses or generating a profit.

[76] Throughout the years leading up to 2017, Ontario Inc.'s business contracted significantly as travel agents left. Ontario Inc. terminated its last salaried employee in March 2016 and has not since hired new employees. Ontario Inc. had no employees on February 14, 2017.

[77] Ontario Inc. has no plans to hire new employees.

[78] Ms. Zoe Parchem is the only independent contractor who continued to work with Ontario Inc. after March of 2016. Ms. Parchem is retirement age and does not live in Milton, Ontario, nor does she attend at the Office. She has not been identified on any Ontario Inc. invoices since January 2020.

[79] Ms. Parchem previously owned a travel agency named C'Ville Travel. Her LinkedIn profile continues to identify her as working for C'Ville Travel.

[80] Mr. Saleh testified that Ms. Parchem has been responsible for much of Ontario Inc.'s business in recent years. He also confirmed that she uses a bell.net email address and not a

travellers.ca email address. During examination of Mr. Saleh for discovery on August 7, 2019, Ontario Inc. undertook to produce “emails exchanged between the company and client” that were missing from the records. In response, Ontario Inc. produced very few emails. There is one email from a client to Ms. Parchem dated 2018. The email was addressed to Ms. Parchem’s bell.net email address and makes no reference to or use of the TRAVEL LEADERS trademark.

[81] Ontario Inc. did not call Ms. Parchem to testify at trial despite Mr. Saleh’s evidence that she has been the company’s sole remaining travel agent, as an independent contractor, since 2016 and has been responsible for the majority of its business. The importance of testimony from Ms. Parchem on the issue of abandonment of Ontario Inc.’s trademark, and more generally the operation of its travel agency business, both before and after February 14, 2017 is self-evident. I draw an adverse inference from Ontario Inc.’s failure to call her as a witness (*Lickerish, Ltd. v airG Inc.*, 2020 FC 1128 at para 30).

[82] As to Ontario Inc.’s future business plans, Mr. Saleh testified that he will have to “start from the beginning,” and will need to recruit new agents and new clients.

[83] Mr. Saleh does not personally draw or receive any money from Ontario Inc., nor is he paid any commissions. Mr. Saleh testified that no one is earning money from the travel business.

[84] Mr. Saleh’s professional profile indicates that he is a licensed mortgage broker and a licensed real estate broker. His LinkedIn profile identifies him as a real estate broker and mortgage broker, not as a travel agent or owner of a travel agency.

[85] I now turn to the evidence regarding the Office, its use and the relevance of its signage.

[86] In spring 2016, TLG retained Hallmark to undertake a series of investigations to determine whether a company named Travel Leaders was a viable and operational business. Mr. Iafrate, Hallmark's principal, conducted five investigations between May 2016 and November 2017. His first investigation consisted of online searches for Ontario Inc. Mr. Iafrate concluded that those searches suggested an existing and operational entity.

[87] As part of his four subsequent investigations, Mr. Iafrate attended at the Office. On each occasion, Mr. Iafrate observed no activity at the premises. There was no response to his knocks on the door on two occasions and he found it locked on other occasions. Mr. Iafrate reported that there was mail left outside the Office on two visits. Mr. Iafrate made phone calls to Ontario Inc. at various times and days. His calls were answered by an automatic message and were never returned. When Mr. Iafrate asked individuals in neighbouring units about Ontario Inc., they knew nothing. On cross-examination, Mr. Iafrate stated that only one individual had seen someone at the door of the Office but conceded that it would be virtually impossible to see anyone walking down the hallway from a neighbouring unit.

[88] In 2019, TLG retained Backlit to carry out a further investigation into whether the Ontario Inc. was continuing to operate. Backlit conducted a series of five investigations between June 27, 2019 and May 31, 2022.



[89] Mr. Mohammed, a licensed private investigator employed by Backlit, attended the Office on five occasions between 2019 and 2022 to determine whether a travel agency was operating in that location. During these visits, Mr. Mohammed took photographs and video footage of the premises. He remained on site for brief periods during each visit.

[90] During his first attendance, Mr. Mohammed entered the Office and encountered three men at work. When Mr. Mohammed asked the men about the travel agency, one man explained that the owner rarely came in. He could not recall when Mr. Saleh was last in the office and provided a phone number for Mr. Mohammed to call Mr. Saleh. Mr. Mohammed called Mr. Saleh and presented himself as a potential customer looking to book travel services. Mr. Mohammed described Mr. Saleh as apprehensive and unwilling or unable to answer. Mr. Saleh advised Mr. Mohammed to send an email to book a ticket. Mr. Mohammed did not subsequently email Mr. Saleh.

[91] On Mr. Mohammed's four remaining visits to the Office, the lights were off and there was no answer when he knocked on the door. Mr. Mohammed and Ms. Humayoun (who accompanied Mr. Mohammed to Ontario Inc.'s premises on one occasion and was also a licensed private investigator for Backlit) called the phone number from Ontario Inc.'s website. There was no response and Ms. Humayoun did not leave a voicemail message.

[92] Mr. Saleh challenged the utility of TLG's investigations in establishing abandonment. He offered explanations for his absence from the office during certain of Mr. Mohammed's visits in 2019-2022. He stated that one of Mr. Mohammed's visits to the Office occurred on a Saturday

(January 29, 2022), which was outside Ontario Inc.'s business hours. Mr. Saleh stated that, on one occasion, Mr. Mohammed was at the Office at 5:30 p.m. after office hours and that, on other occasions, Mr. Saleh was either briefly out of the office or taking his son to an appointment. In addition, Mr. Saleh explained that the office lights were usually off due to the light coming in through the windows.

[93] Although Mr. Saleh testified that he continues to attend at the Office daily or when possible as he attempts to resuscitate Ontario Inc.'s travel business, I find that he is not maintaining a consistent presence at the Office. He has provided no explanation or counter for the results of Mr. Iafrate's investigations leading up to and immediately following February 14, 2017. I also find that Mr. Saleh's explanations for his repeated absences are not persuasive and do not compromise the scope of the Backlit investigations. In total, investigators attended the Office on nine occasions between 2016 and 2022, on different days and at different times. They did not find Mr. Saleh or any other Ontario Inc. employee or contractor working at the premises. The office door was generally locked, investigators' knocks at the door went unanswered and the lights were off except on one attendance when three individuals were working on behalf of Ontario Inc.'s then-subtenant. On two occasions, an investigator noted mail sitting outside the Office door. The investigators also attempted to contact Ontario Inc. by telephone numerous times between 2016 and 2022. Only the direct call to Mr. Saleh was answered.

[94] Ontario Inc. has no phone records, having abandoned its landline in favour of VOIP. Cellphone records produced by Mr. Saleh do not show that he is regularly at the Office, nor do they support claims that he receives 3-10 calls a day for Ontario Inc. Mr. Saleh testified that

another business used to lease space in the Office but there is currently no subtenant. Mr. Saleh denied that the Office only serves to display signage. He maintained that the purpose of the Office is to attract clients.

[95] In mid-2018, Ontario Inc. sublet a significant portion of its Office (approximately 600 square feet) to MGM Consulting. MGM Consulting was not involved in Ontario Inc.'s travel business and did not renew its sublease in 2020. There is currently no subtenant in place.

[96] I conclude that the Office has not been and is not used with any regularity by Ontario Inc.

[97] There is external signage outside and in the foyer of the building in which the Office is located that displays the TRAVEL LEADERS trademark. There is also a sign in an externally facing window of the Office displaying the trademark.

[98] Mr. Saleh testified that the Office has very little walk-in customer traffic. During cross-examination, he acknowledged that the office space is not helping Ontario Inc. and that its clientele has decreased dramatically.

[99] I have found that the Office is not and has not been regularly open for business. There is no evidence before me of any client recognition or acknowledgment of the signage, for example, in the form of client visits to the Office. The mere existence of the signage, which I accept was in place prior to February 14, 2017, does not establish that it associates in clients' minds Ontario Inc.'s travel services with the TRAVEL LEADERS trademark.

[100] Ontario Inc. produced the following evidence of its advertising efforts. The earliest advertisement was placed in a local newspaper dated May 6, 2005 and indicated that TRAVEL LEADERS was a new member of the Milton Chamber of Commerce. Ontario Inc. produced later newspaper advertisements from 2005 and 2006 and one from 2010. The company created a “TL Canada” Facebook page in 2011 and advertised in YellowPages. Two YellowPages advertisements, likely from 2013, were entered into evidence. There is no evidence of further advertising endeavours by Ontario Inc. until February 17, 2017.

[101] Ontario Inc. produced Kijiji advertisements from February 17 and 18, 2017, placed after commencement of this litigation, for walking tours in the Milton area. Ontario Inc. continued to use other advertising between 2017 and 2022, including business directory listings in Milton, box advertisements in the Milton Canadian and advertisements (2019, 2021 and 2022) in Sideroads (North Halton) magazine.

[102] The website operated by Ontario Inc. at [www.travelleaders.ca](http://www.travelleaders.ca) is a passive website. It has a “bookings” section that has never been functional. Mr. Saleh acknowledged that Ontario Inc.’s list of services was not included on the homepage as of October 31, 2016 and that a list of those services was added shortly after commencement of this litigation.

[103] As of February 19, 2006, the “contact us” page of the website indicated that the business was open on weekdays from 8:30 a.m. to 5:30 p.m. and on Saturdays from 9:00 a.m. to 12:00 p.m. On March 29, 2010, the “contact us” web page listing Ontario Inc.’s hours indicated

that it was open on weekdays and, by appointment only, on Saturday and Sunday. As of February 22, 2015, the “contact us” page no longer listed the company’s hours of operation.

[104] Having considered the evidence described above, I find that TLG has established, on a balance of probabilities, that Ontario Inc. is not conducting business as a travel agency and has not done so except to sustain the appearance of business operations since the commencement of this litigation on February 14, 2017.

[105] TLG’s investigative evidence regarding use of the Office in 2016-2017 and 2019-2022 revealed no active use of the Office by Ontario Inc. The contrary evidence from Ontario Inc. is not persuasive. Its argument that it is not unusual for individuals to work from home is not helpful in the absence of evidence that such work is being performed. The financial data produced by Ontario Inc. establishes a business in steep decline leading up to February 2017 and continuing thereafter. The expenses currently attributed to the business, including cell phone and advertising expenses, have continued in the face of *de minimus* activity and commission income.

[106] Ontario Inc. has no employees. Ms. Parchem is posited as an independent contractor of Ontario Inc. and its only functioning travel agent. However, she did not testify and Ontario Inc. produced no evidence of activity or communications by her with clients using the TRAVEL LEADERS mark. To the public, Mr. Saleh appears to be a mortgage broker. Ontario Inc.’s evidence of his work as a travel agent using the trademark are dated February 2017 (walking tour in Milton) and 2021 (two Air Canada invoices and emails to and from a couples’ resort in

Ontario). Ontario Inc. maintains a passive website and existing signage, neither of which demonstrate an operational commercial business.

[107] Critically, and in addition to the copious evidence pointing to an inactive business, Ontario Inc. provided no evidence of its use of the TRAVEL LEADERS trademark in association with the performance of its travel services.

[108] Ontario Inc. disclosed five invoices dated March 22, 2005, one redacted invoice and travel documents from May 2016, two redacted invoices from February 14 and 20, 2017, respectively, and two invoices from 2021. The invoices display a header using the registered TRAVEL LEADERS mark. There is no evidence of correspondence with clients whether prior to or after February 2017 indicating that the invoices were sent to clients.

[109] Ontario Inc. produced a series of 2021 emails from a couples' resort, addressed to Mr. Saleh at <info@traveller.com>. The emails discuss a booking at the resort for two of Ontario Inc.'s clients. Ontario Inc. also provided a 2021 invoice associated with the resort booking that contains the TRAVEL LEADERS mark. Again, there is no evidence that either the invoice or the emails from the couples' resort were sent to clients.

[110] During cross-examination regarding the February 2017 invoices, Mr. Saleh stated that the invoices had been not given to clients; rather the clients were given a receipt. Ontario Inc. did not produce copies of those receipts, nor did Ontario Inc. provide evidence of any other communications with clients or prospective clients displaying the TRAVEL LEADERS mark but

for one 2018 email from Mr. Saleh to a client that includes the words in his email address ('amin@travelladers.ca'). Finally, as stated above, there is no evidence of client visits to the Office where the TRAVEL LEADERS signage is visible.

[111] Ontario Inc. disclosed redacted agent commission statements for 2016-2017 to TLG, despite the Court's order to disclose unredacted versions of those statements. Each of the statements includes at the top the words "Travel Leaders" (lower and upper case) and the Office address. Ontario Inc. did not provide evidence that the statements were provided to the individual agents nor, in any event, are the agents Ontario Inc.'s relevant customer/client group. Ontario Inc. also produced financial statements that include the words "Travel Leaders". Financial statements are not evidence of use of the registered mark in connection with Ontario Inc.'s travel services.

[112] "Use" of the TRAVEL LEADERS trademark for purposes of my paragraph 18(1)(c) analysis means the display of the trademark in association with the owner's goods or services. The use of a trademark is fundamental to trademark rights (*Hilton Worldwide* at para 6). The SCC has noted that the legal purpose of a trademark is to distinguish the goods or services of one business from those of another and to convey the source and quality of wares and services to consumers (*Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22 at para 2 (*Mattel*)). In trademark terms, "the watchword is 'use it or lose it'" (*Mattel* at para 5). Subsection 4(2) of the *Act* provides that "[a] trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services". Mere advertising of services in Canada does not constitute use in association with a service (*Hilton Worldwide* at para 7). The

trademark owner must breach the gap between advertising and the use and communication of the trademark in question to the Canadian consumer or client. There must be some evidence that the services are performed and that there is “a sufficient degree of interactivity between trademark owner and Canadian consumer to amount to use of a mark in Canada in conjunction with services” (*Hilton Worldwide* at para 147).

[113] Ontario Inc. argues that it has demonstrated, at a minimum, some use of the registered trademark and that such minimal use is sufficient to defeat TLG’s claim of abandonment (*Bedessee FC* at para 56). I do not agree. Ontario Inc. has adduced evidence of *de minimus* business operations in 2016-2017 but no evidence that it used the trademark in association with its services prior to the relevant date. In contrast, in *Bedessee FC*, the applicant failed to show that the respondent had abandoned its trademark because the respondent’s products reached the end consumer bearing the mark.

[114] I find that TLG has met its burden of proving, on a balance of probabilities, that Ontario Inc. had not used the registered trademark TRAVEL LEADERS in association with its travel services for a lengthy period prior to the relevant date of February 14, 2017 and that such non-use has continued through the ensuing period. Ontario Inc. produced no evidence of its use of the TRAVEL LEADERS trademark in association with its travel services in the years leading up to February 2017. Stated differently, there is no evidence before the Court that its clients saw the TRAVEL LEADERS mark. The only evidence of such use after the relevant date is one email from Mr. Saleh to a client in 2018. Ontario Inc.’s limited business activity after



February 14, 2017 can properly be characterized as activity undertaken in response to TLG's claim.

[115] I also find that the evidence of non-use fully supports an inference that Ontario Inc. intended to abandon the trademark as it progressively curtailed and ceased its business operations and its use of the Office, and has (and had) little online or advertising presence (see, e.g., *Beijing Jingdong* at para 25).

[116] Accordingly, I conclude that Ontario Inc. had abandoned the registered trademark TRAVEL LEADERS as of February 14, 2017 and that the Registration must be expunged from the Register.

- (b) Paragraph 18(1)(a): Does the Registration contain a material misstatement as to the date of first use?

[117] The registration of a trademark is invalid pursuant to paragraph 18(1)(a) of the *Act* if the trademark was not registrable at the time of registration.

[118] A fundamental misstatement in an application to register may render a trademark registration invalid and void *ab initio* (*Coors Brewing Company v Anheuser Busch, LLC*, 2014 FC 716 at para 38; *WCC Containers Sales Ltd. v Haul-All Equipment Ltd.*, 2003 FC 962 at para 25). A false statement of use has been recognized as a fundamental misstatement because the registration could not have been secured without the misstatement (*Yiwu Thousand Shores* at para 50; *APEC Water Systems* at para 58). There is no requirement to establish fraud or an intent to deceive in this circumstance.

[119] Ontario Inc. filed its application to register the TRAVEL LEADERS mark on May 4, 2010, claiming use in Canada since at least as early as March 22, 2005. Paragraph 30(b) of the *Act*, as worded at the time, required Ontario Inc. to state the date of first use claimed for the trademark.

[120] TLG claims that Ontario Inc.'s claimed date of first use is false and is a fundamental misstatement that invalidates the Registration.

[121] TLG argues that Ontario Inc.'s evidence of date of first use is limited to five questionable invoices for services dated March 22, 2005, four of which were produced three days before the commencement of the trial, with no evidence that any of the five invoices were sent to clients.

[122] The facts surrounding the late production of the four invoices are as follows. Over the course of extensive examination for discovery, Mr. Saleh stated that Ontario Inc. had no business records prior to 2007 and that Ontario Inc. had made full disclosure of its records to TLG.

Ontario Inc. agreed to the following paragraphs in the Agreed Statement of Facts:

92. Prior and during the examination for discovery held on August 7, 2019, Mr. Amin Saleh swore under oath that there were no business records prior to 2007 and that he no longer had these.

93. In the first examination for discovery of Amin Saleh on November 28, 2017, in response to the question "I'm asking you to undertake to produce whatever evidence you have of use of your mark as of March 22nd, 2005", Mr. Amin Saleh responded, "I think we produced everything that we could find."

[123] On September 7, 2022, despite Mr. Saleh's repeated assurances on behalf of Ontario Inc. that full disclosure had been made, he produced four invoices for travel services dated March 22,

2005 that bear the header TRAVEL LEADERS. Mr. Saleh also forwarded an explanation to TLG's counsel for the late disclosure. He stated that he had retrieved a box of invoices from his brother-in-law's business in May 2020 and stored them in his basement. His brother-in-law died tragically shortly thereafter and Mr. Saleh did not discover the box of invoices until the night of September 5, 2022. He found the four invoices in question and disclosed them to TLG two days later.

[124] Each of the invoices in question is a blurred but readable computer printout that lists purchases of airline tickets and includes as a footer the statement "THANK YOU FOR TRAVELLING WITH K AND S TRAVEL" in the same font, print size and colour as the remainder of the invoice. The header on each invoice contains a picture of a jet plane and the words TRAVEL LEADERS (in bolded red ink) and the address of the Office. The header is in clear script that is darker and uses a different font than that of the remainder of the invoice.

[125] Ontario Inc. adduced no evidence that any of the five invoices were sent to clients.

[126] On cross-examination, Mr. Saleh acknowledged that the invoices contain the footer "THANK YOU FOR TRAVELLING WITH K AND S TRAVEL." He testified that the footer had not been updated when those invoices were printed. Mr. Saleh did not explain why the TRAVEL LEADERS logo is clear while the rest of the text on the invoices is blurred. He affirmed that he had not altered the invoices.

[127] Ontario Inc.'s evidence of early use of the trademark includes a new membership listing in the Canadian Champion, Milton's local newspaper, on May 6, 2005 under the name TRAVEL LEADERS. The listing includes the Office address and refers to Ontario Inc.'s specialization in corporate and leisure travel. Mr. Saleh testified that Ontario Inc. installed new signage, using the words TRAVEL LEADERS, at the old K&S storefront premises, on or just before March 23, 2005. Ontario Inc. also produced copies of advertisements (box ads) from February, March and July 2006, a Master Business Licence (Ontario) dated November 8, 2004 and January 2005 applications for trade name changes and registrations (TICO, IATA) to carry on business as "Travel Leaders".

[128] In light of the presumed validity of the Registration, TLG must prove its claim of material misstatement based on a false date of claimed first use on a balance of probabilities. Despite the late production of four of the five invoices dated March 22, 2005, I accept that the invoices display the trademark but emphasize that there is no evidence the invoices were sent to clients. The remainder of the evidence produced by Ontario Inc. does not establish direct communication with clients using the TRAVEL LEADERS mark but does suggest the early steps of rebranding what was a viable business upon its acquisition in 2004. I accept that the business was being carried on at premises bearing TRAVEL LEADERS signage by March 23, 2005.

[129] I recognize the difficulty in attempting to prove a negative (i.e., that the TRAVEL LEADERS trademark had not been used by Ontario Inc. in Canada as of March 22, 2005). However, any doubt regarding the validity of a trademark must be resolved in favour of the

validity of the registration (*Beyond Restaurant Group* at para 24; *Bedessee FC* at para 13). Here, the evidence before the Court is inconclusive. I find that TLG has failed to establish sufficient facts from which I am able to conclude, on a balance of probabilities, that Ontario Inc. made a material misstatement in its application for the Registration.

(c) Paragraph 18(1)(e): Was the Registration registered in bad faith?

[130] Following the consolidation in February 2019 of TLG’s original action and the action initiated by Ontario Inc., TLG filed an Amended Statement of Claim in which it added a claim of invalidity in reliance on new paragraph 18(1)(e) of the *Act*.

[131] Paragraph 18(1)(e) provides that the registration of a trademark is invalid if the application for registration was filed in bad faith.

[132] Although the *Act* does not define bad faith, the concept is not new to Canadian trademark law. The TMOB and the Court accepted bad faith as a basis to refuse registration in opposition proceedings in reliance on paragraph 30(i) of the *Act*. The paragraph, now repealed, required an applicant to declare its entitlement to use the subject trademark. In *Cerverceria Modelo, SA de CV v Marcon*, [2008] TMOB No 131 at paras 31–38, the TMOB considered the intent of the applicant in applying for registration and whether they were attempting to “coat-tail” on the established reputation of other well-known marks. The Court has recognized the relevance of such cases in the context of paragraph 18(1)(e) (*Norsteel Building Systems Ltd. v Toti Holdings Inc.*, 2021 FC 927 at paras 64-68).

[133] In *Beijing Judian Restaurant Co. Ltd. v Meng*, 2022 FC 743 at paragraphs 30-39 (*Beijing Judian*), Justice Furlanetto undertook a detailed analysis of the meaning of bad faith as used in paragraph 18(1)(e). She noted that, under UK and EU trademark law, bad faith when filing an application to register a trademark is not limited to dishonest conduct. Bad faith “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” (*Beijing Judian* at para 35). This language suggests a broader inquiry than one focussed on the sole intention of an applicant to extract value from a third party and is consistent with the SCC’s statement that bad faith is a flexible concept in Canadian law (*Entreprises Sibeca Inc. v. Frelighsburg (Municipality)*, 2004 SCC 61 at para 25 (*Entreprises Sibeca*)). Bad faith must be interpreted in light of the context in which it is used and may be economic in nature (*Blossman Gas, Inc. v Alliance Autopropane Inc.*, 2022 FC 1794 at para 120 (*Blossman Gas*), citing *M.T. v J.-Y.T.*, 2008 SCC 50 at para 26 and *Entreprises Sibeca* at para 25).

[134] TLG, as the party alleging bad faith, bears the burden of proving it on a balance of probabilities with clear, convincing and cogent evidence (*FH v McDougall*, 2008 SCC 53 at paras 40, 45-46). My assessment of the conduct of Ontario Inc. involves considering its subjective intention at the time of filing as determined by reference to the objective circumstances of this particular case (*Beijing Judian* at para 35).

[135] The relevant date for my analysis is the date of Ontario Inc.’s application to register TRAVEL LEADERS: May 4, 2010.

[136] The case before me differs from a case in which a trademark applicant with no business applies for registration of a mark (or many marks) they know is used by a third party in its business with the purpose of extorting the business owner (*Beijing Judian*) or the applicant in an existing relationship with the trademark owner who knowingly applies for registration of the mark (*Blossman Gas*).

[137] In the present case, on May 4, 2010, Ontario Inc. was operating a travel agency business, albeit one that was floundering financially. Ontario Inc. filed the application well aware of TLG's prior use of the trademark in the United States in connection with its successful travel business and of TLG's intention to expand into Canada using the mark. In the years following registration, Ontario Inc.'s business declined to inactivity and financial devastation, while its conduct in relation to the trademark and TLG deteriorated to conduct that was and is intended to harm TLG's business.

[138] The question for the Court is whether this long course of conduct establishes bad faith at the date of application within the meaning of paragraph 18(1)(e) of the *Act*.

[139] I begin with the words of paragraph 18(1)(e): The registration of a trademark is invalid if the application for registration was filed in bad faith.

[140] The principles governing statutory interpretation are well settled and require a court to consider the text, context and purpose of a provision to determine its meaning. The text of paragraph 18(1)(e) focuses on the application for registration. The plain meaning of the text

directs a court to assess an applicant's intention in seeking registration of a trademark on the date of filing. An applicant's conduct after the date of application may be considered if it assists in establishing motivation on the date of application (*Beijing Judian* at para 38).

[141] The most relevant context for paragraph 18(1)(e) is the balance of section 18 and the list of other grounds upon which a trademark registration may be found invalid. The text of each of the other paragraphs centres on a specific date and requires a factual inquiry as at that date. This context reinforces the importance of the relevant date in the analysis of bad faith.

[142] Finally, Parliament's purpose in introducing paragraph 18(1)(e) was to curb the practice of trademark squatting. 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*) states that the purpose of the paragraph is to "hinder the registration of a trade-mark for the sole purpose of extracting value from preventing others from using it". To similar effect is the reference during final reading of Bill C-86 to an applicant's "sole intention of seeking remuneration" from a third party trademark owner (Bill C-86, 3<sup>rd</sup> reading, House of Commons Debates, 42-1, No 361 (29 November 2018) at 1155 (Hon Dan Ruimy)). These statements emphasize the applicant's intention in applying for registration.

[143] Ontario Inc. knew of TLG, its US travel business, its significant Canadian expansion plans and prior Application to register the TRAVEL LEADERS trademark when it filed its application for registration for the identical mark on May 4, 2010. Ontario Inc. does not dispute this fact. Mr. Saleh had read about TLG's planned Canadian expansion in 2008-2009. By May 4,



2010, Ontario Inc. had opposed TLG's 2008 Application. Ontario Inc.'s awareness of the prior rights in or use of the trademark by TLG is a relevant consideration in my analysis of bad faith (*Blossman Gas* at para 121).

[144] Also by May 4, 2010, Ontario Inc. had rejected an offer from TLG to purchase the trademark and to grant a license back for use in Ontario. In December 2009, while attempting to resolve Ontario Inc.'s opposition to its Application, TLG stated that it was willing to purchase the mark for \$4,000 and to provide a licence to Ontario Inc. to use the mark in Ontario. If an agreement could not be reached, TLG would give up the trademark and use a different trademark in Canada. Ontario Inc. rejected the offer, stating that it would be prepared to sell the mark and domain name to TLG "for a realistic amount that the mark and domain name represent to the Travel Leaders Group".

[145] The negotiations ended and the Registrar of Trademarks deemed TLG's Application abandoned on March 29, 2010. Ontario Inc. filed its application to register the TRAVEL LEADERS mark shortly thereafter.

[146] By year-end 2010, Ontario Inc. had consistently lost money for six years and its retained deficit totalled nearly \$300,000. However, the financial statements for the year ended December 31, 2010 indicate that Ontario Inc. was continuing to operate its business with the assistance of significant loans from its two shareholders.

[147] TLG argues that Ontario Inc. had no viable business when it applied for registration and that it could only have intended to profit from a Canadian registration at TLG's expense. I do not agree. Ontario Inc.'s continued efforts to attempt to run a travel agency may have been unrealistic but they were ongoing and did not cease for an appreciable period after May 2010.

[148] Turning to the conduct of Ontario Inc. and Mr. Saleh after May 4, 2010, TLG resumed its efforts to secure the right to use the TRAVEL LEADERS trademark in Canada in June 2011. TLG offered to purchase the Registration for \$25,000, together with a right of membership in TLG's network of travel agents. As an alternative, TLG offered to buy Ontario Inc.'s business, including the trademark, at fair market value. Ontario Inc. rejected TLG's offer and countered with an asking price of \$850,000,000.

[149] Four years later, in November 2015, Ontario Inc. posted the Advertisement on <ustrademarkexchange.com > to sell the Registration for \$80 million, describing the proposed sale as an unbelievable opportunity because TLG could not bring its TRAVEL LEADERS franchises into Canada without buying or licensing the trademark. Ontario Inc. included two articles about TLG with the Advertisement, one of which stated that: "Barry Liben, CEO of Travel Leaders Group, reigns over a \$17 billion travel empire". Shortly after posting the Advertisement, Mr. Saleh contacted the CEO of Expedia and the then President of Expedia CruiseShipCentres, in an effort to interest them in purchasing the Registration. At trial, Mr. Saleh acknowledged his growing anger with TLG at this juncture and confirmed he did not approach TLG. He stated that, if either of the other two companies had purchased the Registration, "it would stop you guys from coming into Canada".

[150] On or about November 28, 2017, after TLG filed its Statement of Claim, Ontario Inc. adopted the domain name <www.travelleadersnetwork.ca>. Mr. Saleh updated the web page for <www.travelleadersnetwork.ca> to include the statement: “[W]e have categorized our services to help you with your travel needs in Canada under the Travel Leaders Network, a[also referred to as (“TL Network”)].”

[151] On January 1, 2020, Mr. Saleh sent a formal complaint to TICO, alleging that “Travel Leaders Group” is operating without registration or a proper travel agency license. TICO responded by stating that “Travel Leaders Group is an industry based website that does not sell any travel services here [in Canada]... Unless this organization is selling travel services on these website [sic], (which they are not) they do not require licensing with TICO”.

[152] The developing jurisprudence of this Court imposes a high bar for a party to successfully establish bad faith by a trademark applicant (*Beijing Judian, APEC Water Systems, Yiwu Thousand Islands*). In *Beijing Judian*, Justice Furlanetto found that the respondent in that case had registered the trademark in question with the intention of extorting money from the applicant or using the applicant’s reputation in its family of trademarks to obtain money from others (at para 46):

[46] ... 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.

[153] In *APEC Water Systems* (at paras 54, 56), the Court found that, although the applicant may have acted in a "wilfully blind" manner, the evidence did not establish that the applicant was either aware of the other party's use of the trademark in Canada or that the applicant intended to harm the other party's business. In *Yiwu Thousand Shores* (at para 54), the Court refused to invalidate the registration of a trademark on the basis of paragraph 18(1)(e) despite stating that the respondent's conduct may suggest "a burgeoning pattern of conduct from which an inference of bad faith could be made".

[154] Ontario Inc. knew of TLG's use of the identical trademark in the US and of TLG's intention to carry on business in Canada using the trademark TRAVEL LEADERS in Canada when it applied for registration (May 4, 2010). One set of informal negotiations, initiated by TLG, had taken place in an attempt to resolve Ontario Inc.'s opposition to TLG's 2008 Application.

[155] Ontario Inc. then took action to protect its declining travel agency business. TLG emphasizes Ontario Inc.'s cumulative loss of \$300,000 and consecutive years of loss by 2010. TLG argues there was no rational basis for Ontario Inc. to expend further resources to apply for the Registration in light of its failing business and that it did so only to extort TLG. As stated above, I am not prepared to make the same extrapolation. While Ontario Inc.'s attempts to continue its business and to protect its use of the trademark may appear irrational, they do not establish that its sole or primary intention on May 4, 2010 was to extort TLG or to harm TLG's

business in Canada. Ontario Inc. did not approach TLG shortly after the registration issued on February 14, 2011 to demand money in return for the trademark. Rather, TLG restarted negotiations in June 2011. In my view, this fact is an important distinguishing element in the case.

[156] I find that Ontario Inc. likely had a dual purpose in applying to register the TRAVEL LEADERS trademark on May 4, 2010: it wanted to (1) protect its ability to continue using the mark in connection with its troubled travel agency business and (2) prevent TLG from using the same mark in its Canadian expansion. I also find that Ontario Inc.'s refusal of TLG's 2009 offer to purchase the unregistered mark by referring to its value to TLG as a basis for negotiations is not sufficient to establish bad faith within the meaning of paragraph 18(1)(e).

[157] Ontario Inc.'s course of conduct in June 2011 does not bear the hallmarks of bad faith. I agree with TLG that Ontario Inc.'s counteroffer of \$850 million for the trademark was an unprofessional response to its offer of \$25,000 and the right to operate as a TL Group affiliate but I accept Mr. Saleh's testimony that the counteroffer was not intended as a serious rebuttal. It was intended to convey Ontario Inc.'s position that TLG's purchase price was not viewed as a serious offer. No doubt, Mr. Saleh's antipathy towards TLG was intensifying as Ontario Inc.'s business continued its downward trajectory. However, both the timing of the 2011 sale negotiations over one year after the date of application and the fact that Ontario Inc. did not instigate the negotiations diminish the importance of Ontario Inc.'s peremptory response in establishing bad faith in May 2010.

[158] Ontario Inc. and Mr. Saleh attempted to sell the Registration in late 2015, approximately four years after it issued and five years after the date of the trademark application. The Advertisement valued the Registration with clear reference to the value of TLG's business and reflects an intention on Ontario Inc.'s part to hinder TLG's business by preventing it from expanding its Canadian business. Mr. Saleh testified about his frustration and anger towards TLG during that period amidst the continued decline of Ontario Inc.'s business. He purposefully approached significant competitors of TLG to interest them in the trademark.

[159] Ontario Inc.'s intention to harm TLG's Canadian business became increasingly apparent after TLG filed its Statement of Claim when it adopted the domain name [www.travelleadersnetwork.ca](http://www.travelleadersnetwork.ca) and updated the web page to refer to its business using "TL Network". Mr. Saleh gave no persuasive reason at trial for taking these actions and I find they were undertaken in direct response to TLG's action for expungement and for no *bona fide* business purpose. I make the same finding with respect to Ontario Inc.'s 2020 complaint to TICO.

[160] TLG's reliance on the deteriorating conduct of Ontario Inc. and Mr. Saleh asks the Court to accept that conduct long after the date of application is a significant and reliable indication of Ontario Inc.'s original intention in seeking registration. However, the date of Ontario Inc.'s application to register the TRAVEL LEADERS trademark is the starting point in my paragraph 18(1)(e) inquiry. The text, context and purpose of the paragraph makes this clear. The evidence surrounding Ontario Inc.'s application to register on May 4, 2010 reflects at most a questionable business decision. Neither the informal negotiations of 2009 nor the June 2011 offer

to purchase were initiated by Ontario Inc. While its insistence that the trademark should be valued with reference to TLG's business foreshadows its future actions, I find that Ontario Inc.'s responses to TLG's two offers do not establish bad faith as the sole or principal reason for its application.

[161] Ontario Inc.'s later actions can reasonably be characterized as conduct in bad faith. From 2015 onwards, Ontario Inc.'s conduct includes a series of incidents intended to harm TLG's business. Nevertheless, I find that the five-year interval between the date of application and the date Ontario Inc. advertised the Registration for sale is a significant interval. I am not satisfied that the conduct assists materially in establishing bad faith at the date of application.

[162] I conclude, therefore, that there is insufficient evidence in the record to warrant a finding of bad faith on the part of Ontario Inc. on the date it applied to register the TRAVEL LEADERS trademark within the meaning of paragraph 18(1)(e) of the *Act*.

2. *Has TLG infringed the Registration?*

[163] As I have found that the Registration is invalid pursuant to paragraph 18(1)(a) of the *Act*, Ontario Inc.'s counterclaims of infringement by TLG contrary to section 19 and subsections 20(1) and 22(1) of the *Act* must fail.

[164] If my findings regarding expungement are wrong, I am equally persuaded that TLG has not infringed Ontario Inc.'s rights in the trademark TRAVEL LEADERS and has not used the

trademark in a manner that is likely to have the effect of depreciating the value of any goodwill attaching thereto.

(a) Section 19: Infringement of the exclusive right to use a registered trademark

[165] Section 19 of the *Act* confers on the owner of a registered trademark the exclusive right to use the trademark throughout Canada in respect of the goods or services covered by the registration.

[166] An action for infringement under section 19 “is defined by the mark as registered” (*Mr. Submarine Ltd. v Amandista Investments Ltd.* (1987) [1988] 3 F.C 91 (C.A.) at 98). More recently, in *Sandhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2019 FCA 295 (*Hamdard Trust 2019*), the Federal Court of Appeal confirmed that a section 19 claim must be based on “the use by a defendant of a trademark that is identical to the plaintiff’s registered trademark” (*Hamdard Trust 2019* at para 20). Therefore, TLG’s use of its TL NETWORK mark in Canada is not relevant to Ontario Inc.’s section 19 claim.

[167] I note first that Ontario Inc. admitted that spillover advertising whereby TLG uses its registered TRAVEL LEADERS trademark in the United States does not directly target Canadians. It is not associated with any services performed by TLG in Canada.

[168] Ontario Inc. asserts that TLG infringed its exclusive right to use the TRAVEL LEADERS mark in Canada by communicating directly with Canadian consumers via email. Ontario Inc. relies on emails generated by TLG, one of which was received by Mr. Saleh following his



inquiries to a TL NETWORK member agent regarding a possible purchase of travel services. The emails in question are sent to Canadian clients of TL NETWORK member agencies. The client is asked to provide feedback regarding the adequacy of the travel services received from the particular member agency and agent. The address section of the emails refers to TLG as Travel Leader.

[169] A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services (subsection 4(2) of the *Act*). I find that the use in an email header of the words “Travel Leaders” to denote TLG’s address does not constitute use in Canada as a trademark in association with the delivery of services by TLG. TLG neither offers nor provides any services in Canada through the emails. It is not using the words to denote the origin of any services; it is simply using its corporate name. The emails sent to Mr. Saleh from the Canadian travel agent indicate only that they are a TL NETWORK member.

[170] Ontario Inc. next asserts that TLG uses the TRAVEL LEADERS trademark in Canada by virtue of the occasional use of the trademark by its member agencies or agents in Canada. Ontario Inc. relies on TL NETWORK agent profiles on <CanadianTravelAgents.ca> that included the words “Travel Leaders”.

[171] I am not persuaded by Ontario Inc.’s argument and evidence.

[172] Mr. McGillivray explained that TLG’s Canadian member travel agencies have the right to use the TL NETWORK MEMBER mark to indicate their association with TL Network. They

are not permitted to use TRAVEL LEADERS. When consumers with Canadian IP addresses visit TLG's website <travellers.com> they are redirected to the website <CanadianTravelAgents.ca>. TL Network's member agencies and agents are able to create individualized profiles on <CanadianTravelAgents.ca> to promote their travel services to customers. Member agencies identify themselves using their own trade names and use the TL NETWORK mark to highlight membership in the program. If TLG is informed that a member agency or agent is using an improper mark in their profile, such as TRAVEL LEADERS, TLG contacts the agency/agent, informs them they are in violation of their member agreement and requires them to change the profile and use the licensed TL NETWORK mark. In any event, any use of the TRAVEL LEADERS mark is by the member agency or agent and not TLG.

[173] Mr. Saleh acknowledged that when Ontario Inc. informed TLG about one improper use of "TRAVEL LEADERS", TLG took action to ensure the reference was removed by the agent concerned.

[174] I also find that TLG does not use the TRAVEL LEADERS mark in Canada by virtue of its association with Globespan Travel Management (Globespan) as alleged by Ontario Inc. I address this allegation in full in my subsection 22(1) analysis below.

[175] I find that TLG has not infringed Ontario Inc.'s rights as the owner of the trademark TRAVEL LEADERS contrary to section 19 of the *Act*.

(b) Paragraph 20(1)(a): Infringement via use of a confusing trademark

[176] Paragraph 20(1)(a) of the *Act* provides that the exclusive right of a registered trademark owner is deemed to be infringed where any person who is not entitled to use the trademark sells, distributes or advertises any goods or services in association with a confusing trademark or trade name. A trademark is confusing with another trademark if the use of both marks in the same area would be likely to lead to the inference that the services associated with those marks are performed by the same person (subsections 6(1) and 6(2) of the *Act*).

[177] The test for confusion is well established in the jurisprudence. The test is one of “first impression in the mind of a casual consumer somewhat in a hurry” at a time when they have “no more than an imperfect recollection” of the registered trademark and who “does not pause to give the matter any detailed consideration or scrutiny” (*Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20 (*Veuve Clicquot*)).

[178] In assessing confusion, the Court must consider all of the surrounding circumstances, including, but not limited to, those listed in subsection 6(5) of the *Act*: inherent distinctiveness and the extent to which the trademarks have become known; length of time the trademarks have been in use; the nature of the goods, services, business, and trade; and the degree of resemblance between the trademarks. This list of circumstances is not exhaustive and the weight given to each factor will depend on the facts and circumstances of each case (*Veuve Clicquot* at para 21).

[179] I have found that TLG does not use the TRAVEL LEADERS trademark in Canada by virtue of unauthorized use by any of its member travel agencies or agents. I also find that TLG

does not use the TRAVEL LEADERS mark in Canada by virtue of its association with Globespan as alleged by Ontario Inc. I address this allegation in full in my subsection 22(1) analysis below.

[180] TLG operates its member travel agency business in Canada using TL NETWORK. It does not operate under or use the TRAVEL LEADERS trademark. As the owner of the now-registered TL NETWORK trademark, TLG has the right to use the trademark in Canada.

[181] Further, I find that TLG's TL NETWORK trademark is not confusing with Ontario Inc.'s TRAVEL LEADERS mark.

[182] First, the factor that often has the greatest effect in a confusion analysis is the degree of resemblance between the two trademarks at issue (*Masterpiece Inc. v Alavida Lifestyles Inc.*, 2011 SCC 27 at para 49). In this case, the two trademarks do not resemble each other to any material extent. I acknowledge that the letters "TL" may be susceptible to interpretation as a reference to "Travel Leaders". However, in the absence of evidence to the contrary, I find that the casual consumer in a hurry who does not pause to think is not likely to recognize the connection.

[183] Second, the services offered in Canada by the parties are different, as are their channels of trade. Ontario Inc. operates as a retail travel agency focussed on the provision of travel services to Canadian consumers. TLG operates a business-to-business platform in Canada and does not provide travel services to consumers in Canada. Its customers are travel agencies. TLG

provides an array of services to its members, including the negotiation of beneficial commission packages with major travel providers for member agencies and their agents, who in turn sell the products of those providers (airfares, cruises, hotels and vacation packages, etc.) to consumers. TICO recognizes the differing nature of the two businesses. In its response to Ontario Inc.'s 2020 complaint, TICO stated that TLG does not require a TICO license for its TL NETWORK business because it is not selling travel services in Canada.

[184] In conclusion, I find that TLG has not infringed Ontario Inc.'s rights as the owner of the trademark TRAVEL LEADERS contrary to subsection 20(1) of the *Act*.

(c) Subsection 22(1): Depreciation of Ontario Inc.'s goodwill by TLG

[185] Subsection 22(1) of the *Act* provides the owner of a registered trademark the right to bring action against any person who uses their trademark in a manner that is likely to cause depreciation of the goodwill in the trademark.

[186] A claimant under subsection 22(1) must show: (i) use of the registered trademark by the defendant in connection with goods or services, (ii) the trademark was sufficiently well known to have significant goodwill, (iii) the use of the trademark is likely to have an effect on the claimant's goodwill (i.e. linkage), and (iv) that effect is likely to depreciate the value of the claimant's goodwill (i.e. damage) (*Veuve Clicquot* at para 46). There is no requirement that the claimant establish a likelihood of confusion (*H-D U.S.A. LLC v Varzari*, 2021 FC 620 at para 44, citing *Veuve Clicquot* at para 38 and *Hamdard Trust (2019)* at para 34).

[187] Subsection 22(1) of the *Act* is concerned with the depreciation of goodwill in a registered trademark. It follows that this second factor in the *Veuve Clicquot* list is the obvious starting point to my analysis. Ontario Inc. must establish that its TRAVEL LEADERS trademark is sufficiently well known to have significant goodwill.

[188] In assessing goodwill for purposes of section 22, the Court may consider degree of recognition, volume of sales, depth of market penetration, extent and duration of advertising and publicity, inherent or acquired distinctiveness, channels of trade, and the extent to which the mark is identified with a particular quality (*Veuve Clicquot* at para 54).

[189] Ontario Inc. produced little evidence of sales or market penetration, client interaction of any form, or advertising or marketing directed to clients and using the TRAVEL LEADERS trademark. In all material respects, Ontario Inc.'s travel services business is defunct and has been abandoned. There is no evidence before the Court of client recognition of the trademark in the relevant universe of travel services consumers in the general Halton area.

[190] Ontario Inc. did not file expert survey evidence. In contrast, TLG retained CorbinPartners Inc. to undertake the Survey, which measured consumer recognition of a travel agency "Travel Leaders" based in Milton (Halton region), Ontario. The geographic scope of the Survey is an important aspect because the inquiry into the existence of goodwill focusses on the prospective clients of the trademark owner: "Among whom does the business have goodwill?" (*Dragona Carpet Supplies Mississauga v Dragona Carpet Supplies Ltd.*, 2022 FC 1042 at paras 101-101 (*Dragona Carpet*)).

[191] Mr. Purther, Corbin Partners' then principal, was qualified as an expert witness at trial (see paragraph 49 of this judgment) in market research. Mr. Purther provided a detailed review of the methodology used in the design of the Survey, its parameters and safeguards, and explained his analysis of the Survey results.

[192] I find that the scope of the Survey coupled with the safeguards used to control for irrelevant factors that might influence a participant's answers render its results reliable. Of the relevant group of individuals surveyed, 96% were not aware of a travel services company operating as "Travel Leaders". None of the remaining 4% of participants identified such a company as located in Milton. The Survey concluded that there was no measurable awareness of Ontario Inc. among consumers of travel agency services in the Halton region, discounting irrelevant factors (e.g., guessing).

[193] I find that Ontario Inc. has not met its burden of proving, on a balance of probabilities, that its TRAVEL LEADERS trademark is sufficiently well known to have significant goodwill. In the absence of goodwill in the trademark, Ontario Inc. cannot establish either an effect on goodwill of any alleged usage by TLG or depreciation in the value of its goodwill.

[194] Returning to the first factor in a subsection 22(1) analysis, I also find that Ontario Inc. has not established use by TLG of the trademark TRAVEL LEADERS in Canada.

[195] First, I have found that TLG does not use the TRAVEL LEADERS trademark in Canada by virtue of unauthorized use of the mark by its TL Network Canadian member travel agencies and agents when posting their personalized content on <CanadianTravelAgents.ca>.

[196] Second, Ontario Inc. argues that TLG uses the TRAVEL LEADERS trademark in Canada through its affiliation with Globespan, a company headquartered in Canada and operating internationally. I do not agree.

[197] Travel Leaders Corporate, Internova's corporate travel services arm, does not operate in Canada. It manages Internova's license agreements with Globespan in Canada, one of a series of agreements pursuant to which independent travel agencies agree to assist multinational corporate accounts secured by TLG with local travel-related issues. Under its licencing agreement, Globespan is the agency contracted to provide travel services and assistance in Canada to TLG's corporate accounts. For example, the employee of a European corporate client who encounters travel issues in Canada is able to enlist Globespan's assistance. Globespan identifies itself as "Globespan" when offering its services to those corporate travellers. Globespan's license agreement includes a licence for the trademarks TRAVEL LEADERS, TL and TLN (the Marks). The license is subject to standards of use, one of which states that "Partner will not take any action which the effect of might have weakening [*sic*] the Marks or is inconsistent with Licensor's ownership". The TLG group does not own the TRAVEL LEADERS trademark in Canada and does not purport to license its use to Globespan in Canada under the license agreement.



[198] Mr. Saleh testified that he visited Globespan's offices in Toronto and met Mr. Moretta, co-owner and president of Globespan. Mr. Moretta provided Mr. Saleh with his business card that includes the website <www.travelleaderscorporate.com> and a blank copy of the agreement Globespan enters into with its clients. Ontario Inc. submits that the reference to the website on the business card establishes that TLG, via its licensee, is soliciting clients in Canada using the TRAVEL LEADERS trademark.

[199] Mr. Moretta uses the title "Executive Director, TL Network" but is not an employee of TLG or TL NETWORK. Mr. McGillivray testified that the business cards TLG provides to a Canadian licensee would use "TL NETWORK".

[200] Globespan is a licensee of the TLG group whose license agreement restricts it from using the licensed trademarks (TRAVEL LEADERS, TLN and TL) in a manner inconsistent with TLG's ownership rights. Those ownership rights do not extend to ownership of the TRAVEL LEADERS mark in Canada. In my view, the use of "travelleaderscorporate" by Globespan as part of an email or website address in the footer of a business card does not by itself establish use in Canada by TLG for purposes of a section 22(1) claim.

[201] I conclude that Ontario Inc. has not established use in Canada by TLG of the trademark TRAVEL LEADERS, a trademark in which I have found it does not have goodwill.

[202] Accordingly, I dismiss Ontario Inc.'s claim against TLG pursuant to subsection 22(1) of the *Act*.

3. *Passing off by TLG: Paragraph 7(b)*

[203] Paragraph 7(b) of the *Act* prohibits a person from directing public attention to their goods, services or business in a manner likely to cause confusion in Canada between their goods, services or business and the goods, services, or business of another. Ontario Inc. has requested an injunction and damages for passing off by TLG pursuant to paragraph 7(b) based on use of either the TRAVEL LEADERS trademark or the acronym “TL”.

[204] To establish passing off either at common law or under paragraph 7(b), Ontario Inc. must establish that: (1) it possesses goodwill in its TRAVEL LEADERS trademark; (2) TLG deceived the public by misrepresentation; and, (3) Ontario Inc. suffered actual or potential damage through TLG’s actions (*Kirkbi AG v Ritvik Holdings Inc.*, 2005 SCC 65 at para 66 (*Kirkbi AG*); *Ciba-Geigy* at 132; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2016 FCA 69 at para 20 (*Hamdard Trust (2016)*)). In order to establish a claim under paragraph 7(b) of the *Act*, Ontario Inc. must also show that it owned a valid and enforceable registered or unregistered trademark at the time TLG first began directing public attention to its own services (*Hamdard Trust (2019)* at para 39 (see also, *TFI Foods Ltd. v Every Green International Inc.*, 2021 FC 241 at para 38 (*TFI Foods*)). This fourth requirement is not present at common law.

[205] The relevant time for purposes of paragraph 7(b) is the time at which TLG began its alleged confusing conduct (*Dragona Carpet Supplies* at para 96).

[206] I note first my finding that TLG has not used the TRAVEL LEADERS mark in Canada. As a result, the relevant time in the present case occurred in 2017 when TLG began using TL

NETWORK in Canada. Prior to that time, TLG's operations in Canada were known as vacation.com and Nexion.

[207] The possession of a valid and enforceable trademark is a precondition to a successful claim under paragraph 7(b). In order for Ontario Inc.'s TRAVEL LEADERS trademark to be valid and enforceable, it must have been used by Ontario Inc. for the purpose of distinguishing its goods or services in 2017 (*Hamdard Trust 2019*). However, Ontario Inc. has produced little to no evidence of use of the trademark in and around that date. In fact, I have concluded that Ontario Inc. had abandoned the TRAVEL LEADERS trademark as of February 14, 2017.

[208] In addition, Ontario Inc.'s claim fails to meet any of the required components of the tripartite test for passing off.

[209] TLG's registration of TL NETWORK on August 16, 2021 is an absolute defence against Ontario Inc.'s claim of passing off based on TLG's use of the mark in Canada as and from the date of registration (*Group III International Ltd v Travelway Group International Ltd*, 2020 FCA 210 at paras 46-47; *Beijing Judian* at para 53; *TFI Foods* at para 35).

[210] The following paragraphs address the period after 2017 and before August 16, 2021.

[211] The purpose of the goodwill assessment for passing off under paragraph 7(b) is different from that of the depreciation of goodwill pursuant to subsection 22(1), although the factors considered may overlap (*Hamdard Trust (2019)* at para 48):

[48] In determining the existence of reputation or goodwill for the purpose of passing off, courts have considered factors including inherent distinctiveness, acquired distinctiveness, length of use, surveys, volume of sales, extent and duration of advertising and marketing, and intentional copying: Kelly Gill, Fox on Canadian Law of Trade-Marks and Unfair Competition, 4th ed. (Toronto: Thomson Reuters, 2019) (looseleaf updated 2019, release 5), ch. 4 at 4-77 – 4-81. A number of these factors overlap with or are analogous to factors listed in *Veuve Clicquot*. It is true that the factors are considered for different purposes in the two contexts: for purposes of passing off, it must be shown that a mark is distinctive and possesses reputation, while for section 22 purposes distinctiveness and reputation are considered when assessing the capability of that goodwill to depreciate. But recourse to a relevant factor is not forbidden simply because the factor is also relevant for other purposes.

[212] Substantially for the reasons set out in my subsection 22(1) analysis, I find that Ontario Inc. has not established sufficient goodwill or reputation in its TRAVEL LEADERS trademark to sustain a claim for passing off. Although I adopt much of that analysis, I have evaluated the relevant factors for the purposes of the first element of passing off and whether the TRAVEL LEADERS mark possesses reputation. Ontario Inc.'s lack of sales or active, sustained advertising or marketing, and the absence of evidence before the Court of goodwill, reputation, or awareness of Ontario Inc., its business or the trademark in the Halton region, are fatal to its paragraph 7(b) claim (*Kirkbi AG* at para 69).

[213] In addition to my finding that no goodwill has accrued to Ontario Inc.'s TRAVEL LEADERS trademark, I am not satisfied that Ontario Inc. has established the second element of

the test: misrepresentation by TLG. The second element is met if Ontario Inc. demonstrates that TLG has used a trademark in association with its services that is likely to be confused with Ontario Inc.'s TRAVEL LEADERS mark (*Hamdard Trust (2016)* at para 21).

[214] First, I note again my finding that TLG has not used the TRAVEL LEADERS trademark in Canada. There is also no evidence that TLG's concurrent use of the TRAVEL LEADERS trademark in the United States has resulted in confusion among Canadian consumers or prospective consumers of Ontario Inc.'s travel business.

[215] Second and using the same reasoning set out above in my subsection 20(1) analysis, I find that TLG's use of the TL NETWORK trademark in Canada is not likely to result in confusion between the two marks or the two businesses. Indeed, any confusion is unlikely given the distinct classes of consumers for the parties' services and the distinct services each party offers to its prospective clients. Third, Ontario Inc. is required to demonstrate some form of misrepresentation or deception of the public through the use of the TL NETWORK mark and has failed to do so.

[216] Finally, Ontario Inc. has not produced evidence of actual or likely damages arising from TLG's use in Canada of the TL NETWORK trademark.

[217] In summary, I find that Ontario Inc. has not established its claim for passing off by TLG pursuant to paragraph 7(b) of the *Act*.

4. *Passing off by Ontario Inc.: Paragraph 7(b)*

[218] In 2017-2018, following the commencement of this action by TLG, Ontario Inc. adopted the domain <travellersnetwork.ca>, setting up a website and indicating that it was also referred to as TL Network. On cross-examination, Mr. Saleh testified that he took the website down on the advice of his counsel. He further testified that he did not agree with his counsel's advice in this regard because, in Mr. Saleh's view, TLG had no right to use the name TL Network. In his most recent examination for discovery in February 2020, Mr. Saleh noted that he retains ownership of the <travellersnetwork.ca> domain name.

[219] I find that Ontario Inc.'s deliberate use of TLG's trademark TL NETWORK was an attempt to deceive the public by misrepresentation.

[220] TLG acknowledges that Ontario Inc.'s actions did not create confusion among relevant consumers or cause actual damage to TLG. Therefore, I find that TLG has not established its claim against Ontario Inc. for passing off pursuant to paragraph 7(b) of the *Act*. I will return to Ontario Inc.'s use of the TL NETWORK mark in assessing the remedies requested by TLG.

5. *Remedies*

(a) Expungement

[221] The Registration of the trademark TRAVEL LEADERS will be expunged as invalid pursuant to paragraph 18(1)(c) of the *Act*.

(b) Injunctive relief

[222] An injunction is an equitable, discretionary remedy (*Google Inc v Equustek Solutions Inc*, 2017 SCC 34 at paras 22–23). Typically, an injunction issues once a plaintiff proves a cause of action. However, the “analytical method is not always adhered to in intellectual property matters” in order to reflect the “rationale for the quasi-automatic issuance of an injunction [which] is to save the plaintiff from the need to bring a new action if the defendant infringes again” (*Lululemon Athletica Canada Inc. v Campbell*, 2022 FC 194 at para 30).

[223] Ontario Inc. deliberately used TLG’s TL NETWORK trademark despite its knowledge of TLG’s extensive use of the mark in Canada. The website at <travellleadernetwork.ca> has been taken down but there is reason to question Ontario Inc.’s future actions in this regard given the animus and hostility Ontario Inc. and its principal hold against TLG. In light of Ontario Inc.’s conduct, I find that injunctive relief is warranted because there is a sufficient risk of future harm to TLG.

(c) Nominal Damages

[224] TLG has not filed evidence of actual monetary loss resulting from the use by Ontario Inc. of the TL NETWORK mark and acknowledges that this conduct by Ontario Inc. did not cause confusion among relevant consumers or result in actual damage. TLG submits that this is an appropriate case for nominal damages for deliberate and retaliatory adoption of the TL NETWORK mark by Ontario Inc.

[225] I agree with TLG. An award of nominal damages is an appropriate measure in this case to achieve the deterrence objectives of such an award given Ontario Inc.'s conduct, for which Mr. Saleh did not provide a persuasive rationale. In my view, an award against Ontario Inc. in the amount of \$2,000.00 would be an appropriate quantum in the circumstances of this case and those of Ontario Inc., its financial position and shareholders.

(d) Punitive Damages

[226] TLG also seeks punitive damages. TLG asserts that Ontario Inc.'s conduct has been malicious and high-handed, including its decision to apply for registration of the TRAVEL LEADERS trademark.

[227] Punitive damages are an exceptional remedy to be awarded where a party engages in malicious, oppressive and high-handed behaviour that offends the Court's sense of decency (*Whiten v Pilot Insurance Co.*, 2002 SCC 18 at para 36 (*Whiten*)) and where other remedies are insufficient to accomplish the objectives of retribution, deterrence and denunciation (*Young v Thakur*, 2019 FC 835 at para 52; see also, *Louis Vuitton Malletier S.A. v Singga Enterprises (Canada) Inc.*, 2011 FC 776 at paras 163-164). Factors to consider in assessing the appropriateness and quantum of a punitive damages award include whether the misconduct was planned and deliberate; the defendant's intent and motive; whether the conduct was persistent and/or concealed; and the defendant's awareness that what they were doing was wrong (*Whiten* at paras 112-113; *Chanel S de RL v Lam Chan Kee Company Ltd*, 2016 FC 987 at paras 49, 56, *aff'd* 2017 FCA 38 at paras 11, 13).



[228] Although I have made no finding of bad faith on the part of Ontario Inc., I find that an award of punitive damages is appropriate in this case. Ontario Inc.'s deliberate conduct in the years following its application for the Registration, namely its 2015 attempt to sell the TRAVEL LEADERS trademark to TLG's competitors to prevent TLG from using the mark in Canada, its course of action following the commencement of this action, its use of TLG's TL NETWORK mark and unfounded TICO complaint, can be characterized as planned, malicious and high-handed. Ontario Inc.'s motive in pursuing these actions was to harm TLG's business in Canada and its likelihood of success in this proceeding.

[229] In terms of the quantum of such award, I am mindful that Ontario Inc. is a small corporation financed by the personal funds of Mr. Saleh and his spouse. It is also a business that has been a significant financial drain on their resources. Therefore, I fix the quantum of punitive damages to be paid by Ontario Inc. at \$20,000.

#### 6. *Costs*

[230] At the conclusion of the trial, the parties requested an opportunity to make submissions regarding costs once this judgment has issued.

[231] I encourage the parties to reach agreement on costs. If they are unable to do so, they may make written submissions in accordance with the following schedule:

- (a) within 20 days of the date of this judgment, TLG may file submissions in letter format not to exceed 5 pages, to which it may attach a bill of costs as an appendix;
- (b) within 10 days of receipt of TLG's submissions, Ontario Inc. may file submissions in letter format not to exceed 5 pages, to which it may attach as an

appendix a bill of costs and/or a submission, not to exceed 2 pages, addressing specific line items in TLG's bill of costs (if filed); and

- (c) within 5 days of receipt of Ontario Inc.'s submissions, TLG may file reply submissions in letter format not to exceed 2 pages, to which it may attach as an appendix a submission, not to exceed 2 pages, addressing specific line items in Ontario Inc.'s bill of costs (if filed).

**JUDGMENT IN T-202-17**

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

1. Canadian Trademark Registration Number TMA790523 for the trademark TRAVEL LEADERS is declared invalid and shall be struck by the Registrar from the Canadian Trademarks Register.
2. The counterclaim is dismissed.
3. 2042923 Ontario Inc. (Ontario Inc.), its officers, directors, shareholders, agents, servants, employees, successors, and assigns, are permanently enjoined from, directly or indirectly:
  - (a) using the trademark TL NETWORK, Canadian Registered Trademark Number TMA1114893, or any trademark or tradename confusing therewith, in the sale, offering for sale, advertising, or promoting of, or otherwise dealing with, travel and travel agency services;
  - (b) using the trademark TL NETWORK, Canadian Registered Trademark Number TMA1114893, or any trademark or tradename confusing therewith, in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto;
  - (c) directing public attention to its or their goods, services or business in such a way as to cause or be likely to cause confusion in Canada

between their goods, services or business and the goods, services or business of Travel Leaders Group, LLC (TLG), its parent, subsidiaries, affiliates and related companies and businesses, including without limitation, by adopting, using, or promoting the name TL NETWORK, or any trademark or tradename confusing therewith, as or as part of any trademark, trade name, trading style, corporate name, business name, domain name, or social media account name; and

(d) Ontario Inc. shall permanently cease using the domain name <www.travelleadersnetwork.ca>, as well as any other domain name or social media account name owned and/or controlled by Ontario Inc., be it directly or indirectly, that contains, is comprised of, or is confusing with the TL NETWORK trademark.

4. Ontario Inc. shall pay TLG nominal damages in the amount of \$2,000.00, together with post judgment interest at the rate of 2.0% per year from the date of this judgment.
5. Ontario Inc. shall pay TLG punitive damages in the amount of \$20,000.00, together with post judgment interest at the rate of 2.0% per year from the date of this judgment.

6. The parties may make submissions on costs in accordance with the schedule set out in the reasons for judgment.

"Elizabeth Walker"

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Judge

**SCHEDULE “A”**

*Trademarks Act, R.S.C., 1985, c. T-13*

*Loi sur les marques de commerce, L.R.C. (1985), ch. T-13*

**Definitions,****Définitions**

**2** In this Act,

**2** Les définitions qui suivent s'appliquent à la présente loi.

*confusing*, when applied as an adjective to a trademark or trade name, means, except in sections 11.13 and 11.21, a trademark or trade name the use of which would cause confusion in the manner and circumstances described in section 6;

*créant de la confusion* Sauf aux articles 11.13 et 11.21, s'entend au sens de l'article 6 lorsque employé à l'égard d'une marque de commerce ou d'un nom commercial.

[...]

[...]

**When deemed to be used****Quand une marque de commerce est réputée employée**

**4 (1)** A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

**4 (1)** Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

[...]

[...]

**Confusion — trademark with other trademark****Marque de commerce créant de la confusion avec une autre**

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

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

[...]

### **When registration invalid**

18 (1) The registration of a trademark is invalid if

- (a) the trademark was not registrable at the date of registration;
- (b) the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;
- (c) the trademark has been abandoned;
- (d) subject to section 17, the applicant for registration was not the person entitled to secure the registration; or
- (e) the application for registration was filed in bad faith.

[...]

### **Exclusive jurisdiction of Federal Court**

57 (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the trademark.

[...]

### **Quand l'enregistrement est invalide**

18 (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

- a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
- b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;
- c) la marque de commerce a été abandonnée
- d) sous réserve de l'article 17, l'auteur de la demande n'était pas la personne ayant droit d'obtenir l'enregistrement;
- e) la demande d'enregistrement a été produite de mauvaise foi.

[...]

### **Compétence exclusive de la Cour fédérale**

57 (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque de commerce.

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-202-17

**STYLE OF CAUSE:** TRAVEL LEADERS GROUP, LLC v 2042923  
ONTARIO INC. D.B.A. TRAVEL LEADERS

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** SEPTEMBER 12, 2022 - SEPTEMBER 22, 2022

**JUDGMENT AND REASONS** WALKER J.

**DATED:** MARCH 8, 2023

**APPEARANCES:**

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