

Federal Court



Cour fédérale

Date: 20240422

Docket: T-1005-23

Citation: 2024 FC 606

Ottawa, Ontario, April 22, 2024

PRESENT: The Honourable Mr. Justice Southcott

BETWEEN:

IBS INC.

Applicant

and

MINT GREEN GROUP INC.

Respondent

JUDGMENT AND REASONS

I. Overview

[1] This proceeding is an appeal brought pursuant to subsection 56 of the *Trademarks Act*, RSC 1985, c T-13 [Act] by way of application to this Court. The Applicant, Isaac Bennet Sales Agencies Inc. [Isaac Bennet], appeals a decision of the Registrar of Trademarks [Registrar] expunging Trademark Registration no. TMA846350 [Registration] for MINT [Mark]

under section 45 of the *Act* [the Decision]. The Registrar expunged the Mark for failure to file evidence of use.

[2] As explained in greater detail below, this appeal is allowed and the Registration of the Mark is maintained in relation to “toques, boots, slippers; belts”, because the new evidence adduced by the Applicant on this appeal has satisfied the Court that the Mark was used in connection with those categories of goods in the three year period relevant to this section 45 proceeding.

II. Background

[3] The Applicant asserts that it holds and owns various trademarks for use in association with men’s, women’s, and children’s clothing and accessories.

[4] The Mark was registered on March 15, 2013 for use in association with the following goods [the Registered Goods]:

(1) Lingerie, undergarments, bathing suits, scarves, hats, toques, gloves, mitts, socks, shoes, boots, slippers and sandals; handbags and purses, sunglasses; belts.

[5] Prior to April 20, 2021, the Mark was owned by Randy River Inc. [Randy River]. Randy River owned the Mark at the time of the Registration but assigned the Mark to Isaac Bennet on April 20, 2021 [Assignment]. The Assignment was made of record with the Registrar on June 11, 2021.

[6] At the request of the Respondent, Mint Green Group Inc., the Registrar issued a notice to Isaac Bennet under section 45 of the *Act* on November 9, 2022 [Notice]. The Notice required the owner of the Mark to furnish evidence of use of the Mark within the relevant period prescribed by section 45, *i.e.* from November 9, 2019 to November 9, 2022 [Relevant Period], with respect to each of the Registered Goods. Isaac Bennet was required to furnish evidence within three months from the date of the Notice.

[7] The Applicant did not file evidence of use with the Registrar. On March 20, 2023, the Registrar issued its Decision, expunging the Mark from the register pursuant to subsection 45(4) of the *Act*. It is that Decision that forms the basis for this appeal.

[8] On May 11, 2023, the Applicant commenced the within application under subsection 56 of the *Act*, appealing the Decision. In support of the application, the Applicant filed the affidavit of Mr. Paul Brener, dated June 9, 2023. Mr. Brener describes himself as the Chief Financial Officer [CFO] of the Applicant, Isaac Bennet, as well as the CFO of Randy River and Fairweather Ltd. [Fairweather]. Mr. Brener explains that: (a) Randy River and Fairweather are related to the Applicant; (b) all three companies share common directors, officers, employees, and a common principal office and place of business; and (c) all three companies are directed and controlled by Mr. Isaac Benitah, who is the President and Chief Executive Officer [CEO] of each company.

[9] Mr. Brener states that Fairweather was a licensee of Randy River, until the Mark was assigned to Isaac Bennet, and that Fairweather used the Mark in Canada in association with clothing and accessories during the Relevant Period by offering for sale and selling clothing and

accessories bearing the Mark through its Canadian retail stores. Accordingly, Isaac Bennet asserts that Fairweather, as a licensee of Randy River, used the Mark during the following portion of the Relevant Period: November 9, 2019 to April 19, 2021. Mr. Brener also states that as of April 20, 2021, Fairweather was a licensee of Isaac Bennet and used the Mark in the following portion of the Relevant Period: April 20, 2021 to November 9, 2022.

III. Issues

[10] This matter raises the following issues for the Court's determination:

- A. What is the appropriate standard of review for this appeal?
- B. If the applicable standard of review is correctness, does the Applicant's new evidence establish the Applicant's use of the Mark during the Relevant Period in association with the Registered Goods, such that the Registration should be maintained.

IV. Analysis

A. *What is the appropriate standard of review for this appeal?*

1. General principles

[11] The standard of review for appeals under section 56 of the *Act* is generally the appellate standard of review (*Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 36-52; *Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 [*Clorox*] at paras 22-23). For questions of mixed fact and law, this is the standard of palpable and overriding error; for pure questions of law, the standard is correctness (*Housen v Nikolaisen*, 2002 SCC 33).

[12] However, where an applicant leads new evidence in an appeal of a decision of the Registrar, this can result in a different standard of review. The Court must first consider the materiality of the evidence and determine whether the evidence is sufficiently substantial, significant and probative that it would have a material effect on the Registrar's decision (*Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 53; *Clorox* at para 21; *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 [*Seara*] at para 23). This is a preliminary analysis, intended to assess whether the new evidence, because of its significance and probative value, could have had a bearing on a finding of fact or the exercise of discretion by the Registrar. It is not intended to assess whether the new evidence would necessarily change the outcome (*Seara* at paras 23-25).

[13] To be material, new evidence must add something of significance to the evidence that was before the Registrar (*Vass v Leef Inc*, 2022 FC 1192 at para 27). New evidence may be material if it fills gaps or remedies a deficiency identified by the Registrar (*IPack BV v McInnes Cooper*, 2023 FC 243 at para 9).

[14] If the new evidence is material, the Court must review on a correctness standard that portion of the decision to which the evidence applies and make its own determination on the basis of the whole of the evidence. The Court is then not limited to finding a reviewable error in the Registrar's decision. Rather, the appeal is in the nature of a hearing *de novo* with the benefit of the additional evidence (*Clorox* at para 21; *Seara* at para 22).

[15] The Applicant argues the standard of review in this matter should be correctness, in the nature of a *de novo* appeal, because it has led new and material evidence in the appeal. While initially disagreeing with this position in its written submissions, the Respondent advised the Court at the hearing of this appeal that it now concurs with the Applicant, that the Applicant's new evidence is material, such that the standard for review is correctness and the Court should consider this matter *de novo*. I agree and will adopt that standard of review in this appeal.

B. *If the applicable standard of review is correctness, does the Applicant's new evidence establish the Applicant's use of the Mark during the Relevant Period in association with the Registered Goods, such that the Registration should be maintained?*

[16] As an initial point, I note that only a subset of the Registered Goods, namely "toques, boots, slippers; belts", are relevant to this appeal [Relevant Goods]. The Applicant seeks to maintain the Registration only in relation to the Relevant Goods. It does not argue that the Mark was used during the Relevant Period in relation to the other categories of the Registered Goods, and it acknowledges that those other categories are to be deleted from the Registration in accordance with the Decision.

2. The Applicant's Evidence

[17] In relation to the Relevant Goods, the Applicant relies on the evidence in Mr. Brener's affidavit and exhibits thereto in support of its position that Fairweather used the Mark in association with the Relevant Goods during the Relevant Period, first as a licensee of Randy River and then as a licensee of Isaac Bennet. Mr. Brener states that the Mark appeared on hangtags and/or labels attached at the time of sale to toques, boots, slippers and belts, which

were sold to consumers in Canada at various Canadian retail clothing stores owned by Fairweather.

[18] Mr. Brener's affidavit attaches as exhibits bundles of documents related to the sale of each of toques, boots, slippers and belts, which bundles include photographs of those items displaying the Mark as well as sales reports showing Canadian sales during the Relevant Period. Mr. Brener also deposes as to the number of toques (more than 4000), boots (more than 800 pairs), slippers (more than 3000 pairs) and belts (more than 3000) sold in Canada during the Relevant Period.

[19] Mr. Brener's affidavit also explains the nature of the licensing relationship, pursuant to which the Applicant argues that Fairweather's use of the Mark accrues to the Applicant, and previously to Randy River, as the owners of the Mark under subsection 50(1) of the *Act*. Mr. Brener states that Randy River and subsequently Isaac Bennet licensed Fairweather by means of both an implied license and a written License Agreement between Isaac Bennet and Fairweather, dated June 6, 2023 and attached as an exhibit [License Agreement]. Mr. Brener further deposes that Mr. Benitah (the President and CEO of each of these companies) directly controls and approves the adoption, display and use of all trademarks (including the Mark) by these companies and thereby controlled the character and quality of the Registered Goods in association with which Fairweather used the Mark under the implied license and License Agreement during the Relevant Period.

3. The Respondent's Arguments

[20] The Respondent argues that there are deficiencies in this evidence as a result of which the Applicant has failed to meet its burden of presenting evidence demonstrating use of the Mark in Canada during the Relevant Period in association with the Relevant Goods. The Respondent's arguments fall into two broad categories.

(a) *Corporate Status of the Applicant*

[21] First, the Respondent raises concerns as to the corporate status of the named Applicant, Isaac Bennet, both in relation to its capacity to bring this appeal and in relation to its effect on the reliability of Mr. Brener's evidence surrounding the intercompany licensing arrangements. As is apparent from Mr. Brener's affidavit, including corporate documentation attached thereto, the named Applicant, Isaac Bennet, was incorporated in 1975 as an Ontario company, changed its corporate name to IBS Inc. on July 6, 2021, and on August 1, 2022, amalgamated with two federal corporations to form a federal corporation that bears the name IBS Inc. [IBS].

[22] As a result, the Respondent argues that there is currently no corporation bearing the name of the Applicant (Isaac Bennet Sales Agencies Inc.) and that this appeal has been brought in the name of an entity which, at the time of filing the Notice of Application, did not own the Mark or the Registration and indeed did not exist as an independent legal entity apart from the amalgamated federal corporation, IBS. The Respondent therefore submits that the Applicant did not have the capacity to file this appeal under section 56 of the *Act* and that the appeal should be dismissed on that basis.

[23] In response to this argument, the Applicant submits that it was appropriate to commence the appeal in the name of Isaac Bennet, because the Notice was issued in that name by the Registrar (as that was the name in which the Mark had registered since June 11, 2021, following the Assignment). Indeed, in response to the Court's inquiry at the hearing of this appeal, the Applicant initially confirmed that it was not seeking relief under Rule 76 of the *Federal Courts Rules*, SOR/98-106 to correct the name of the Applicant. However, later in the hearing, the Applicant advised that it was seeking such relief. The Respondent then argued that, if the Applicant required such relief, it should have been sought earlier in the proceeding.

[24] The Court is not prepared to dismiss this appeal based on this technical argument by the Respondent. I express no view on whether it was appropriate for the Applicant to commence this appeal in its former name, based on that being the name that appeared as the owner of the Mark under the Registration. However, the corporation that formerly bore the Isaac Bennet name continued to exist following its August 1, 2022 amalgamation to form IBS (see *Canada Business Corporations Act*, RSC 1985, c C-44, ss 186-187). As such, I am not convinced that the Applicant lacked the capacity to commence this appeal, notwithstanding that it did so under its former name.

[25] Rule 76(a) authorizes the Court to grant leave for an amendment to correct the name of a party, if the Court is satisfied that the mistake sought to be corrected was not such as to cause a reasonable doubt as to the identity of the party. The Respondent has adduced no evidence or advanced argument to the effect that it was misled as to the identity of the Applicant. While the Respondent raises the timeliness of the Applicant's request for Rule 76 relief, having been

sought only at the hearing and only in response to the Court's inquiry, the Respondent has also adduced no evidence or advanced argument that it has been prejudiced by this delay.

[26] I have considered the Respondent's reliance on what appears to be a decision of a British Columbia County Court Judge in *Dietrich Collins Equipment Ltd v Ed Huss Logging Co Ltd*, 1969 CanLII 719 (BCSC) [*Dietrich Collins*], which considered a motion by the plaintiff to substitute its amalgamated corporate name in an action that it had commenced in its prior name subsequent to the amalgamation. The Court dismissed the motion on the basis that its effect was not to correct a misnomer but rather to substitute a corporate entity now in existence for a corporate entity named in the action that had ceased to exist when the action was commenced. The Court reasoned that to grant the motion would deprive the defendants of the limitations defence that had vested in them.

[27] I decline to adopt that reasoning in the case at hand. *Dietrich Collins* was decided in the context of a civil action, applying the civil procedure rules of another jurisdiction, and appears to have been based principally upon concern that the defendants not be deprived of the benefit of a substantive limitation period. In contrast, in the context of Federal Court practice, Rule 77 provides that the Court may allow an amendment under Rule 76 notwithstanding the expiration of a relevant limitation period.

[28] I therefore conclude that it is appropriate that the style of cause be corrected to employ the Applicant's current corporate name, IBS Inc., and my Judgment will so provide.

[29] The Respondent also argues that, in his affidavit, Mr. Brener's repeated references to Isaac Bennet as the current owner of the Mark and to himself as the current CFO of Isaac Bennet creates ambiguity in his evidence as to which corporate entity he is referring to. The Respondent also notes that the confirmatory License Agreement, which was executed on June 6, 2023 (after the amalgamation), names Isaac Bennet as the owner of the Mark and grantor of the license to use the Mark to Fairweather. The Respondent submits that these ambiguities cast serious doubt on the accuracy and credibility of the Applicant's evidence.

[30] I accept that the Applicant's evidence suffers from a lack of precision. However, I do not regard the ambiguities to which the Respondent refers as undermining the credibility of the evidence or its overall import. I read Mr. Brener's references to Isaac Bennet as references to the corporate entity now named IBS Inc., notwithstanding that he employs an outdated corporate name. Similarly, while the License Agreement employs the outdated name for the licensor, I regard it as supporting the Applicant's assertion that use of the Mark by Fairweather has, since the Assignment, taken place under license by the owner of the Mark.

[31] I therefore turn to the Respondent's second set of arguments, that the Applicant's evidence does not satisfactorily demonstrate use of the Mark in association with the Relevant Goods during the Relevant Period.

(b) *Use of the Mark during the Relevant Period*

[32] The Respondent notes that, while the Relevant Period runs from November 9, 2019 to November 9, 2022, the summary sales reports exhibited to Mr. Brener's affidavit for each

category of the Relevant Goods relates to sales from November 9, 2019 to November 19, 2022. That is, each report relates to a period that extends 10 days beyond the end of the Relevant Period. As such, the Respondent argues that this evidence does not establish sales, and therefore use of the Mark, within the Relevant Period, as it is possible that all the sales to which the reports relate occurred in the final 10 days. The Respondent further submits that the sales volumes are relatively small and relate to a large number of stores, such that these sales could well have been achieved in a 10-day period.

[33] The Respondent refers the Court to authorities in which an argument of this sort has prevailed. In *88766 Canada Inc v Monte Carlo Restaurant Ltd*, 2007 FC 1174 [*Monte Carlo*], the applicant's affiant stated that circulars offered to establish the use of the impugned mark had been distributed during the previous five years. As the relevant period was the preceding three years, this Court concluded that that there was no evidence that the circulars had been distributed during the period required to demonstrate use of the mark (at para 9).

[34] Similarly, in *Grapha-Holding AG v Illinois Tool Works Inc*, 2008 FC 959, due to a lack of precision as to whether the dates on which goods were sold fell inside or outside the relevant period, the Court relied on *Monte Carlo* and found the evidence insufficient to demonstrate use during the relevant period as required (at paras 20-24).

[35] In contrast, the Applicant refers the Court to decisions of the Trade-marks Opposition Board [Board], in which the Board was prepared to accept evidence of sales figures that extended beyond the relevant period as demonstrating that at least some of those sales would

have occurred within the relevant period (*GA Modefine SA v FD Management Inc*, 2008 CarswellNat 3411, 72 CPR (4th) 130 (TMOB) at para 18; *Goudreau Gage Dubuc v Ergodyne Corp*, 2008 CarswellNat 2916, 70 CPR (4th) 281 (TMOB) [*Goudreau*] at para 13).

[36] The Applicant also argues that the sales reports exhibited to Mr. Brener's affidavit are merely corroborative of his statements describing use of the Mark in association with the Relevant Goods during the Relevant Period such that, even if the corroborative evidence suffers from a lack of precision, Mr. Brener's statements satisfy the Applicant's burden. The Applicant submits that Mr. Brener's evidence extends beyond a bare statement of use (which would be insufficient to meet the burden – see *Aerosol Fillers Inc v Plough (Canada) Ltd*, 1979 CanLII 4134 (FC) at 198 (FCTD), aff'd 1980 CanLII 2739 (FCA)), as it sets out the facts based on which the Applicant claims it has used the Mark. That is, Mr. Brener deposes that certain quantities of the Relevant Goods were sold, while displaying the Mark in a particular manner, to consumers at various retail stores owned by Fairweather during the Relevant Period.

[37] In response to this latter argument, the Respondent questions whether Mr. Brener's statements can be treated as independent of the sales reports that identify sales volumes extending outside the Relevant Period. I consider this a valid concern. It is not clear from the affidavit that Mr. Brener's sales figures were generated from a source other than these reports. As such, in my view, the question for the Court is whether the fact that the sales reports relate to a period that extended 10 days beyond the Relevant Period is fatal to the ability of the Applicant to discharge its burden to demonstrate the required use.

[38] The Respondent emphasizes that its authorities on this point are from this Court, while those of the Applicant are Board decisions. The Respondent also argues that the Board's reasoning upon which the Applicant relies represents *obiter*, as the outcome of those decisions turned on evidence other than the use that extended beyond the relevant period. I do not disagree with the Respondent's characterization of the analyses in the authorities from the Board. However, the fact that the Board's reasoning is *obiter* is not particularly material, as the principles of *stare decisis* and comity have no application in any event to the Court's consideration of decisions of the Board. To the extent those decisions may be instructive, that will turn on the Board having adopted reasoning on the facts of those cases that the Court considers to also be logically compelling on the facts of the case at hand.

[39] I do not regard the authorities on which the Respondent relies as establishing a general principle of law that evidence of use extending beyond the relevant period is incapable of establishing use within that period. Rather, it is necessary for the Court to assess the particular evidence that the Applicant has adduced to assess whether it supports a conclusion that the Mark was in use in the Relevant Period.

[40] In my view, notwithstanding the deficiencies in the Applicant's evidence, it does support such a conclusion. I accept the Respondent's argument that it is theoretically possible that all the sales evidenced by the Fairweather sales reports occurred in the 10-day period following the end of the Relevant Period. But I do not consider that to be likely. It is improbable that those sales occurred in that short period of time, with no sales at all in the prior three years, unless they were a result of a deliberate effort by the Applicant and its related companies to avoid expungement of

the Mark by making use of it in the 10 days immediately following receipt of the Notice. It is also not logical that the Applicant would have gone to that deliberate effort to create sales and then failed to file the evidence thereof with the Registrar in response to the Notice.

[41] I regard the timeframes involved in this case to be comparable to those considered by the Board in *Goudreau*, where the owner of the mark provided sales figures in Canada for the year 2006. Notwithstanding that the relevant period ended on December 5, 2006, the Board reasoned that this was close to the end of the 2006 fiscal period for which the sales figures had been provided and was therefore prepared to accept that at least some of those sales had occurred prior to December 5 and therefore during the relevant period. Applying that reasoning in the case at hand, where the sales report relate to the three-year (i.e. 1095 day) Relevant Period, plus an additional 10 days (or approximately 1%), I am prepared to infer from the evidence that it demonstrates sales of the Relevant Goods during the Relevant Period.

V. Conclusion

[42] It is trite law that the purpose of section 45 of the *Act* is to create a summary procedure for clearing the register of marks that have fallen into disuse, often described as a process for removing “deadwood” from the register. Evidentiary overkill is not required (*Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at paras 9-10). To maintain a registration, an owner need only establish use on a *prima facie* basis (*Sport Maska Inc v Bauer Hockey Corp*, 2016 FCA 44 at para 55).

[43] Having considered the Applicant's evidence and the Respondent's arguments in response thereto, I am satisfied that the evidence meets this threshold and demonstrates use of the Mark, by Fairweather under license by the owner of the Mark, in association with the Relevant Goods during the Relevant Period. As such, my Judgment will allow the appeal and maintain the Registration in relation to the Relevant Goods.

VI. Costs

[44] The Applicant claims costs in the event of its success in this appeal. The Respondent argues that, even if the appeal succeeds, costs should be awarded to the Respondent, on the basis that this appeal was necessitated by the Applicant's failure to respond to the Notice and file evidence of use of the Mark in the process before the Registrar. As an alternate position, still in the event of the Applicant's success, the Respondent argues that no costs should be awarded.

[45] The Respondent relies on *Lewis Thomson & Son Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD) [*Lewis Thomson*], in which the Federal Court, Trial Division awarded the respondent party-and-party costs in an appeal under section 56 of the *Act*, notwithstanding that the appellant had succeeded on the appeal. The Court made this award because the appeal would have not have been necessary if the appellant had responded to the notice from the Registrar (see p 487). In *Austin Nichols & Co, Inc v Cinnabon*, 1998 CanLII 9088, [1998] 4 FC 569 at paragraph 31, the Federal Court of Appeal endorsed the approach to costs taken in *Lewis Thomson*.

[46] In response to this argument, the Applicant submits that the Court should instead be guided by the approach to costs taken in the more recent decision in *Honeybee Enterprises Ltd (Honeybee Centre) v Marks & Clerk*, 2023 FC 1262 at paragraph 14, in which the successful section 56 appellant was awarded its costs. The same result followed in *Shaoguan Risen Trading Corporation Ltd v Dong Phuong Group Partnership*, 2023 FC 748. However, as the Respondent points out, neither of those authorities involved a situation where the trademark owner had failed to file evidence before the Registrar.

[47] I agree with the reasoning in *Lewis Thomson* and will award costs against the Applicant, notwithstanding its success in this appeal. At the hearing, the parties agreed that, in the event the Court was inclined to award costs based on the middle of column III of the Tariff, a lump sum figure of \$4000 inclusive of taxes and disbursements would be appropriate. I consider that quantification appropriate, and my Judgment will award that amount to the Respondent.

JUDGMENT IN T-1005-23

THIS COURT'S JUDGMENT is that:

1. The style of cause in this proceeding is amended to substitute IBS Inc. as the name of the Applicant.
2. The Applicant's appeal is allowed, the Decision is reversed in relation to the goods "toques, boots, slippers; belts", and the Registration is maintained in relation to those goods.
3. The Respondent is awarded costs in the lump sum amount of \$4000, inclusive of taxes and disbursements.

"Richard F. Southcott"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1005-23

STYLE OF CAUSE: IBS INC. v MINT GREEN GROUP INC.

PLACE OF HEARING: BY VIDEOCONFERENCE USING ZOOM

DATE OF HEARING: APRIL 3, 2024

JUDGMENT AND REASONS: SOUTHCOTT J.

DATED: APRIL 22, 2024

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