

Federal Court



Cour fédérale

**Date: 20230804**

**Docket: T-1516-22**

**Citation: 2023 FC 1079**

**Ottawa, Ontario, August 4, 2023**

**PRESENT: The Honourable Mr. Justice Manson**

**BETWEEN:**

**NAKED WHEY, INC.  
O/A NAKED NUTRITION**

**Plaintiff/  
Defendant by Counterclaim**

**and**

**N8KED BRANDS INC.**

**Defendant/  
Plaintiff by Counterclaim**

**JUDGMENT AND REASONS**

I. Introduction

[1] Naked Nutrition served N8KED Brands Inc. (“NBI”) with its Statement of Claim on July 26, 2022. The deadline for NBI to serve and file its Statement of Defence was August 25, 2022.

[2] NBI failed to deliver a Statement of Defence by that time.

[3] On November 7, 2022, Naked Nutrition filed its motion record for an *ex parte* motion for default judgment against NBI. Naked Nutrition's motion was scheduled to be heard on December 9, 2022.

[4] On December 2, 2022, Cassels Brock & Blackwell LLP ("Cassels"), counsel to Naked Nutrition, received an email from Shift Law Professional Corporation ("Shift Law") advising that it was in the process of being retained by NBI.

[5] On December 6, 2022, Cassels wrote to the Court requesting that Naked Nutrition's *ex parte* motion for default judgment be adjourned *sine die* and without prejudice to allow NBI time to bring a motion for an extension of time to serve and file a Statement of Defence and Counterclaim. I ordered that Naked Nutrition's motion for default judgment was vacated and adjourned *sine die* on December 7, 2022.

[6] On February 3, 2023, NBI filed its motion record for its Rule 8 motion for an extension of time to serve and file its Statement of Defence and Counterclaim on consent from Naked Nutrition.

[7] On February 8, 2023, the Court issued an Order granting NBI's motion for an extension of time. The Court also ordered that "Costs are payable by the defendant [NBI] to the plaintiff [Naked Nutrition], fixed at \$5,000, payable forthwith".

[8] On February 10, 2023, NBI served and filed its Statement of Defence and Counterclaim.

[9] On March 10, 2023, Naked Nutrition served and filed its Reply and Defence to Counterclaim.

[10] Between February 21 and March 14, 2023, Cassels followed up with Shift Law multiple times regarding the payment of the costs award to Naked Nutrition. Shift Law in turn followed up with NBI multiple times regarding the payment of the costs award and the payment of its own unpaid professional fees during that time.

[11] On March 31, 2023, Shift Law filed a motion record for its Rule 125 motion to be removed as the solicitor of record for NBI. Shift Law sought to be removed as the solicitor of record on the grounds that NBI's failure to make payment towards its professional fees and the outstanding costs award had resulted in a breakdown of the solicitor-client relationship between it and NBI.

[12] On April 10, 2023, Naked Nutrition served and filed its Responding Motion Record to Shift Law's Rule 125 motion.

[13] On May 29, 2023, Associate Judge Molgat issued an Order removing Shift Law as solicitor of record for NBI. Pursuant to the Order, Shift Law was required to serve a copy of the Order on NBI and file proof of service by no later than June 5, 2023. Within 30 days of being served with the Order, NBI would be required to (i) pay the outstanding costs award to Naked Nutrition, and (ii) appoint a new solicitor of record by serving and filing a Notice of Appointment of Solicitor in accordance with Rule 124 of the *Federal Courts Rules*, SOR/98-106

(the *Rules*). If NBI failed to comply with the Order, its Statement of Defence and Counterclaim would be struck without leave to amend.

[14] NBI failed to pay the outstanding costs award to Naked Nutrition and to appoint a new solicitor of record after being served with the Order as required. NBI still has not paid the costs award or appointed a new solicitor of record to date.

[15] As a result, pursuant to the Order, NBI's Statement of Defence and Counterclaim were struck without leave to amend. NBI is now again in default.

[16] On July 5, 2023, I issued an Order confirming that the Statement of Defence and Counterclaim were struck without leave to amend and setting down Naked Nutrition's motion for default judgment for hearing on July 25, 2023.

[17] Pursuant to my Order of July 5, 2023, the *ex parte* motion was varied, requiring notice to be given to the Defendant, but that the Defendant was not to appear before the Court without representation by a solicitor.

[18] The Plaintiffs filed and served an Amended Notice of Motion on July 17, 2023.

[19] On July 24, 2023, David Whalen sought to appear on behalf of the Defendant, without representation by a solicitor and without having filed a motion to seek to be able to do so under Rule 120 of the *Rules*. That notice was given to the Defendant.

[20] Given his breach of previous orders of this Court and his non-compliance with the *Rules* of this Court, Mr. Whalen was not allowed to appear on behalf of the Defendant during this motion.

[21] In the underlying action brought pursuant to section 57 of the *Trademarks Act*, RSC 198, c T-13 [*Trademarks Act*], the Plaintiff seeks to invalidate the Defendant's trademark, N8KED (Canadian Trademark Registration No. TMA933359) [the "N8KED Registered Mark"], and alleges that the Defendant had engaged in passing off and unfair competition, contrary to section 7 of the *Trademarks Act*.

[22] In the Amended Notice of Motion, the Plaintiff seeks the following relief:

- (a) A declaration pursuant to sections 18 and 57 of the *Trademarks Act*, RSC 198, c T-13 (the "*Trademarks Act*") that Canadian Trademark Registration No. TMA933359 for the trademark N8KED is invalid, *void ab initio*, and be struck from the Register;
- (b) A declaration that NBI has:
  - (i) made false or misleading statements tending to discredit the business, goods, or services of Naked Nutrition contrary to section 7(a) of the *Trademarks Act*;
  - (ii) directed public attention to its goods, services, or business in such a way as to cause or be likely to cause confusion in Canada, between its goods, services,

or business and the goods, services, or business of Naked Nutrition contrary to section 7(b) of the *Trademarks Act*; and

- (iii) made use, in association with goods or services, of a description that is false in a material respect and likely to mislead the public as to the character, quality, or composition of those goods or services contrary to section 7(d)(i) of the *Trademarks Act*;

including by adopting and using the words “N8KED” or “NAKED” (including in design form) or any word likely to be confusing therewith as, or as part of, a trademark or trade name, social media account name, and/or domain name in association with the manufacture, sale, distribution, advertisement, and export of nutritional supplements, meal replacement beverages, and powders used in the preparation of meal replacement beverages goods or otherwise;

- (c) An interim, interlocutory, and/or permanent injunction restraining NBI, and its parents, subsidiaries, and affiliates, and their respective officers, directors, employees, agents, partners, licensees, successors, and assigns, and any other person or entity directly or indirectly controlled by or acting on behalf or under the authority of any of the foregoing, from:

- (i) making false or misleading statements tending to discredit the business, goods, or services of the Plaintiff contrary to section 7(a) of the *Trademarks Act*;
- (ii) directing public attention to its goods, services, or business in such a way as to cause or be likely to cause confusion in Canada, between its goods, services, or business and the goods, services, or business of the Plaintiff contrary to section 7(b) of the *Trademarks Act*; and
- (iii) making use, in association with goods or services, of a description that is false in a material respect and likely to mislead the public as to the character, quality, or composition of those goods or services contrary to section 7(d)(i) of the *Trademarks Act*;  
  
including by adopting and using the words “N8KED” or “NAKED” (including as part of a design) or any word likely to be confusing therewith as, or as part of, a trademark or trade name, social media account name, and/or domain name in association with the manufacture, sale, distribution, advertisement, and export of the Defendant’s nutritional supplements, meal replacement beverages, and powders used in the preparation of meal replacement beverages goods or otherwise;
- (d) A mandatory order requiring NBI and all the parties referenced in paragraph 1(c) above to take all steps necessary to irrevocably withdraw or abandon all trademark

registrations, trademark applications, business name registrations, social media accounts, and/or domain names consisting of or comprising the words “N8KED” or “NAKED” or any other word likely to be confusing therewith;

- (e) An interlocutory and final Order requiring NBI and all the parties referenced in paragraph 1(c) above to, within 10 days of the date of such Order, deliver-up and destroy under oath any goods, packaging, labels, and advertising materials (and any equipment used to produce same) in their possession, power, or control that are or would be contrary to any Order granted by this Court, in accordance with section 53.2 of the *Trademarks Act*;
- (f) The issuance of a confidentiality order pursuant to Rule 151 of the *Federal Courts Rules* designating Exhibit “E” to the Affidavit of Stephen Zieminski sworn on October 25, 2022 as confidential information;
- (g) The costs of this motion and of this action on the highest allowable scale, plus all applicable taxes; and,
- (h) Such further and other relief as counsel may advise and this Honourable Court may deem just.



II. Background

[23] The Plaintiff, Naked Whey Inc, operating as Naked Nutrition, is a corporation incorporated under the laws of the State of Florida in the United States of America. The Plaintiff is a nutritional products brand that sells a variety of dietary and nutritional supplement products.

[24] Since 2014, the Plaintiff's range of supplement products are commonly sold in association with its tradename and trademark, NAKED NUTRITION, and the following design mark (the "NAKED NUTRITION Design Mark"):



[25] Additionally, Naked Nutrition's products are sold in association with various other purported trademarks including: LESS NAKED, NAKED WHEY, NAKED PEA, NAKED CASEIN, NAKED RICE, NAKED COLLAGEN, NAKED ENERGY, NAKED BCAA/AACR, NAKED GLUTAMINE, and NAKED CREATINE (collectively with the NAKED NUTRITION word and design marks, the "NAKED-formative Marks").

[26] Since October 15, 2016, the Plaintiff has offered and sold its products to Canadian customers. Since December 19, 2016, through its website, the Plaintiff has offered, advertised and sold supplement products in association with the NAKED-formative Marks to consumers in Canada.

[27] The Plaintiff owns the following Canadian trademark registrations:

- i. Canadian Trademark Registration No. TMA1058693 for the word trademark LESS NAKED, for use in association with dietary and nutritional supplements for general health and well-being. This application was filed on October 13, 2017 and registered on October 11, 2019.
- ii. Canadian Trademark Registration No. TMA1069225 for the NN design trademark:



for use in association with dietary and nutritional supplements for general health and well-being. This application was filed on October 13, 2017 and registered on January 13, 2020.

[28] The Plaintiff also owns the following pending Canadian trademark applications:

- i. Canadian Trademark Application No. 1862654 for the word trademark NAKED for use in association with dietary and nutritional supplements for general health and well-being. This application was filed on October 13, 2017.
- ii. Canadian Trademark Application No. 1862975 for the word trademark NAKED NUTRITION for use in association with dietary and nutritional supplements for general health and well-being. This application was filed on October 16, 2017.

[29] The Defendant, N8ked Brands Inc, is a corporation incorporated pursuant to the laws of the Province of Ontario. The Defendant purports to offer for sale various supplements in association with its trademarks.

[30] The Defendant is the owner of Canadian Trademark Registration No. TMA933359 for the trademark N8KED for use in association with nutritional supplements for general health and well being. The application was filed on April 8, 2014, a declaration of use was filed March 8, 2016 and the mark was registered April 4, 2016.

[31] Prior to 2020, the Defendant allegedly used the following design of the N8KED Registered Mark (the “N8KED Original Logo”):



[32] Sometime around 2020, the Defendant rebranded and changed its logo to the following design (the “N8KED Rebranded Logo”):



[33] The Defendant also abandoned the following Canadian trademark applications:

- i. Canadian Trademark Application No. 2076474 for the N8KED design trademark:



for use in association with nutritional supplements for general health and well being, meal replacement beverages and powders used in the preparation of meal replacement beverages. This application was filed on January 8, 2021 and is pending.

- ii. Canadian Trademark Application No. 2100984 for the trademark GET N8KED, for use in association with nutritional supplements for general health and well being, meal replacement beverages, and powders used in the preparation of meal replacement beverages. This application was filed on April 20, 2021 and is pending.

[34] The Plaintiff made the following core claims in its Statement of Claim:

- i. The N8KED registered mark is invalid, void *ab initio*, and ought to be struck from the trademarks register;
- ii. The Defendant engaged in statutory passing off contrary to subsection 7(b) of the *Trademarks Act* by adopting the N8KED Rebranded Logo; and
- iii. The Defendant engaged in other unfair competitive practices prohibited by subsections 7(a) and (d) of the *Trademarks Act*, by adopting the N8KED Rebranded Logo.

[35] The Plaintiff has included affidavit evidence consisting of four affidavits:

- i. An affidavit from Stephen Zieminski, the Plaintiff's President and Chief Executive Officer (the "Zieminski Affidavit"). This affidavit includes information about the parties' business operations in Canada as well as each party's relevant trademarks.
- ii. An affidavit from Christopher Pierre, the Founder and Managing Director of KeyNorth Professional Services Group Inc, a private investigation agency retained by the Plaintiff's solicitors (the "Pierre Affidavit"). The Pierre Affidavit details Mr. Pierre's attempts to purchase N8KED-branded "collagen creamer" and N8KED-branded "calorie+shake" products from the Defendant's website. Mr. Pierre was able to purchase the "collagen creamer" product in September, 2022, but the "calorie+shake" product was "sold out".
- iii. An affidavit from Megan Bradt, a law clerk at the firm of the Plaintiff's solicitors, outlines the procedural history of this case.
- iv. An affidavit from Stephanie Mills, showing that three pending trademark applications for different versions of the Defendant's N8KED trademark have been abandoned.

### III. Issues

- A. *What is the appropriate role of the Court in a motion for default judgment?*

- B. *Should the N8KED Registered Mark be struck from the Register for invalidity?*
  
- C. *Did the Defendant engage in passing off contrary to subsection 7(b) of the Trademarks Act by introducing the N8KED Rebranded Logo?*
  
- D. *Did the Defendant engage in unfair competition contrary to subsection 7(a) or paragraph 7(d)(i) of the Trademarks Act?*

#### IV. Analysis

- A. *What is the appropriate role of the Court in a motion for default judgment?*

[36] On a motion for default judgment under rule 210, the role of the Court is not to simply rubber stamp the Plaintiff's claims. Each allegation made by the Plaintiff must be taken as denied. The Court must scrutinize the Plaintiff's evidence with care and ensure that the evidence is sufficiently clear, convincing and cogent to establish the Plaintiff's claims on a balance of probabilities (*Trimble Solutions Corporation v Quantum Dynamics Inc*, 2021 FC 63 at paras 36-37; *Louis Vuitton Malletier SA v Yang*, 2007 FC 1179 at para 4).

- B. *Should the N8KED Registered Mark be struck from the Register for invalidity?*

[37] The Plaintiff makes four core arguments as to why the N8KED Registered Mark ought to be struck from the trademarks register:

- i. The Defendant filed a faulty declaration of use in obtaining registration for the N8KED Registered Mark;
  - ii. The Defendant abandoned the N8KED Registered Mark;
  - iii. The N8KED Registered Mark is not distinctive; and
  - iv. The Defendant registered the N8KED Registered Mark in bad faith.
- (1) *Did the Defendant file a false Declaration of Use in support of the N8KED Registered Mark?*

[38] Under subsection 40(2) of the *Trademarks Act*, as it appeared in the time relevant to the registration of the N8KED Registered Mark, a party applying for trademark registration based on proposed use was required to file a declaration that it had commenced use of that trademark in Canada in association with the goods or services specified in the application.

[39] False statements made innocently in a trademark application may invalidate a registered trademark where the statement was fundamental to the registration, in the sense that the registration could not have been secured without the misstatement (*Yiwu Thousand Shores E-Commerce Co Ltd v Lin*, 2021 FC 1040 at para 50).

[40] The Plaintiff argues that the declaration of use that the Defendant filed in this case was false as there is no evidence that the Defendant used the N8KED registered mark prior to March 8, 2016.

[41] The evidence from the Pierre Affidavit is that, as of September 2022, the Plaintiff's consumers were able to order and receive products from the Defendant's website in Canada. The Plaintiff's evidence in the Zieminski Affidavit shows screen captures of sections of the Defendant's website featuring the Defendant's "calorie plus shake" product, which bore the N8KED Original Logo and other sections where consumers could "buy online".

[42] Moreover, the registration of the N8KED Registered Mark was challenged by a third party via summary expungement proceeding under section 45 of the *Trademarks Act* (*SMITHS IP v N8ked Brands Inc*, 2021 TMOB 211 [*N8ked TMOB*]). There, the Defendant furnished an affidavit providing *prima facie* evidence of continuous use of its trademark from April 24, 2016 to April 24, 2019. The Trademarks Opposition Board accepted the Defendant's evidence (*N8ked TMOB* at paras 15-20).

[43] However, there is no evidence of actual use prior to March 8, 2016 when the Defendant filed the declaration of use. In the absence of this evidence, the registration of the N8KED Registered Mark is materially deficient and invalid, as the registration could not have been secured without this fundamental misstatement.



(2) *Did the Defendant abandon the N8KED Registered Mark?*

[44] Under paragraph 18(1)(c) of the *Trademarks Act*, a trademark registration is invalid if the trademark is abandoned. A mark is abandoned where: (1) the mark is no longer in use in Canada and (2) there was an intention to abandon the mark (*Iwasaki Electric Co Ltd v Hortilux Schreder BV*, 2012 FCA 321 at para 18).

[45] The Plaintiff argues that the Defendant has abandoned the N8KED Registered Mark. Further, the Plaintiff points specifically to a period between 2017 or 2018 and 2020 where the Defendant's activity on its website and social media channels with respect to the N8KED Registered Mark ceased. Moreover, when the Defendant resumed use of its mark, it used the N8KED Rebranded Logo as opposed to the N8KED Original Logo. The Plaintiff believes this rebranding was done in order to capitalize on the reputation and goodwill of the Plaintiff's NAKED-formative Marks and, as a result, the use of the N8KED Rebranded Logo does not constitute use of the N8KED Registered Mark.

[46] There is *prima facie* sufficient evidence in the record to support findings of *de minimus* use of the N8KED Registered Mark as found by the Registrar of Trademarks in 2021 (*N8ked TMOB*). The Pierre Affidavit also details how the Plaintiff's private investigator was able to order a N8KED-branded supplement product from the Defendant's website.

[47] Moreover, on the evidence currently before the Court, there does not appear to be an intention to abandon the trademark. While the Defendant has not participated in this proceeding,

the Defendant has, in the past, participated in a section 45 summary proceeding and provided evidence to show use (see *N8ked TMOB*).

[48] Furthermore, I do not believe the N8KED Rebranded Logo is a deviation from the N8KED Registered Mark sufficient to ground a finding of abandonment.

[49] The N8KED Rebranded Logo deviates from the N8KED Original Logo in the style and colour of the font used, as well as by capitalizing the letters “K”, “E” and “D” in the word N8KED. The N8KED Rebranded Logo is, on balance, more similar to the N8KED Registered Mark than the N8KED Original Logo, as the N8KED Registered Mark also capitalizes the letters “K”, “E” and “D”. Moreover, the N8KED Rebranded Logo retains the dominant characteristic of the N8KED Registered Mark, which is the use of the capital letter “N” followed by the number “8” in place of the expected letter “A”. The N8KED Rebranded Logo is sufficiently similar to the N8KED Registered Mark to maintain the essential characteristics of the N8KED Registered Mark (*Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA) at 64; *Registrar of Trade Marks v. CII Honeywell Bull*, 1985 CanLII 5537 (FCA), [1985] 1 FC 406).

(3) *Does the N8KED Registered Mark lack distinctiveness?*

[50] Under paragraph 18(1)(b) of the *Trademarks Act* the registration of a trademark is invalid if “the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced” (see also *Parke, Davis & Co, Ltd v Empire Laboratories Ltd* (1963), [1964] Ex CR 399 (Can) at 411-412, affirmed [1964] SCR 351).

[51] The three conditions for distinctiveness are:

- i. that a mark and a product be associated;
- ii. the owner uses this association between the mark and its product and is manufacturing and selling; and
- iii. this association enables the owner to distinguish its product from that of others.

*(Labatt Brewing Co v Molson Breweries, a Partnership* (1992), 42 CPR (3d) 481 at 494 (FCTD); *Bodum USA, Inc v Meyer Housewares Canada Inc*, 2013 FCA 240 at para 5 affirming 2012 FC 1450 at para 14)

[52] The Plaintiff argues that the N8KED Registered Mark fails to distinguish the Defendant's goods from the Plaintiff's. The Plaintiff accuses the Defendant of bad faith in adopting the N8KED Rebranded Logo in order to associate its goods with those of the Plaintiff. The Plaintiff believes that because of this the N8KED Rebranded Logo is confusingly similar to the NAKED NUTRITION Design Mark.

[53] As with the other claims of invalidity, it is the Plaintiff's burden to show a lack of distinctiveness.

[54] There is a lack of evidence to show that the Defendant adopted the N8KED Rebranded Logo in an attempt to usurp the Plaintiff's goodwill. As previously canvassed, the N8KED

Rebranded Logo more closely resembles the N8KED Registered Mark than does the N8KED Original Logo.

[55] Furthermore, in the 2021 decision of the Trademarks Opposition Board in *N8ked TMOB*, the central issue raised was that the Defendant had failed to use the N8KED Registered Mark because the N8KED Original Logo deviated from the registration in that it used the lower case for the letters “K”, “E” and “D” (paras 21-27). The adoption of the N8KED Rebranded Logo sometime around 2020, could equally have been a response to pending litigation as opposed to a bad faith attempt to profit from the Plaintiff’s goodwill.

[56] In light of this, the Plaintiff has not established that the N8KED Rebranded Logo lacks distinctiveness.

(4) *Was the N8KED Registered Mark filed in bad faith?*

[57] The Plaintiff argues that the N8KED Registered Mark was filed in bad faith because the Defendant did not and never had a *bona fide* intent to use the N8KED Registered Mark.

[58] As stated above, there is at the least some evidence of past use of the N8KED mark in Canada. Moreover, the Defendant has participated in past legal proceedings defending the N8KED Registered Mark. There is insufficient evidence to show bad faith in the Defendant’s registration of the N8KED mark, other than the material misstatement relating to alleged use prior to filing the declaration of use required to secure the registration.

C. *Did the Defendant engage in passing off contrary to subsection 7(b) of the Trademarks Act by introducing the N8KED Rebranded Logo?*

[59] The three elements required to succeed on a claim of passing off under subsection 7(b):

- i. The existence of goodwill;
- ii. deception of the public due to a misrepresentation; and
- iii. actual or potential damage.

*(Ciba-Geigy Canada Ltd v Apotex Inc, [1992] 3 SCR 120 at para 30)*

[60] The Plaintiff argues that the Defendant engaged in passing off by adopting the N8KED Rebranded Logo. The Plaintiff believes that the font and styling of this new logo is substantially similar to the styling and font of the text of the word NAKED used in the NAKED-formative Marks.

[61] I find that the Plaintiff has established goodwill in the NAKED-formative Marks, each including the word NAKED in a distinctive font. In particular, the Plaintiff has established goodwill through its sales of its NAKED-branded products, through the Plaintiff's use of the marks on its website and various social media platforms.

[62] Particularly, the Plaintiff has demonstrated goodwill attached to the NAKED NUTRITION Design Mark; the mark most similar to the N8KED Registered Mark.

[63] However, even it were accepted that the N8KED Rebranded Logo raised a likelihood of confusion with the NAKED NUTRITION Design Mark, a misrepresentation is not actionable in the passing off context unless it is wilful, careless or negligent (*Remo Imports Ltd v Jaguar Cars Ltd*, 2007 FCA 258 at para 92).

[64] The N8KED Registered Mark was registered in Canada before the Plaintiff began using its mark in Canada. Furthermore, there is no evidence before the Court that the Defendant adopted the N8KED Rebranded Logo in bad faith. Without meaningful participation by the Defendant in this proceeding to date, including breaches of Court Orders and non-compliance with the *Rules*, it is obviously difficult for the Plaintiff to establish a passing off claim.

[65] In any event, the Plaintiff has failed to establish any discernable quantum of damages. On the one hand, the Plaintiff contends that the Defendant has not used the N8KED Registered Mark, does not intend to use the mark and has merely registered the mark out of bad-faith obstructionism; on the other, the Plaintiff points to potential erosion of the goodwill of its marks at some scale due to the likelihood of confusion of consumers encountering the Defendant's products in the marketplace.

[66] There is insufficient evidence in the record that the Defendant has used the N8KED Rebranded Logo in a manner that has diminished the goodwill of the Plaintiff's marks.

D. *Did the Defendant engage in unfair competition contrary to subsection 7(a) or paragraph 7(d)(i) of the Trademarks Act?*

(1) *Did the Defendant commit the tort of injurious falsehood contrary to subsection 7(a) of the Trademarks Act?*

[67] Under subsection 7(a) of the *Trademarks Act* no person shall make a false or misleading statement tending to discredit the business, goods, or services of a competitor.

[68] The essential elements of this tort are:

- i. a false or misleading statement;
- ii. tending to discredit the business wares or services of a competitor; and
- iii. resulting damage

*(S & S Industries Inc v Rowell, [1966] SCR 419 at 423)*

[69] The Plaintiff points to the adoption of the N8KED Rebranded Logo as the false or misleading statement.

[70] I am not satisfied that the Plaintiff's adoption of a permissible alternative design to a trademark constitutes a false or misleading statement.

[71] Moreover, under the second prong of the test the Plaintiff must be identifiable as the target of the impugned statement directly or by implication (*Unitel Communications Inc v Bell Canada*, [1994] OJ No 1320 at para 41). This further demonstrates the inapplicability of this tort to a redesign of the N8KED Original Logo, as there is no discernable “target” of this supposed “statement”.

(2) *Did the Defendant make false statements likely to mislead the public contrary to paragraph 7(d)(i) of the Trademarks Act?*

[72] Paragraph 7(d)(i) of the *Trademarks Act* reads:

**7** No person shall

...

**(d)** make use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to

**(i)** the character, quality, quantity or composition

**7** Nul ne peut :

...

**(d)** employer, en liaison avec des produits ou services, une désignation qui est fausse sous un rapport essentiel et de nature à tromper le public en ce qui regarde :

**(i)** soit leurs caractéristiques, leur qualité, quantité ou composition

[73] The Plaintiff argues that the Defendant violated this provision by adopting the N8KED Logo, suggesting that the Defendant’s goods were similar to the Plaintiff’s.



[74] For much the same reasons as above, the rebranding of the Defendant's trademark is not a false statement and there is no evidence in the record as to the character, quality, quantity or composition of the Defendant's goods or support for the idea that the Defendant misrepresented these items by adopting the N8KED Rebranded Logo.

V. Conclusion

[75] The motion with respect to the claim that the N8KED Registered Mark was invalidly registered due to a materially false declaration of use is granted. The other claims are dismissed. However, under Rule 210 (4)(c) of the *Rules*, the Plaintiff's claims for an Order under subparagraphs 7(a), 7(b) and 7(d)(i) may proceed to trial.

**JUDGMENT in T-1516-22**

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

1. The motion with respect to the claim that the N8KED Registered Mark was invalidly registered due to a materially false declaration of use is granted.
2. The request that Exhibit E to the affidavit of Stephen Zieminski sworn October 25, 2022 be designated as confidential is granted and that portion of the affidavit shall remain sealed subject to any further order of this Court.
3. The action may proceed to trial on the issues relating to subsections 7(a), 7(b) and 7(d)(i) of the *Trademarks Act*, as set out in paragraph 1(b) of the Amended Notice of Motion.
4. The motion is otherwise dismissed.
5. Costs to the Plaintiff in the amount of \$5000.

"Michael D. Manson"

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Judge

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

**DOCKET:** T-1516-22

**STYLE OF CAUSE:** NAKED WHEY, INC. O/A NAKED NUTRITION v  
N8KED BRANDS INC

**PLACE OF HEARING:** HELD BY VIDEOCONFERENCE

**DATE OF HEARING:** JULY 25, 2023

**JUDGMENT AND REASONS:** MANSON J.

**DATED:** AUGUST 4, 2023

**APPEARANCES:**

Mark Davis

FOR THE PLAINTIFF

**SOLICITORS OF RECORD:**

Cassels, Brock & Blackwell LLP  
Barristers and Solicitors  
Toronto, Ontario

FOR THE PLAINTIFF