

Federal Court



Cour fédérale

**Date: 20140507**

**Docket: T-1609-11  
T-999-12**

**Citation: 2014 FC 437**

**Docket: T-1609-11**

**BETWEEN:**

**GARY GURMUKH SALES LTD. AND  
PER-DESIGN INC.**

**Applicants**

**and**

**QUALITY GOODS IMD INC.**

**Respondent**

**AND BETWEEN:**

**Docket: T-999-12**

**BETWEEN:**

**QUALITY GOODS IMD INC.**

**Applicant**

**and**

**GARY GURMUKH SALES LTD. AND  
PER-DESIGN INC.**

**Respondents**

## REASONS FOR JUDGMENT

### HENEGHAN J.

#### INTRODUCTION

[1] Gary Gurmukh Sales Ltd. (“GGS”), and Quality Goods IMD Inc. (“Quality”) are two Canadian businesses that are involved in the business of manufacturing, distributing and selling products for the Canadian souvenir market. Per-Design Inc. (“Per”) is another Canadian company; it designs logos and designs that are used on various products, including clothing. Differences have arisen between GGS and Per, on the one hand, and Quality, on the other, as to the validity and infringement of certain trade-marks, which includes a claim of passing off.

[2] In that regard, GGS and Per commenced a proceeding, that is T-1609-11, which will be called the “infringement proceeding”, pursuant to section 53.2 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13 (the “Act”) and Rule 300 (b) of the *Federal Courts Rules*, SOR/98-106 (the “Rules”). GGS seeks injunctive relief restraining Quality from using the trade-marks, the delivery up of Quality’s infringing merchandise, damages for trade-mark infringement, pre-and-post judgment interest, and costs on the highest possible scale.

[3] In response, Quality commenced its own proceeding challenging the validity of the GGS registered trade-marks, in case number T-999-12, which will be called the “expungement proceeding”. Quality seeks an Order striking Canadian trade-mark registration no. TMA 727,452 (“CANADIAN FAST FOOD”) and Canadian trade-mark registration no. TMA 727,877 (“CANADIAN POLAR BEAR IN SNOW STORM”), as well as damages for continuing lost

sales resulting from threatening letters sent to its customers after the improper registration of the trade-marks, as well as pre-judgment interest and post-judgment interest on any damages award.

## **BACKGROUND**

[4] The following facts are taken from the affidavits and exhibits filed by the parties.

[5] GGS filed two affidavits in support of the infringement proceeding. Both were sworn to by Mr. Gary Gurmukh. The first was sworn to on November 9<sup>th</sup>, 2011. It outlines the business of GGS, the history of the trade-marks and their registration, how it became aware of Quality's use of the trade-marks and the action taken in response to that use. The affidavit includes a number of exhibits.

[6] The second affidavit of Mr. Gurmukh was sworn to on May 8<sup>th</sup>, 2012, responding to the affidavit of Mr. Harold Rosen filed by Quality. In this affidavit, Mr. Gurmukh denies the existence of an agreement between the parties and provides his perspective on the conversations described in the affidavit of Mr. Rosen. Mr. Gurmukh was cross-examined with respect to both of these affidavits on August 29<sup>th</sup>, 2012. An exhibit is attached to the transcript of that cross examination.

[7] Quality filed one affidavit in its response to the application for infringement, that is the affidavit of Mr. Harold Rosen dated April 30<sup>th</sup>, 2012. It describes Quality's business, history of involvement with the trade-marks, use of those trade-marks, and the agreement with GGS allowing it to use those trade-marks on merchandise. There are a number of exhibits attached to

this affidavit. One of the exhibits consists of copies of Quality's sales records relating to merchandise bearing the disputed trade-marks. GGS relies on these sales records as a basis for its claim for damages.

[8] Mr. Harold Rosen was cross-examined on this affidavit on August 29<sup>th</sup>, 2012. There are a number of exhibits attached to the transcript of that cross-examination.

[9] In the expungement proceeding, that is cause number T-999-12, the parties filed further affidavits.

[10] Quality submitted an affidavit of Mr. Harold Rosen, sworn to on July 3rd, 2012. GGS filed an affidavit of Mr. Gary Gurmukh sworn to on July 31st, 2012. Both affiants were cross-examined on those affidavits and the transcripts are included in the joint application records.

[11] In his affidavit filed in the expungement proceeding Mr. Rosen describes the business structure, practices and clients of Quality. He notes that GGS is a competitor.

[12] Mr. Rosen deposes that his design staff came up with the disputed trade-marks and associated designs in 2004. The sale of merchandise bearing these designs commenced in 2005.

[13] Mr. Rosen further deposes that Quality's use of the trade-marks was done with the full knowledge of GGS, who applied for registration in bad faith. He goes on to reiterate the understanding or agreement between Quality and GGS, and maintains that as a result of

complying with the agreement, Quality has lost approximately \$100,000.00 in sales. The actions of GGS in sending cease and desist letters to clients of GGS has damaged their business and reputation. A number of exhibits are attached to Mr. Harold Rosen's affidavit in support of the statements made therein.

[14] In the affidavit sworn to by Mr. Gurmukh in the expungement proceeding, he describes the business structure and activities of GGS and Per, as well as their clientele. He also describes the design history of the disputed trade-marks, and gives evidence that both were created in 2004. Sales began shortly thereafter. He further deposed that at the time sales of merchandise bearing the trade-marks commenced, he was unaware of any other companies selling similarly designed merchandise.

[15] Mr. Gurmukh also gives evidence about the registration of the trade-marks, as well as the sales of products bearing those trade-marks. He states when he became aware of the infringement of the trade-marks and the steps that were taken to enforce the rights of GGS and Per. He disputes the evidence of Mr. Harold Rosen that GGS has copied several designs of Quality. He also disputes some of the evidence of Mr. Rosen with respect to Quality's loss of business from certain companies due to cease and desist letters from GGS. He denies that there was ever an agreement in place between the parties that would allow both to use the trade-marks. Several exhibits are attached to Mr. Gurmukh's affidavit.

[16] GGS is a company incorporated under the laws of Ontario. Mr. Gary Gurmukh is the president and founder of GGS. Since 1990 it has been in the business of manufacturing,

distributing and promoting merchandise in the souvenir/tourist market in Canada. It distributes products to various retail shops for sale and attends various trade shows to attract customers. Its merchandise consists of “Canadiana” tourist merchandise.

[17] Per is also a company incorporated under the laws of Ontario. Mr. Gary Gurmukh is the president and a shareholder of Per Design Inc. Per creates artistic designs, logos and marks that it licenses for use on various products in the Canadian tourist market. These designs appear on GGS merchandise, often in association with clever or humorous phrases. Its products have been sold in Canada since 2005.

[18] GGS is the exclusive licensee of Per pursuant to a licensing agreement that has been in effect since January 1<sup>st</sup>, 2006. On November 30<sup>th</sup>, 2008 Gary Gurmukh, his business partner, and his two sons, purchased Per in a share purchase agreement.

[19] Per is the owner of two registered trade-marks that are at issue in these applications. The first trade-mark was registered on October 30<sup>th</sup>, 2008, under no. TMA 727, 452 and consists of the words “CANADIAN FAST FOOD”. The trade-mark was usually placed on merchandise accompanied by a drawing of a person being chased by a bear or other wild animal.

[20] The second trade-mark was registered on November 6<sup>th</sup>, 2008, under no. TMA 727, 877 and consists of the words “CANADIAN POLAR BEAR IN SNOW STORM”. It was usually used on merchandise that was white in colour except for the trade-marked phrase and a picture of

the dark eyes and nose of a polar bear. Both trade-marks were registered based on use in Canada since 2005.

[21] Both trade-marks were registered for use in association with t-shirts, sweatshirts, tank tops, mugs, fridge magnets, aprons, hats and shopping bags. GGS was successful in selling merchandise bearing the trade-marks.

[22] Quality is a company incorporated under the laws of Quebec. It is a direct competitor of GGS. Mr. Harold Rosen is the president and founder of Quality. The company has been registered since 1964 and was incorporated in 1969.

[23] For the past 45 years Quality has imported, manufactured and distributed merchandise sold in the tourist market in Canada. Like the merchandise of GGS, much of Quality's merchandise is "Canadiana". The merchandise is sold to stores in the tourist market in Canada and the United States. The products are also sold over the internet and through a catalogue, as well as through trade shows. Quality has its own art and design staff that develop the designs for its products.

[24] Quality has used the trade-marked phrases on merchandise, often accompanied by images similar to those used by GGS, since 2005. It claims that its art and design department developed the designs independently in 2004, and they were well known in the tourist/souvenir industry in Canada.

[25] At the time GGS registered the trade-marks Quality was aware of the application for registration and could have filed an opposition. It did not do so due to financial difficulties it was experiencing at the time.

[26] In August 2007, GGS became aware that Quality was selling merchandise bearing its trade-marks. An employee of GGS at a store in Alberta bought samples of the products and showed them to Mr. Gary Gurmukh. GGS instructed its lawyer to send a cease and desist letter to Quality requesting that it stop selling merchandise bearing the phrases. As the trade-marks were not yet registered, the letter from GGS advised only of its registered copyright in the design. In response, Quality advised that it planned to continue selling the disputed merchandise.

[27] In October 2008, GGS learned that Quality was still selling the disputed merchandise. Its lawyer sent a cease and desist letter, this time advising of its trade-marks, which were in the process of being registered. There is no evidence that Quality replied to this letter.

[28] In March 2010 GGS learned that Quality had continued selling merchandise bearing the trade-marks. It again had its lawyer send a cease and desist letter to Quality, advising of the registered trade-marks and including a list of conditions. If the conditions were fulfilled, GGS would refrain from taking formal legal action against Quality. Those conditions were never fulfilled.

[29] In July 2011, a GGS sales representative informed Mr. Gurmukh that merchandise bearing the trade-marks was being sold by a retailer in Vancouver. GGS sent a letter to the

retailer asking that it stop selling the infringing merchandise and name the supplier of the merchandise. The retailer informed GGS by a phone call that Quality had supplied the infringing merchandise and indicated its intention to return the merchandise to Quality.

[30] Later that month, Mr. Gurmukh received a phone call from Mr. Rosen. It is Mr. Gurmukh's evidence that Mr. Rosen advised him that Quality would continue supplying merchandise bearing the trade-marks to retailers, and if GGS were so inclined it could file a lawsuit. In August 2011, Mr. Gurmukh's business partner saw merchandise bearing the trade-marks being sold by a retailer in Alberta. Mr. Gurmukh's business partner purchased a shirt bearing the mark CANADIAN POLAR BEAR IN A SNOW STORM. GGS sent this retailer a cease and desist letter but no response was received.

[31] Again in August 2011, Mr. Gurmukh's business partner noticed merchandise bearing the trade-marks for sale in the Calgary International Airport. This time he purchased a hat bearing the CANADIAN POLAR BEAR IN SNOW STORM trade-mark. GGS sent a cease and desist letter to this retailer and received no response.

[32] In September 2011, GGS was informed by a customer in Vancouver that Quality had offered to supply GGS merchandise bearing the trade-marks for wholesale. The customer did not purchase the merchandise. GGS is aware that Quality maintains a website advertising their merchandise. At that time GGS noticed merchandise bearing the trade-marks for sale on Quality's website.

[33] On November 8<sup>th</sup>, 2011, during a visit to a retail customer of GGS in Toronto, Mr. Gurmukh noticed a sweatshirt for sale bearing the phrase CANADIAN POLAR BEAR IN A BLIZZARD. The label indicated that the sweatshirt was manufactured by Quality.

[34] In addition to those examples described in his affidavit, Mr. Gurmukh provided copies of cease and desist letters to various retailers, dating back to August 24<sup>th</sup>, 2007. All of these letters relate to the sale of merchandise bearing the trade-marks.

[35] Quality denies that the trade-marks are unique. It maintains that the concepts were well known in the industry before GGS registered them as trade-marks. It was aware of the GGS registration of the trade-marks and if Quality had not been experiencing financial difficulties it could have filed a valid opposition to the registration. Instead, Quality claims that it worked out an agreement with GGS to allow both companies to sell merchandise bearing the trade-marks.

[36] It is the evidence of Mr. Harold Rosen that his son, Mr. Jeff Rosen, spoke with Mr. Gurmukh at trade shows in Edmonton and Toronto in 2009, and reached an agreement whereby Quality would not sell merchandise bearing the trade-marks to customers of GGS. Quality lists a number of retailers GGS asked them to refrain from selling to and Quality claims that it complied with this condition.

[37] The agreement was concluded with a handshake and was never formalized in writing. Mr. Rosen met with Mr. Gurmukh personally in 2010 at the Toronto and Edmonton trade shows, where they re-iterated their agreement.

[38] Quality claims that GGS breached this agreement by sending cease and desist letters to its customers. It alleges that as a result of these letters, several of Quality's customers returned merchandise for credit or reduced their orders. It is the evidence of Mr. Rosen that in a telephone call Mr. Gurmukh explained that GGS started sending the cease and desist letters when he learned that Quality had sold merchandise to one of its customers. According to Mr. Rosen, this was a mistake as Quality had not sold merchandise to that customer. In response to the actions of GGS, Quality "ramped up" its sales of merchandise bearing the trade-marks.

[39] Mr. Gurmukh denies that there was such an agreement with Quality. He admits to speaking to Mr. Jeff Rosen at a trade show in Edmonton in 2009 but maintains that their conversation was limited to his request that Quality stop displaying merchandise bearing the trade-marks.

[40] Mr. Gurmukh has no recollection of speaking with Mr. Jeff Rosen at the tradeshow in Toronto in 2009. He also denies discussing any agreement with Mr. Harold Rosen in 2010. It is his evidence that he never discussed an agreement between GGS and Quality during their telephone call in July 2011.

[41] To avoid infringement, Quality started to sell merchandise bearing the phrases "FAST FOOD CANADIAN STYLE" and "CANADIAN POLAR BEAR IN A BLIZZARD" in September 2011. It is the evidence of Mr. Gurmukh that learning of Quality's attempts to sell to a GGS retail client in Vancouver was the "last straw". GGS commenced the application against Quality for trade-mark infringement and passing off on September 28<sup>th</sup>, 2011.

[42] The expungement proceeding commenced by Quality, that is T-999-12, puts in issue the validity of the trade-marks. It is appropriate to address that issue before dealing with the issues of infringement and passing off that are raised by GGS in T-1609-12.

### **EXPUNGEMENT PROCEEDING, T-999-12**

[43] The following issues are at play in the expungement proceeding:

- (a) Has Quality admitted confusion in the expungement proceeding that GGS can rely on for the purposes of the infringement proceeding?
- (b) Are the trade-marks distinctive?
- (c) Were the trade-marks of GGS confusing with a trade-mark or trade-name previously made known in Canada by another party, at the time of registration?
- (d) Are the trade-marks descriptive or deceptively misdescriptive?
- (e) Is Quality entitled to an award of damages flowing from the conduct of GGS?

[44] At the hearing of this matter, counsel for Quality advised that it would no longer pursue issues (iv) and (v) above.

## SUBMISSIONS OF THE PARTIES AND DISCUSSION

- (i) *Did Quality admit confusion in the expungement proceeding that GGS can rely on for the purposes of the infringement proceeding?*

[45] The genesis of this issue is the wording of Quality's notice of application in T-999-12, as follows:

Per was not entitled to secure registration for each of the Per trademarks [*sic*] having regard to the provisions of sections 18, and 16(2)(a) of the Trade-mark Act as each of the Per trademarks [*sic*] was confusing with QG wares which had previously been used and previously made known in Canada by QG.

[46] This argument is raised only by GGS and Quality did not respond. GGS argues that since Quality made a statement about confusion in its pleading, that is its notice of application, about trade-marks that it had made known at the time of registration of the GGS trade-marks, Quality has admitted that those trade-marks are confusing with the trade-marks of GGS.

[47] GGS relies on the general rule that an admission in a pleading is binding on the party who made it. However, I am not persuaded that an "admission" of confusion in the expungement proceeding would be determinative in the infringement proceeding.

[48] The infringement proceeding brought by GGS raises the issue of infringement pursuant to section 19 of the Act, but section 19 does not require confusion.

[49] GGS makes a claim for infringement on the basis of section 20 of the Act. Confusion is relevant to such a claim but the trade-mark referenced by Quality in its notice of application is not the one covered by the claim for infringement pursuant to section 20.

[50] Confusion is relevant to the passing off claim raised by GGS in the infringement proceeding but the admission by Quality is not determinative in that regard. I will address that issue more fully in connection with the claim of passing off.

(ii) *Are the trade-marks distinctive?*

#### *Submissions*

[51] Quality submits that GGS chose to trade-mark only the words CANADIAN FAST FOOD and CANADIAN POLAR BEAR IN SNOW STORM without reference to any accompanying design. It argues that GGS chose the wrong vehicle to protect its designs; it should have applied for a design mark to protect both the wording and the accompanying design instead of just the wording. Neither phrase is indicative of the wares of GGS.

[52] There is no survey evidence to indicate that the public can distinguish the wares of GGS or the trade-marked wares from the wares of others, nor is there evidence of an advertising budget for the trade-marks. There is no evidence that links the trade-marks to GGS as the source of trade-marked wares in the mind of consumers; see the decision in *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.* (2001), 205 F.T.R. 176 at paragraph 19. Quality submits that

GGG was not entitled to register the trade-marks pursuant to paragraph 18(1)(b) of the Act as the marks do not distinguish their wares from others and are not distinctive.

[53] In response, GGS submits that trade-mark registrations are presumed valid and the onus lies on Quality to demonstrate that the trade-marks have lost distinctiveness. The material date for analyzing the distinctiveness of the trade-marks is set out in paragraph 18(1)(b) of the Act, that is the date of commencement of the application challenging the validity of the trade-marks, in this case, May 22nd, 2012.

[54] GGS argues that it has actively monitored the market and tried to stop infringers. The use of the trade-mark by third parties has not led to a loss of distinctiveness of the registered trade-marks. Quality cannot rely on its own infringing sales as a basis for maintaining that the trade-marks have lost their distinctiveness; see the decision in *Anne of Green Gables Licensing Authority Inc. et. al. v. Avonlea Traditions Inc.* (2000), 4 C.P.R. (4th) 289 at paragraph 153. Even if Quality's sales are considered when determining distinctiveness, the volume was not sufficient to diminish the distinctiveness of Quality's trade-marks.

#### *Discussion*

[55] In order to establish that the trade-marks are not distinctive, Quality must demonstrate that the trade-marks are no longer capable of distinguishing the wares of GGS from the wares of others in the marketplace.

[56] A trade-mark does not lose its distinctiveness because someone has infringed the owner's rights. A substantial degree of use is necessary to show a loss of distinctiveness due to competing use.

[57] In my opinion, Quality has not shown that the trade-marks have lost their distinctiveness. The question is whether the trade-marks are distinctive at the time the application for expungement is brought. Quality's suggestion, that the proper date for the analysis is when the application for registration of the trade-mark was submitted, is wrong. Paragraph 18(1)(b) is clear that the relevant date for consideration is the date of the application for expungement.

[58] I am not satisfied that Quality has produced sufficient evidence to demonstrate that the trade-marks are no longer distinctive. It bears the burden of demonstrating the invalidity of a registered trade-mark; see the decision in *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltee*, [2006] 1 S.C.R. 824 at paragraph 5.

[59] Quality's argument that the trade-marks lack distinctiveness is premised on the failure of GGS to adduce evidence that its trade-marks distinguish its products. That is insufficient to prove that a trade-mark is no longer distinctive; see the decision in *Kamsut Inc. v. Jaymei Enterprises Inc.* (2009), 347 F.T.R. 1 at paragraph 62.

[60] GGS bears no burden to demonstrate the validity of its trade-mark. Quality's evidence is only that it has sold merchandise bearing the same or similar trade-marks. It presented nothing

further to demonstrate that the trade-marks have lost distinctiveness. It follows that it has failed to rebut the presumption of validity.

- (iii) *Were the trade-marks of GGS confusing with a trade-mark or trade-name previously made known in Canada by another party, at the time of registration?*

### *Submissions*

[61] Quality argues that it presented evidence of sales of merchandise bearing the trade-marked phrases dating back to 2005. It also produced records from its design department indicating that it created the two designs in question in 2004. It submits that it made the trade-marks known in Canada prior to the registration of the phrases by GGS.

[62] Quality submits that it should not suffer for its failure to file a trade-mark opposition when GGS applied for registration of the trade-marks. It claims that it had common law trade-marks in the phrases prior to GGS registering them.

[63] GGS argues that the material date in determining the registrability when confusion is asserted is the date of the first use of the registered trade-mark in Canada. GGS claims the date of the first use of their trade-marks to be December 31st, 2005.

[64] GGS submits that Quality bears the burden of demonstrating that, at the relevant time, the registered trade-marks were confusing with another trade-mark used or made known in Canada.

It has failed discharge this onus. Quality has produced no evidence of any sales in Canada before April 2006.

[65] Further, GGS argues that the design records relied on by Quality are not persuasive. Quality claims that based on the design numbers it can be deduced that the designs bearing the trade-marks were produced sometime in 2003 or 2004. GGS says that, beyond the statement of Mr. Harold Rosen as to when the designs on the pages were created, there is nothing to substantiate those dates. There are no dates in the design records, and only two pages were produced. As a result, GGS submits that it is not clear when those records were created.

#### *Discussion*

[66] GGS correctly notes that the proper date for consideration for the purposes of analysis under paragraph 16(1)(a) is the date the trade-mark was first used by it; see *Habib Bank Ltd. v. Habib Bank AG Zurich* (2013), 108 C.P.R. (4th) 83 at paragraph 25.

[67] There is evidence that GGS used the trade-marks in 2005. None of the evidence provided by Quality demonstrates that it used the trade-marks or made them known before 2005. The earliest date of sales of merchandise bearing the CANADIAN POLAR BEAR IN SNOW STORM trade-mark by Quality is from December 2005 to a retailer in Alaska.

[68] I agree with GGS that Quality's evidence of the design records is unhelpful. It contains no dates and it is not possible to ascertain with certainty when the designs were first created.

Regardless, the creation of the designs alone is not sufficient to constitute use in Canada pursuant to section 4 of the Act. The creation or design of the trade-marks does not indicate that they were marked on wares when sold, nor is there evidence of advertising relating to these designs that would have made them known in Canada at the relevant time.

[69] I conclude that Quality has failed to adduce sufficient evidence to demonstrate that it used the trade-marks or made them known prior to GGS. It follows that Quality has failed to show invalidity pursuant to paragraphs 16(1)(a) and 12(1)(a) of the Act.

#### **INFRINGEMENT PROCEEDING, T-1609-11**

[70] The infringement proceeding raises the following issues:

- (i) Was there an agreement whereby GGS consented to Quality's use of the trade-marks?
- (ii) Is GGS barred from bringing this application for infringement since it is not the owner of the trade-marks and is not licensed to enforce the owner's trade-mark rights?
- (iii) Did Quality infringe GGS' trade-marks pursuant to section 19 of the Act?
- (iv) Did Quality infringe GGS' trade-marks pursuant to section 20 of the Act?
- (v) Did Quality commit passing off pursuant to subsection 7(b) of the Act?

- (vi) What remedy should be awarded to GGS?

## **SUBMISSIONS OF THE PARTIES AND DISCUSSION**

- (i) *Was there an agreement whereby GGS consented to Quality's use of the trade-marks?*

### *Submissions*

[71] GGS submits that there was no agreement between it and Quality. Mr. Gurmukh denies such an agreement and was unshaken on cross-examination in that regard. Quality's claim of an agreement only came to light in April 2012, in an affidavit filed in preparation for these proceedings. GGS sent Quality a series of cease and desist letters relating to merchandise bearing the trade-marks. There is no evidence that Quality relied on the agreement between the two companies in response to those letters.

[72] Further, GGS submits that the evidence of Quality about the alleged agreement is inconsistent. It argues that there is no credible evidence to support the existence of such an agreement.

[73] Quality submits that its evidence does support the existence of an agreement. Its sales records show that it did not sell to the companies named by GGS. It is not logical that Quality would restrict its business absent the existence of an agreement.

[74] Quality argues that it is unreasonable that GGS waited for 4 years upon learning of Quality's sale of merchandise bearing the trade-marks to follow through on its threats of legal action. The only plausible explanation is that it was abiding by the agreement between the two companies.

### *Discussion*

[75] I conclude that there was no agreement whereby GGS consented to Quality's use of the trade-marks. It is unreasonable that Quality would not have raised the existence of such an agreement in response to any of the cease and desist letters received from GGS. The evidence presented by Quality is inconsistent and insufficient to prove the existence of an agreement.

- (ii) *Is GGS barred from bringing this application for infringement since it is not the owner of the trade-marks and is not licensed to enforce the owner's trademark rights?*

### *Submissions*

[76] GGS makes no submissions on this issue, except to say in its notice of application that it is the exclusive licensee of the trade-marks.

[77] Quality argues that GGS is not the registered owner of the trade-marks; Per is. GGS has only made sales of merchandise bearing the trade-marks. The licensing agreement between these companies does not authorize GGS to take action with respect to these trade-marks. The only trade-mark referred to in the agreement is a logo of Per.

### *Discussion*

[78] In my opinion, Quality's submissions on this issue are without merit. Per is named as a party to these proceedings. Paragraph 10 of the licensing agreement explicitly authorizes GGS to take action to protect "licensed works" from infringement. The definition of licensed works contained at subparagraph 3(b) of the licensing agreement refers to an attached catalogue as containing copies of the licensed works. The trade-marks are contained in this catalogue. Accordingly, GGS has the right to enforce these trade-marks as a licensee.

(iii) *Did Quality infringe GGS's trade-marks pursuant to section 19 of the Act?*

### *Submissions*

[79] GGS submits that between October 30<sup>th</sup>, 2008, the date of registration of the CANADIAN FAST FOOD trade-mark, and September 2011, Quality exactly imitated the trade-mark and ran afoul of section 19. Likewise, from November 6<sup>th</sup>, 2008, the date of registration of

the CANADIAN POLAR BEAR IN SNOW STORM trade-mark, to September 2011 Quality exactly imitated that trade-mark. September 2011 was when Quality began selling merchandise with different phrases marked on it.

[80] GGS acknowledges that Quality sold merchandise marked CANADIAN POLAR BEAR IN A SNOW STORM, while GGS's trade-mark was registered CANADIAN POLAR BEAR IN SNOW STORM. However, it argues that this difference is inconsequential, and there was use of the trade-mark as required by section 19 of the Act. Alternatively, the use of CANADIAN POLAR BEAR IN A SNOW STORM is confusing with CANADIAN POLAR BEAR IN SNOW STORM and was confusing with the registered trade-mark of GGS. This constitutes infringement under section 20 of the Act.

[81] Quality submits that a trade-mark is not distinctive if it is used simultaneously in Canada by two or more firms. Both GGS and Quality started selling merchandise marked with the trade-marks in 2005 or 2006. The trade-marks were not registered until late 2008. At the time they were registered the trade-marks were not distinctive and they should be expunged. As any sales made by GGS were not pursuant to a valid license agreement, the trade-marks are not distinctive of the wares of the registered owner and the registration is invalid.

[82] Quality further argues that the failure of GGS to enforce its trade-marks amounts to acquiescence. It also submits that the trade-marks are weak marks and entitled to only minimal protection.

*Discussion*

[83] Section 19 of the Act protects the owner or licensee of a registered trade-mark from exact imitation of the trade-mark by a competitor. It prevents competitors from using identical trade-marks in association with wares identical to those for which the trade-mark was registered for use.

[84] Section 19 of the Act provides as follows:

**19.** Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.

**19.** Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de marchandises ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces marchandises ou services.

[85] The evidence is clear that Quality sold merchandise bearing the exact phrases registered. The trade-marks were marked on products in association with which GGS had registered them for use. In my opinion, on the basis of the evidence submitted, Quality infringed pursuant to section 19 of the Act.

[86] The difference between the trade-mark, as registered by GGS, and that used by Quality is inconsequential. Section 19 does allow for some minor differences where an infringing trade-mark takes the character or identity of the registered trade-mark; see the decision in *Promafil Canada Ltee. v. Munsingwear Inc.* (1992), 142 N.R. 230 at paragraphs 33-34.

[87] Further, the trade-mark as registered is different from the trade-mark as used by GGS. According to the decision in *Promafil, supra* at paragraph 37 a trade-mark may change in minor details but as long as the impression left in the mind of the average consumer will remain the same, the registration is valid. Here the trade-marks used by Quality are identical to the ones used by GGS. Quality infringed pursuant to section 19 of the Act.

(iv) *Did Quality infringe GGS's trade-marks pursuant to section 20 of the Act?*

#### *Submissions*

[88] GGS submits that the relevant dates for a determination of infringement under section 20 of the Act are September 2011, that is when the infringement proceeding was commenced, and the date of the hearing. It argues that after it commenced this proceeding, Quality intended to continue using the goodwill generated by GGS' trade-marks by producing and selling colourable imitations. GGS says that this intention is demonstrated by the fact that Quality changed CANADIAN FAST FOOD to FAST FOOD CANADIAN STYLE, and CANADIAN POLAR BEAR IN A SNOW STORM to CANADIAN POLAR BEAR IN A BLIZZARD in response to the infringement proceeding filed by GGS.

[89] Confusion is considered as a matter of first impression. The test is whether an ordinary, casual consumer, somewhat in a hurry and with imperfect recollection, would be confused upon seeing the infringing mark; see *Veuve Clicquot, supra* at paragraph 20. It is not necessary to prove actual confusion, merely that confusion is likely to occur; see the decision in *Tommy*

*Hilfiger Licensing Inc. v. Quality Goods I.M.D. Inc. et. al.* (2005), 267 F.T.R. 259 at paragraph 30.

[90] The onus to prove likely confusion rests with the party asserting confusion. When considering whether confusion is likely, the Court must consider the factors set out in subsection 6(5) of the Act.

[91] GGS argues that those factors are not considered equally. The Court evaluates all of the factors in each case and makes a determination which gives the appropriate weight to each of them; see the decision in *Toyota Motor Corp. v. Lexus Foods Inc.* (2000), 264 N.R. 158 at paragraph 7. GGS submits that the evidence shows that the marks used by Quality are confusing with its registered trade-marks, as assessed against each factor in subsection 6(5) of the Act.

[92] Quality agrees with the definition of confusion put forward by GGS but submits that GGS was unable to bring forward any evidence of actual confusion in the market-place, despite seven years of the products being offered for sale. Quality argues that the evidence overall does not support a finding of confusion. Quality also submits that if the marks are confusing with the registered trade-marks, GGS has acquiesced to Quality's use of the marks.

*Discussion*

[93] Section 20 of the Act provides as follows:

## Infringement

**20.** (1) The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name, but no registration of a trade-mark prevents a person from making

(a) any *bona fide* use of his personal name as a trade-name, or

(b) any *bona fide* use, other than as a trade-mark,

(i) of the geographical name of his place of business, or

(ii) of any accurate description of the character or quality of his wares or services,

in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade-mark.

## Exception

(2) No registration of a trade-mark prevents a person from making any use of any of the indications mentioned in subsection 11.18(3) in association with a wine or any of the indications mentioned in subsection 11.18(4) in association with a spirit.

## Violation

**20.** (1) Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne non admise à l'employer selon la présente loi et qui vend, distribue ou annonce des marchandises ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion. Toutefois, aucun enregistrement d'une marque de commerce ne peut empêcher une personne :

a) d'utiliser de bonne foi son nom personnel comme nom commercial;

b) d'employer de bonne foi, autrement qu'à titre de marque de commerce :

(i) soit le nom géographique de son siège d'affaires,

(ii) soit toute description exacte du genre ou de la qualité de ses marchandises ou services,

d'une manière non susceptible d'entraîner la diminution de la valeur de l'achalandage attaché à la marque de commerce.

## Exception

(2) L'enregistrement d'une marque de commerce n'a pas pour effet d'empêcher une personne d'utiliser les indications mentionnées

au paragraphe 11.18(3) en liaison avec un vin ou les indications mentionnées au paragraphe 11.18(4) en liaison avec un spiritueux.

[94] Confusion is to be assessed with regard to the factors set out in subsection 6(5) of the Act, which provides as follows:

What to be considered	Éléments d'appréciation
<p>(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including</p> <p style="padding-left: 40px;">(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;</p> <p style="padding-left: 40px;">(b) the length of time the trade-marks or trade-names have been in use;</p> <p style="padding-left: 40px;">(c) the nature of the wares, services or business;</p> <p style="padding-left: 40px;">(d) the nature of the trade; and</p> <p style="padding-left: 40px;">(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.</p>	<p>(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :</p> <p style="padding-left: 40px;">a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;</p> <p style="padding-left: 40px;">b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;</p> <p style="padding-left: 40px;">c) le genre de marchandises, services ou entreprises;</p> <p style="padding-left: 40px;">d) la nature du commerce;</p> <p style="padding-left: 40px;">e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.</p>

[95] The likelihood of confusion is to be assessed from the perspective of an average ordinary consumer, somewhat in a hurry, with an imperfect recollection of the registered trade-mark and who encounters the allegedly infringing trade-mark in the marketplace. I will address each of the

subsection 6(5) factors in turn. It is settled law that infringement for the purposes of section 20 requires only a likelihood of confusion. It does not require proof of actual confusion.

a) *The inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known*

[96] The jurisprudence is clear that distinctiveness is the most important attribute of a trade-mark; see the decision in *Mattel Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772 at paragraph 75. I agree with Quality that the distinctiveness of GGS' trade-marks is on the lower end of the spectrum, especially when considered in isolation from the accompanying designs.

[97] The trade-marks do not need to be associated in the mind of the consumer with the particular owner or registrant. They must simply be capable of distinguishing the owner's wares in the marketplace from the wares of competitors; see the decision in *Patou (Jean) Inc. v. Luxo Laboratories Ltd.* (1998), 158 F.T.R. 16 at paragraph 26. Even a trade-mark with a low level of distinctiveness has the ability to distinguish wares in the marketplace.

[98] With respect to the degree to which the trade-marks have become known, there is no direct evidence on this point. However, GGS has provided extensive evidence of the sales of products bearing these trade-marks. It is reasonable that the trade-marks are known or at least recognizable to consumers in the marketplace. An ordinary casual consumer, somewhat in a hurry, with an imperfect recollection of GGS' trade-marks, would be likely to think products

marked with Quality's similar trade-marks originated from the same producer. This factor weighs in favour of finding a reasonable likelihood of confusion between the trade-marks.

b) *The length of time the trade-marks or trade-names have been in use*

[99] In my opinion, apart from the statements of Mr. Gurmukh, there is no evidence that GGS has established a reputation relative to the trade-marks. However, GGS has been using the trade-marks since 2005 and has therefore had a longer time to use and establish the trade-marks; see the decision in *Veuve Clicquot, supra* at paragraph 30.

c) *The nature of the wares, services or business*

[100] The wares and business of GGS and Quality are virtually identical. They sell their products within the same marketplace and to similar consumers. The products on which they have placed the marks are the same. The relatively low cost of the products being sold is a factor to consider, as the average consumer would be less likely to scrutinize the trade-marked product before buying it; see the decision in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, [2011] 2 S.C.R. 387 at paragraph 74. In any event, it is a matter of first impression, and the similar nature of the wares increases the likelihood that an average consumer would be confused as to their source.

d) *The nature of the trade*

[101] As noted by GGS, the parties are competitors and the nature of the trade they engage in is almost identical. The evidence of both GGS and Quality is clear on this issue. This weighs in favour of a reasonable likelihood of confusion in the mind of the average consumer; see the decision *Veuve Clicquot, supra* at paragraph 34.

e) *The degree of resemblance between the trade-marks or trade-names in appearance, sound or the idea suggested by them*

[102] There is no evidence of confusion or actual confusion in this case, as noted by Quality. The question is whether the trade-marks convey the same idea to consumers, such that it is likely to lead to confusion; see the decision in *Veuve Clicquot, supra* at paragraph 35. In my opinion, the trade-marks convey the same ideas.

[103] CANADIAN FAST FOOD and CANADIAN POLAR BEAR IN SNOW STORM, as registered by GGS, describe ideas very similar to FAST FOOD CANADIAN STYLE and CANADIAN POLAR BEAR IN A BLIZZARD, the marks used by Quality.

[104] When viewed in all of the circumstances and with regard to the evidence and the factors in subsection 6(5), I conclude that the FAST FOOD CANADIAN STYLE and CANADIAN

POLAR BEAR IN A BLIZZARD marks used by Quality since 2011 are confusing with the registered trade-marks of GGS. Quality has infringed pursuant to section 20 of the Act.

[105] GGS' claim for infringement is not barred by acquiescence. As Justice Shore noted in *Remo Imports Ltd. v. Jaguar Cars Ltd.* (2005), 41 C.P.R. (4th) 111 at paragraph 53, there are four requirements to demonstrate acquiescence:

1. Something more than delay is required. Silence alone is not sufficient to bar a proceeding.
2. The rights holder must know of its right and know of the other party's breach of that right.
3. The rights holder must encourage the other party to continue the breach.
4. The other party must act to its detriment in reliance upon the encouragement by the rights holder.

[106] The evidence in this case does not support a finding of acquiescence. There is no evidence that GGS encouraged Quality to continue the breach of its trade-mark rights. The evidence shows that GGS took action to discourage Quality from infringing its trade-marks. Any claim of acquiescence must fail as a result.

[107] GGS has also claimed infringement pursuant to section 20 for merchandise where Quality has substituted the word "ALASKAN" for the word "CANADIAN" in the marks. I am not satisfied that there is a reasonable likelihood of confusion with respect to this merchandise.

[108] GGS is correct that subsection 4(3) of the Act deems Quality's use of the trade-marks to be use in Canada. However, the substitution of the word ALASKAN for the word CANADIAN is in my opinion sufficient to distinguish the products in the mind of the average consumer. Products marked with the "ALASKAN" marks are sold to different consumers in a different marketplace. They are not likely to be confused with the trade-marks registered by GGS.

(v) *Did Quality commit passing off pursuant to subsection 7(b) of the Act?*

### *Submissions*

[109] GGS submits that the relevant dates for the analysis of passing off for the CANADIAN POLAR BEAR IN SNOW STORM trade-mark is 2005, when the mark first appeared on merchandise sold by GGS, to November 6th, 2008, when the mark was registered. For the CANADIAN FAST FOOD MARK the relevant time period is 2006, when it was first sold on merchandise from GGS, until October 30th, 2008, when the mark was registered. Subsection 7(b) of the Act codifies the common law action for passing off. To prove passing off, GGS must demonstrate three things: a) goodwill; b) misrepresentation on the part of the defendants; and c) resulting damage. GGS submits that it has submitted evidence that establishes the three elements of passing off.

[110] In reply, Quality argues that the protection offered by an action for passing off is less extensive than that offered by registration. Passing off requires that a trade-mark have a reputation in the marketplace. As both Quality and GGS started selling merchandise bearing the

marks at the same time, there is no reputation unique to GGS' trade-mark. Nor has GGS submitted any evidence of confusion. Accordingly, Quality submits that GGS is not entitled to a remedy for passing off.

*Discussion*

[111] Subsection 7(b) of the Act provides as follows:

7. No person shall

7. Nul ne peut :

...

...

(b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;

b) appeler l'attention du public sur ses marchandises, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention, entre ses marchandises, ses services ou son entreprise et ceux d'un autre;

[112] The crucial issue with respect to a determination of passing off in this case is whether GGS has demonstrated goodwill attaching to their trade-marks; see the decision in *Veuve Clicquot, supra*, at paragraph 53. In my opinion, it has failed to do so.

[113] GGS relies only on the volume of sales of its products to support its argument that goodwill attaches to the trade-marks. It has provided no evidence of advertising, no evidence that the trade-marks are associated with a particular level of quality, and no evidence of the degree of

recognition among consumers of the trade-mark. Many products sell very well in the marketplace. However, sales alone do not establish good will.

[114] In my opinion, GGS has not submitted sufficient evidence to establish that there was goodwill attached to their trade-marks in the minds of consumers. The claim for passing-off pursuant to subsection 7(b) of the Act is not established.

[115] I noted earlier in these reasons that the alleged admission of confusion by Quality in the expungement proceeding was relevant to the issue of passing off in the infringement proceeding. As GGS has failed to establish goodwill in their trade-marks, passing off is not made out, irrespective of any admission of confusion made by Quality.

(vi) *What remedy should be awarded to GGS?*

#### *Submissions*

[116] GGS seeks injunctive relief, delivery up of the infringing goods, compensatory damages, punitive damages and costs on the highest possible scale.

[117] GGS seeks compensatory damages in the amount of \$160,000 dollars. This number is based on Quality's total revenues from sales of the infringing merchandise, which amount to \$318,316.38. Applying the GGS profit margin of 50% to Quality's sales of infringing merchandise yields an amount of approximately \$160,000.00.

[118] GGS notes that some of these sales have been double counted due to Quality's records-keeping system. It submits that this double-counting is cancelled out by the amount of infringing sales, from the date the evidence of Quality's sales was produced during discovery, until the date of the judgment in this case.

[119] GGS also seeks punitive damages on the basis that Quality was aware that GGS had registered trade-marks and yet Quality continued to use the trade-marks. It ignored demand letters from GGS. Quality persisted in its infringing activities until the notice of application was issued, and then only made small changes to its designs in an attempt to avoid infringement. The breach of GGS' rights was planned and deliberate on the part of Quality.

[120] GGS requests punitive damages in the amount of \$65,000.00, yielding a total damage award of \$225,000.00, exclusive of interests and costs. At the hearing of this application, GGS requested damages in the higher amount of \$245,000.00 to reflect continued infringing sales during the course of these proceedings.

[121] Quality submits that an aggrieved party in an application for trade-mark infringement is entitled to be compensated either for damages or with the profits of the offending party. It argues that GGS is attempting to get the best of both worlds. Although GGS indicates that it is electing damages, it has presented no evidence of suffering any damage as a result of Quality's conduct.

[122] The jurisprudence provides in relation to damages that a defendant is liable for all loss actually sustained by a plaintiff that is the natural and direct consequences of the unlawful acts of

the defendant; see the decision in *Louis Vuitton Malletier S.A. v. Singa Enterprises (Canada) Inc.*, [2013] 1 F.C.R. 413. Quality submits that GGS has not presented any evidence of such a loss. It is not the records of Quality that should be in issue. The onus is on GGS to demonstrate the loss it has suffered.

[123] Quality submits that punitive damages are not appropriate. Punitive damages should only be awarded where the combined award of general and aggravated damages would not be sufficient to achieve the goal of punishment and deterrence; see the decision in *3925928 Manitoba Ltd. v. 101029530 Saskatchewan Ltd.* (2005), 44 C.P.R. (4th) 161 at paragraphs 28-29.

#### *Discussion*

[124] A lack of precise evidence as to the losses suffered by GGS does not preclude an award of damages; see the decision in *Lee's Food Products Ltd. v. Shafer-Haggart Ltd. et. al.* (1984), 81 C.P.R. (2d) 204 at paragraph 38. The Court is entitled to use ordinary business knowledge and common sense in calculating an award of damages; see the decision in *Louis Vuitton, supra*, at paragraph 125.

[125] Where appropriate, the amount of infringing sales and profits are a relevant consideration and the Court can rely on its best estimate of damages that should be awarded; see the decision in *Ragdoll Productions (UK) Ltd. v. Doe et. al.* (2002), 223 F.T.R. 112 at paragraph 45.

[126] Given the similar nature of the wares sold by GGS and Quality, as well as the similar price point of their products, it is reasonable to assume that most of Quality's sales would have been made by GGS were it not for the infringement of the trade-marks by Quality. As I have found that GGS did not establish its claim for passing off, the sales of merchandise bearing the marks between 2005 and 2008 should not be included in the calculation of damages. That would reduce the included sales of Quality by \$64,231.88 for the CANADIAN FAST FOOD trade-mark, and \$78,518.75 for CANADIAN POLAR BEAR IN SNOW STORM.

[127] The sales figures relied on by GGS for the years 2009-2012 include sales to retailers in the United States. As GGS does not carry on business in the United States, these sales cannot be counted as "lost" and should not be included in a calculation of damages. For the years 2009-2011 the amount of eligible sales for CANADIAN FAST FOOD trade-marked products would be reduced by \$15,000.00 and the amount of eligible sales for CANADIAN POLAR BEAR IN SNOW STORM trade-marked products would be reduced by \$11,036.00.

[128] There is no evidence as to what volume, if any, of Quality's sales from September 2011 to August 2012 were made to customers in the United States. The entire amount of their sales over that period is included in the calculation of damages.

[129] Taking these reductions into account, the total amount of Quality's sales to be considered when calculating damages is \$149,529.75. Applying GGS' profit margin of 50%, the amount of sales lost due to Quality's infringement is \$74,764.88.

[130] The double counting of Quality's sales from September 2011 until December 31st, 2011 was reasonable to offset Quality's sales that were discounted, from the time GGS registered the trade-marks in 2008 until the end of that year, as a result of the failure of GGS to establish passing off. As a result, the double-counting is included in the calculation of damages.

[131] I agree with Quality that punitive damages are not justified. As Justice Binnie wrote in *Whiten v. Pilot Insurance Co.*, [2002] 1 S.C.R. 595 at paragraph 36:

Punitive damages are awarded against a defendant in exceptional cases for "malicious, oppressive and high-handed" misconduct that "offends the court's sense of decency": *Hill v. Church of Scientology of Toronto*, [1995] 2 S.C.R. 1130, at para. 196. The test thus limits the award to misconduct that represents a marked departure from ordinary standards of decent behaviour. Because their objective is to punish the defendant rather than compensate a plaintiff (whose just compensation will already have been assessed), punitive damages straddle the frontier between civil law (compensation) and criminal law (punishment).

[132] While Quality is not blameless and should not be commended for its conduct, its behaviour cannot be characterized as malicious, oppressive, or offensive to the Court's sense of decency. Compensatory damages are sufficient to remedy the harm suffered by GGS. Punitive damages are not warranted.

[133] In addition to compensatory damages, GGS will be granted the requested injunction and delivery up of infringing goods pursuant to section 53.2 of the Act, together with pre-judgment and post-judgment interest, pursuant to sections 36 and 37 of the *Federal Courts Act*, R.S.C. 1985, c. F-7, and costs against Quality.

[134] If the parties cannot agree on costs, brief submissions not exceeding 5 pages can be exchanged between the parties, GGS to serve and file its costs submissions upon Quality within 10 days of the date of these reasons, Quality to serve and file its submissions upon GGS within 10 days of receipt of submissions from GGS.

## **CONCLUSION**

[135] Quality has failed to rebut the presumption of validity with respect to the trade-marks registered by GGS. It follows that those trade-marks are valid. GGS has established that Quality has committed trade-mark infringement pursuant to sections 19 and 20 of the Act. GGS has failed to demonstrate that Quality engaged in passing off pursuant to subsection 7(b) of the Act. GGS is entitled compensatory damages for lost sales in the amount of \$74,764.88 as well as an injunction against future use of the trade-marks by Quality and the delivery up of any infringing products, pursuant to section 53.2 of the Act. The claim for punitive damages is dismissed.

[136] These reasons will be filed in file T-1609-11 and placed on the file in T-999-12. Separate Judgments will be issued.

“E. Heneghan”

---

Judge

St. John’s, Newfoundland and Labrador  
May 7, 2014

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-1609-11  
T-999-12

**STYLE OF CAUSE:** GARY GURMUKH SALES LTD. AND PER-DESIGN  
INC. v QUALITY GOODS IMD INC.

QUALITY GOODS IMD INC. AND GARY GURMUKH  
SALES LTD. AND PER-DESIGN INC.

**PLACE OF HEARING:** OTTAWA, ONTARIO

**DATE OF HEARING:** OCTOBER 8, 2013

**REASONS FOR JUDGMENT:** HENEGHAN J.

**DATED:** MAY 7, 2014

**APPEARANCES:**

Trent Horne FOR THE APPLICANTS / RESPONDENTS  
GARY GURMUKH SALES LTD.  
AND PER-DESIGN INC.

Alexandra Steele FOR THE RESPONDENT / APPLICANT  
QUALITY GOODS IMD INC.

**SOLICITORS OF RECORD:**

Bennett Jones LLP FOR THE APPLICANTS / RESPONDENTS  
Barristers and Solicitors GARY GURMUKH SALES LTD.  
Toronto, Ontario AND PER-DESIGN INC.

ROBIC LLP FOR THE RESPONDENT / APPLICANT  
Lawyers, Patent and Trademark QUALITY GOODS IMD INC.  
Agents  
Montreal, Quebec