

Federal Court



Cour fédérale

**Date: 20190222**

**Docket: T-1351-18**

**Citation: 2019 FC 222**

**Ottawa, Ontario, February 22, 2019**

**PRESENT: The Honourable Madam Justice Kane**

**BETWEEN:**

**HI-STAR FRANCHISE SYSTEMS, INC.**

**Applicant**

**and**

**STEMP & COMPANY**

**Respondent**

**JUDGMENT AND REASONS**

[1] The Applicant, Hi-Star Franchise Systems, Inc. [Hi-Star], appeals the decision of the Registrar of Trade-marks [the Registrar] to expunge Hi-Star's trade-mark for non-use pursuant to Rule 300(d) of the *Federal Courts Rules*, SOR/98-106 [the *Rules*] and section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [the *Act*].

[2] Based on the new evidence provided by the Applicant on this appeal, which the Court has considered, the appeal is allowed, the decision of the Registrar is set aside and the registration of the trade-mark is restored.

I. Background

[3] The Applicant is a Canadian Federal Corporation which offers real estate, mortgage brokerage, and insurance brokerage services.

[4] The Applicant is the owner of the Canadian trade-mark No TMA 761,343 for the mark, “We’ve Got Your Back” [the mark]. The mark is registered for use in association with real estate, mortgage and insurance brokerage services.

[5] In 2016, the Respondent, on behalf of a client, sought to register the same mark and when opposed, challenged the Applicant’s use of the mark. At the request of the Respondent, the Registrar issued a notice under section 45 of the *Act* on February 11, 2013, requiring the Applicant to show use of the mark in the three years preceding the date of the notice, February 11, 2013 to February 11, 2016.

[6] The Applicant provided a letter from Mr. Faizel Jaffer, the sole director and shareholder of Hi-Star, along with some documents to demonstrate the use of the mark.

A. *The Registrar's Decision*

[7] On May 7, 2018, the Registrar issued its decision. The Registrar found that the Applicant had not provided evidence in the form of an affidavit or statutory declaration as required by the *Act* and that none of the documents attached were notarized or described in the letter. As a result, the Applicant had not provided evidence required to demonstrate use of the mark. The Registrar added that if the evidence had been considered, it would be found to be deficient. The Registrar noted that the evidence did not clearly show use of the mark in the relevant period and did not explain how the mark was used by its owner, Hi-Star.

[8] The Registrar noted the following specific deficiencies: Mr. Jaffer simply asserted that the mark had been used in the last three years in association with the relevant services; Mr. Jaffer's description of Hi-Star's current uses of the mark suggested that the described use did not occur during the relevant three year period; and several documents displaying the mark did not refer to Hi-Star, but to other businesses, such as "My Mortgage Store.ca", "Mortgage Protection Plan", "The Manufacturers Life Insurance Company", and "Manulife Financial", without any explanation of the relationship with Hi-Star or the mark.

B. *The Applicant's Position*

[9] The Applicant now submits that the new evidence, which is provided by way of affidavit, clearly shows the use of the mark in the relevant period by businesses which are controlled by Hi-Star or licensed for use by Hi-Star. The Applicant submits that if the Registrar had received this evidence, the Registrar would have found that the Applicant had used the mark in the

relevant period. The Applicant submits that given the new evidence, the Court should set aside the decision of the Registrar, conduct a *de novo* review, and direct that the registration of the mark be maintained.

C. *The Respondent Did Not Participate*

[10] The Respondent did not file a Notice of Appearance and has not participated, except to appear at the hearing of this appeal to oppose the Applicant's request for costs. The Respondent submitted a letter to the Court in December 2018, after this hearing had been scheduled, indicating that the Respondent was withdrawing its challenge to the use of the mark, withdrawing its request to the Registrar and seeking to cancel this hearing. However, the Registrar's decision is based on the Respondent's allegation and the Registrar's finding that the Applicant was not using the mark in the relevant three year period. The Court must, therefore, determine whether the Registrar's decision should be set aside or should stand. The Court issued a direction indicating that the appeal would proceed.

II. The Standard of Review

[11] The question of whether new evidence adduced by the Applicant on appeal would have materially affected the Registrar's decision determines the standard of review that the Court must apply when reviewing the decision.

[12] In *CEG License Inc v Joey's Tomato's (Canada) Inc*, 2012 FC 1541 at paras 14-16, 424 FTR 182 (also cited in *Hudson's Bay Co v Beymen*, 2013 FC 125 at para 26, 427 FTR 73 and

*Saint Honore Cake Shop Ltd v Cheung's Bakery Products Ltd*, 2013 FC 935 at para 21, 232 ACWS (3d) 767), Justice Manson provided the following helpful explanation:

14 Given new evidence was filed by the opponent in this matter that was not before the Opposition Board, the Court has an unfettered discretion to consider the matter and come to its own conclusion as to the correctness of the Board's decision, if the new evidence is significant and would materially affect the underlying decision: (*Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657 [*Bojangles*]; *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at paras 35, 37)[.]

15 However, where no new significant evidence is added on appeal, the standard of review is reasonableness simpliciter (*Molson Breweries v John Labatt Ltd*, [2000] FCJ No 159, [2000] 3 FC 145; *Novopharm Ltd v AstraZeneca AB*, 2001 FCA 296).

16 Thus, the real question for consideration by the Court is the nature and quality of the new evidence, and whether it [materially] affects the decision below, so that the standard is correctness, or whether the new evidence is not significant and would not [materially] affect the decision below, such that the standard of review is reasonableness and considerable deference should be given to the decision below (*Telus Corp v Orange Personal Communications Services Ltd*, 2005 FC 590 at 397; aff'd 2006 FCA 6 (FCA)).

[13] The two standards of review were also explained by the Federal Court of Appeal in *Saint Honore Cake Shop Limited v Cheung's Bakery Products Ltd*, 2015 FCA 12, 132 CPR (4th) 258:

[18] In principle, the standard of review to be applied in an appeal of a decision of the Board is reasonableness. However, when new evidence is adduced on appeal before the judge under section 56 of the Act and the judge comes to the conclusion that the new evidence would have affected the Board's finding of fact or exercise of discretion, the judge must come to his own conclusion on the issue to which the additional evidence relates (*Molson Breweries v. John Labatt Ltd. (CA)*, [2000] 3 F.C. 145 at para. 51).

[14] Justice Phelan explained the meaning of material new evidence in *Au-Yeung v Taste of BC Fine Foods Ltd*, 2017 FC 299, 277 ACWS (3d) 830 as follows:

[22] What constitutes material new evidence is that evidence which would have materially impacted the decision – this is a test of quality, not quantity (*Canadian Council of Professional Engineers v APA – The Engineered Wood Assn* (2000), 184 FTR 55, 7 CPR (4th) 239 (TD)).

[15] Therefore, where the Court finds that the new evidence would have materially affected the decision of the Registrar, the Court must conduct the *de novo* review. Where the Court finds that the new evidence would not have materially affected the decision, the Registrar’s decision shall be reviewed on a reasonableness standard with deference owed to the Registrar.

### III. The Issues

[16] The issues on this appeal are:

- i. Would the Applicant’s new evidence have materially affected the Registrar’s findings regarding the Applicant’s use of the mark?
- ii. If so, on a *de novo* review, has the Applicant established use of the mark?

#### A. *The Applicant’s New Evidence*

[17] The Registrar’s key finding is that the Applicant did not submit any evidence, because the Registrar found that the evidence had not been provided by way of a sworn affidavit or statutory declaration. This is, in essence, a finding of no evidence. The Applicant has now

provided evidence that is sworn, as required by the *Act*, and which supplements and clarifies the evidence found to be otherwise deficient.

[18] The Applicant submits that the new evidence, the affidavit of Mr. Jaffer, establishes that “My Mortgage Store” is a trade name used by Jaffer Enterprises Inc., which provides real estate, mortgage and insurance brokerage services in association with the mark under licence from Hi-Star. Mr. Jaffer is the director of Hi-Star and provides the services on behalf of Jaffer Enterprises Inc.

[19] Mr. Jaffer attached several exhibits to his affidavit which show the use of the mark on letters and application forms referencing “My Mortgage Store” and screen shots from the Website of “My Mortgage Store”. In addition, there are exhibits that demonstrate co-branding with My Mortgage Store and, for example, Canada Trust and Genworth Financial Corporation, using the mark on literature. The documents include a mortgage insurance application, letters to clients indicating approval of a mortgage and advertising services, and informational brochures that advertise the services, all of which establish use of the mark in the relevant period. Mr. Jaffer has also provided copies of incorporation documents.

[20] The Applicant notes that subsection 4(2) of the *Act* provides that a trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services. Further, under subsection 50(1) of the *Act*, the use, advertisement, or display of a trade-mark by an entity licenced by the owner to use the trade-mark has the same effect as that by the owner, if the owner has control of the character or quality of the services. The Applicant

submits that the threshold to establish use is relatively low (*Hayes v Sim & McBurney*, 2010 FC 924 at paras 21, 24-25, 373 FTR 243).

B. *The New Evidence Would Have Materially Affected the Registrar's Decision and Establishes Use of the Mark*

[21] I agree that the new evidence would have materially affected the Registrar's decision.

Mr. Jaffer's sworn affidavit is evidence and significantly extends what was before the Registrar.

The new evidence demonstrates that Hi-Star used the mark during the relevant three year period.

The new affidavit addresses several of the concerns noted by the Registrar, including the tradenames which have included the mark and the date when the mark was used.

[22] As noted, the new evidence includes letters to clients, an insurance application form, brochures, and a flyer, each displaying the mark. The letters, application form, and flyer were dated during the relevant period. These materials were used in the performance and advertising of real estate, mortgage, and insurance brokerage services, which are the services specified in the mark's registration. Mr. Jaffer's affidavit explains that the principal address and place of business for both Hi-Star and Jaffer Enterprises Inc. is in Canada. Addresses on the letters and application form are also within Canada.

[23] In section 45 proceedings, a registered trade-mark owner must show that they used the trade-mark during the relevant period or that another person whose use accrued to the owner's benefit did so (*Spirits International BV v BCF SENCRL*, 2012 FCA 131 at para 7, [2012] FCJ No 526 (QL)).



[24] The letters, application form, brochures, and flyer show use of the mark in relation to the tradename, My Mortgage Store. Mr. Jaffer's affidavit explains that Jaffer Enterprises Inc. operates under this tradename and offers services under licence from Hi-Star. According to subsection 50(1) of the *Act*, use by a licensee is deemed to be use by the registered owner if the owner "has, under the licence, direct or indirect control of the character or quality of the goods or services".

[25] Hi-Star has demonstrated the requisite control under subsection 50(1) by clearly swearing to the fact that they exerted such control. Mr. Jaffer attested to facts showing how Hi-Star exercised the required degree of control, explaining that Mr. Jaffer owns and controls both entities. An affidavit swearing to this fact is an accepted method to establish control (*Empresa Cubana del Tabaco v Shapiro Cohen*, 2011 FC 102 at para 84, 383 FTR 164).

#### IV. Costs

[26] The Applicant seeks its costs and has submitted a bill of costs detailing the work undertaken and the time spent in seeking to set aside the Registrar's decision and restore the registration of the mark. The Applicant points to jurisprudence where this Court has awarded costs to an applicant despite a respondent's apparent non-opposition (*McDowell v Laverana GmbH & Co KG*, 2017 FC 327 at para 50, 278 ACWS (3d) 156 [*McDowell*]; *Estee Lauder Cosmetics Ltd v Loveless*, 2017 FC 927 at 45, 285 ACWS (3d) 157 [*Estee Lauder*]). The Applicant submits that the Respondent's communication indicating that it wished to withdraw its opposition came at the eleventh hour and only after the Applicant requested a hearing date. The Applicant acknowledges that once the Registrar's decision had been made, the Respondent could

not simply withdraw their opposition. However, if the Respondent had communicated its agreement that use had been established, the Applicant's approach to these proceedings would have been more tailored.

[27] The Respondent opposes the Applicant's request for costs. The Respondent submits that the Applicant could have provided better evidence to the Registrar in response to the section 45 request to avoid the negative decision. The Respondent points to the factors set out in Rule 400(3) of the *Rules*, which the Court should consider in exercising its discretion to award costs. The Respondent submits that the issues are not complex and that the Respondent attempted to consent to the appeal. The Respondent relies on *Sols R Isabelle Inc v Stikeman Elliott LLP*, 2011 FC 59 at para 30, [2011] FCJ No 269 (QL) [*Sols R Isabelle*] where the Court declined to order costs "in view of the respondent's consent to this order."

[28] I have considered the parties' submissions, the factors in Rule 400(3) and the jurisprudence. I agree that the Court may award costs to a successful applicant despite a respondent's non-opposition.

[29] In *Sols R Isabelle*, relied on by the Respondent, the Court did not provide any further reason for not awarding costs, except for the respondent's consent. It is not clear when the respondent provided consent or the other circumstances. Nor does the case establish as a principle that costs should not be awarded where a respondent consents.

[30] In *McDowell* and *Estee Lauder*, relied on by the Applicant, the Court does not elaborate on why costs were awarded, other than that the applicant was successful. However, in *1400446 Alberta Ltd v Fogler, Rubinoff LLP*, 2018 FC 79 at para 25, 288 ACWS (3d) 607, the Court considered and balanced the competing factors in determining to award costs. That approach is appropriate in the present circumstances.

[31] In the present case, although the Respondent signalled that it would not oppose the appeal, it did so after much work had been done by the Applicant to pursue the appeal. The Applicant was not spared the task of establishing to the Court's satisfaction that there was new evidence that would have affected the decision of the Registrar and that the evidence established use of the mark in the relevant period. However, it appears to the Court that once the Registrar had made the decision, the Respondent's desire to withdraw their opposition when faced with the Applicant's appeal would not resolve the issue. The Court must determine the appeal. Whether the Applicant's approach to the appeal would have been more tailored and less onerous had the Respondent formally indicated its consent to the appeal in a timely manner is a matter of some speculation.

[32] Having considered all the relevant factors set out in Rule 400(3), including the results in favour of the Applicants, the lack of complexity, and the conduct of the Respondent with respect to its non-opposition agreement to the appeal, which was confusing, informal and relatively late in the day, I am exercising my discretion to award the Applicant a lump sum of \$1700, inclusive of disbursements.

**JUDGMENT IN T-1351-18**

**THIS COURT'S JUDGMENT is that**

1. The Application is allowed.
2. The decision of the Registrar of Trade-marks dated May 7, 2018 is set aside.
3. The Registrar of Trade-marks shall maintain the Applicant's trade-mark pursuant to sections 45 and 56(5) of the *Trade-marks Act*.
4. The Respondent shall pay the Applicant \$1700 as costs.

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"Catherine M. Kane"

Judge

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

**DOCKET:** T-1351-18

**STYLE OF CAUSE:** HI-STAR FRANCHISE SYSTEMS, INC. v STEMP & COMPANY

**PLACE OF HEARING:** OTTAWA, ONTARIO

**DATE OF HEARING:** FEBRUARY 18, 2019

**JUDGMENT AND REASONS:** KANE J.

**DATED:** FEBRUARY 22, 2019

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