

Federal Court



Cour fédérale

Date: 20181106

Dockets: T-152-17

Citation: 2018 FC 1112

Ottawa, Ontario, November 6, 2018

PRESENT: The Honourable Madam Justice Mactavish

BETWEEN:

MILANO PIZZA LTD.

Plaintiff

and

**6034799 CANADA INC.; CHADI WANSA;
YOUSSEF ZAHER, A.K.A. JOSEPH ZAHER;
AND YOUSEF NASSAR, A.K.A. JOE NASSAR**

Defendants

AND BETWEEN:

**6034799 CANADA INC.; CHADI WANSA;
YOUSSEF ZAHER, A.K.A. JOSEPH ZAHER;
AND YOUSEF NASSAR A.K.A. JOE NASSAR**

Plaintiffs By Counterclaim

and

**MILANO PIZZA LTD.; MAZEN KASSIS;
MARWAN KASSIS; MAHMOUD TABAJA;
MILANO BASELINE; AND JOE KASSIS**

Defendants By Counterclaim

JUDGMENT AND REASONS

[1] The Plaintiff, Milano Pizza Ltd., is the owner of registered trademark No. TMA571,144 for MILANO PIZZERIA and the accompanying Design for use in relation to take-out restaurant services with delivery. The MILANO Design Mark is depicted below:



[2] The Plaintiff also claims to own the unregistered trademarks MILANO PIZZERIA and MILANO PIZZA, as well as copyright in the registered MILANO Design Mark. The registered and unregistered trademarks claimed by the Plaintiff will be referred to collectively in these reasons as the “MILANO marks”.

[3] The Plaintiff commenced an action in this Court alleging that the Defendants have infringed its exclusive copyright and trademark rights in the registered MILANO Design Mark, and that they have also directed public attention to their business in such a way as to cause confusion between their business and that of the Plaintiff. The Plaintiff further alleges that the Defendants have unlawfully passed off their goods and services for those of the Plaintiff, and that they have depreciated the value of the goodwill attaching to the Plaintiff’s registered MILANO Design Mark.

[4] The Defendants defended the action and brought a counterclaim seeking a declaration that registered trademark No. TMA571,144 is invalid. The Defendants further seek damages and injunctive relief against the Defendants by Counterclaim related to their alleged direction of public attention to their goods, services and business in a manner likely to cause confusion with that of the Defendants.

[5] The Defendants have brought a motion for summary judgment seeking to have the Plaintiff's action dismissed. The Plaintiff also seeks summary judgment in its favour on all of the issues, with the exception of its copyright claim.

[6] For the reasons that follow, I have found that there is no genuine issues for trial with respect to the registrability of the MILANO Design Mark under paragraph 18(1)(a) of the *Trade-marks Act*. Consequently, summary judgment will issue in the Plaintiff's favour in relation to this issue. I am also satisfied that there is no genuine issue for trial with respect to the Plaintiff's copyright claim, and summary judgment will issue in the Defendants' favour dismissing the Plaintiff's action to the extent that it is framed in copyright.

[7] I am, however, satisfied that there are genuine issues for trial with respect to the remaining issues raised by the parties in their pleadings. As a result, the motion for summary judgment will otherwise be dismissed.

I. The Parties

[8] The Plaintiff, Milano Pizza Ltd., owns and operates the Milano pizzeria business, which it describes as "a group of independently owned and operated pizzerias".

[9] The corporate Defendant, 6034799 Canada Inc., operates a pizzeria at 1141 Baxter Road, in the City of Ottawa. The individual Defendants, Chadi Wansa, Youssef Zaher a.k.a. Joseph Zaher, and Yousef Nassar a.k.a. Joseph Nassar, are the sole Directors of the corporate Defendant.

[10] The individual Defendants by Counterclaim are the sole Directors of the Plaintiff, Milano Pizza Ltd. Marwan Kassis, Mazen Kassis, Mahmoud Tabaja (and a fourth individual who is not a party to this action) each own 25% percent of the shares in Milano Pizza Ltd. The Defendant by

Counterclaim Milano Baseline is a business known to the public as “Milano Pizza”, located at 2529 Baseline Road in the City of Ottawa. It is operated by the Defendant by Counterclaim Joe Kassis.

[11] Various members of the Kassis family have been involved in the events giving rise to this action. In the interests of clarity, I will refer to the members of the Kassis family by their first names in these reasons.

II. Background

[12] A brief review of the background facts giving rise to this action is necessary in order to put the issues raised by the Defendants’ motion into context.

[13] Marwan Kassis (one of the Defendants by Counterclaim) identifies himself as the founder of the Milano pizzeria business, although it appears that various members of the Kassis family have owned and operated pizzerias in the Ottawa area since the late 1970’s.

[14] In the early years, Milano pizzerias were operated directly by members of the Kassis family. By the early 1990’s, there were six pizzerias operating in as Milano pizzerias in various parts of the City of Ottawa, one of which was the Milano pizzeria operating at 1141 Baxter Road.

[15] In the mid-1990’s, Marwan began selling individual Milano pizzeria businesses to other individuals to own and operate.

[16] The Baxter Road location was sold to an independent operator in 1994. While there is disagreement in the evidence as to the identity of the purchaser, I understand the parties to agree

that by 1996, the Baxter Road location was owned first by Vahid Khorrami, and then by Mr. Khorrami and his brother Farid, as shareholders in a numbered company. They continued to operate the restaurant as a Milano pizzeria until December of 2002, when they sold the Baxter Road pizzeria to the corporate Defendant, 6034799 Canada Inc. The corporate Defendant continues to operate the Baxter Road pizzeria to this day.

[17] As will be discussed in greater detail further on in these reasons, there is a serious dispute between the parties with respect to the terms governing the sale of the Baxter Road pizzeria, initially to Mr. Khorrami and his partners, and, subsequently, to the Defendant, 6034799 Canada Inc. The Plaintiff asserts that purchasers of Milano pizzerias, including the Baxter Road pizzeria, were at all times subject to licencing agreements governing the use of the MILANO marks, while the Defendants and Mr. Khorrami strenuously deny that they were ever party to any such agreements.

[18] Milano Pizza Ltd. was incorporated in May of 1996, following which Marwan's Milano pizzeria business was transferred to the newly-incorporated entity, continuing under that name. Marwan subsequently sold a quarter-interest in Milano Pizza Ltd. to each of Mazen, Mahmoud Tabaja and the fourth individual. There are currently 35 pizzerias operating under the Milano pizzeria name in Ottawa and eastern Ontario.

[19] The logo depicted in the MILANO Design Mark came into use by Milano Pizza Ltd. (or its predecessor) and the independent Milano pizzeria operators at some point in the mid-1990s. Milano Pizza Ltd. applied to register the mark in October of 1997, claiming first use of the mark in March of 1994. After some initial reluctance on the part of the Trade-mark office to register the mark, it was finally registered in November of 2002.

[20] While claiming the right to use the phrase “Milano Pizzeria” in association with take-out restaurant services with delivery, the right to the exclusive use of the word “pizzeria” apart from the trademark was specifically disclaimed by the Plaintiff. The Plaintiff further states in its memorandum of fact and law that it does not claim ownership of the word “Milano” *per se*, as a trade-mark or otherwise.

[21] While I do not understand there to be any dispute as to the identity of the registered owner of the MILANO Design Mark, there is a significant disagreement between the parties as to the validity of the registration, the circumstances surrounding the creation of the mark, the terms under which it and the other Milano marks were used by the operators of Milano pizzerias, and whether the Plaintiff’s registered ownership of the MILANO Design Mark is lawful.

[22] It appears that the relationship between the parties was very good for many years. However, it began to deteriorate starting in or around 2013, culminating in the complete breakdown of the relationship by 2016, and the commencement of this action in 2017.

[23] The Defendants continue to operate the Baxter Road pizzeria under the “Milano pizzeria” name. They admit that the corporate Defendant continues to use the MILANO marks in the general course of conducting its business.

III. The Law Regarding Motions for Summary Judgment

[24] Before addressing the merits of the Defendants’ motion, it is important to have an understanding of the law governing motions for summary judgment in the Federal Court.

[25] The purpose of summary judgment is to allow the Court to summarily dispense with actions that ought not to proceed to trial because they do not raise a genuine issue to be tried, thereby conserving scarce judicial resources and improving access to justice.

[26] The Supreme Court of Canada had occasion to review the law governing motions for summary judgment and to discuss the values that underlie the summary judgment process in *Hryniak v. Mauldin*, 2014 SCC 7, [2014] 1 S.C.R. 87. While the Federal Court of Appeal has held that *Hryniak* did not materially change the procedures or standards to be applied in summary judgment motions brought under the *Federal Courts Rules*, SOR/98-106, the Supreme Court's decision does nevertheless serve as a reminder of principles guiding the interpretation of the *Federal Courts Rules: Manitoba v. Canada*, 2015 FCA 57 at para. 11, [2015] F.C.J. No. 214.

[27] Indeed, while *Hryniak* was decided under the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194 (which are worded differently from the *Federal Courts Rules* relating to summary judgment), the Supreme Court clearly stated that the values and principles underlying its interpretation of the Ontario *Rules of Civil Procedure* “are of general application”: *Hryniak*, above at para. 35.

[28] The Supreme Court observed in *Hryniak* that lengthy pre-trial processes and protracted trials, with the accompanying expense and delay “can prevent the fair and just resolution of disputes”: at para. 24 (emphasis in the original). Amongst other things, the summary judgment process can improve access to justice for litigants who might not otherwise be in a position to utilize the justice system for the resolution of disputes: *Hryniak*, above at para. 4. See also paras. 21-33.

[29] As a consequence, the Supreme Court held that “summary judgment rules must be interpreted broadly, favouring proportionality and fair access to the affordable, timely and just adjudication of claims”: *Hryniak*, above at para. 5. That said, to be “fair and just”, the process followed “must permit a judge to find the facts necessary to resolve the dispute and to apply the relevant legal principles to the facts as found”: *Hryniak*, above at para. 28.

[30] Summary judgment in the Federal Court is governed by the provisions of Rules 213 to 215 of the *Federal Courts Rules*, the full text of which is set out in Appendix “A” to these reasons.

[31] Rule 215(1) provides that the Court shall grant summary judgment where the judge is satisfied that “there is no genuine issue for trial with respect to a claim or defence”. According to the Supreme Court, there will be “no genuine issue for trial” if there is no legal basis to the claim, or if the judge has “the evidence required to fairly and justly adjudicate the dispute”: *Hryniak*, above at para. 66. See also *Manitoba*, above at para. 15, and *Burns Bog Conservation Society v. Canada*, 2014 FCA 170, at paras. 35-36, 2014 F.C.J. No. 655.

[32] The *Federal Courts Rules* also contemplate that where there *is* a genuine issue of fact or law for trial, judges may conduct a summary trial in accordance with the provisions of Rule 216. In such cases, judges have greater powers to decide disputed questions of fact: *Manitoba*, above at para. 16. However, no such request was made in this case and it would be inappropriate for the Court to conduct a summary trial in the absence of a request from the parties: *Manitoba*, above at para. 18.

[33] The test on a motion for summary judgment “is not whether a party cannot possibly succeed at trial; rather, it is whether the case is so doubtful that it does not deserve consideration by the trier of fact at a future trial”. As a consequence, “summary judgment is not restricted to the clearest of cases”: both quotes from *Canada (Citizenship and Immigration) v. Campbell*, 2014 FC 40 at para. 14, [2014] F.C.J. No. 30, citing *ITV Technologies Inc. v. WIC Television Ltd.*, 2001 FCA 11 at paras 4-6, 199 F.T.R. 319; *Premakumaran v. Canada*, 2006 FCA 213 at paras 9-11, [2007] 2 F.C.R. 191; *Canada (Minister of Citizenship and Immigration) v. Schneeberger*, 2003 FC 970 at para. 17, [2004] 1 F.C.R. 280.

[34] The onus is on the party seeking summary judgment to establish that there is no genuine issue for trial. However, parties responding to motions for summary judgment are also required to “put their best foot forward” in their response: *F. Von Langsdorff Licensing Ltd. v. S.F. Concrete Technology, Inc.* (1999), 165 F.T.R. 74 at paras. 12 and 27, [1999] F.C.J. No. 526.

[35] Responses to motions for summary judgment cannot be based upon what might be adduced as evidence at a later stage in the proceeding. Respondents must instead set out specific facts in their response to a motion for summary judgment and adduce the evidence showing that there is a genuine issue for trial: Rule 214. See also *MacNeil Estate v. Canada (Indian and Northern Affairs Department)*, 2004 FCA 50 at para. 37, [2004] F.C.J. No. 201. This requirement has been described as necessitating that a responding party “lead trump or risk losing”: see *Kirkbi AG v. Ritvik Holdings Inc.* (1998), 150 F.T.R. 205 at para. 18, [1998] F.C.J. No. 912.

[36] As noted above, to be “fair and just”, the record before the motions judge must permit the judge to find the facts necessary to resolve the dispute: *Hryniak*, above at para. 28. Summary

judgment should therefore not be granted where the necessary facts cannot be found, or where it would be unjust to do so.

[37] The jurisprudence is clear that issues of credibility ought not to be decided on motions for summary judgment. Generally, a judge who hears and observes witnesses giving evidence orally in chief and under cross-examination will be better positioned to assess the witnesses' credibility and to draw the appropriate inferences than a judge who must depend solely on affidavits and documentary evidence: *TPG Technology Consulting Ltd. v. Canada*, 2013 FCA 183 at para. 3, [2013] F.C.J. No. 836.

[38] Without hearing oral evidence, a motions judge faced with a genuine issue for trial cannot properly assess credibility or sift through and weigh the evidence: *MacNeil Estate*, above at para. 38. Consequently, cases should go to trial where there are serious issues with respect to the credibility of witnesses: *Newman v. Canada*, 2016 FCA 213 at para. 57, [2016] F.C.J. No. 952; *Suntec Environmental Inc. v. Trojan Technologies, Inc.*, 2004 FCA 140 at paras. 20 and 28-29, [2004] F.C.J. No. 636; *MacNeil Estate*, above at para. 32.

[39] That said, "the mere existence of apparent conflict in the evidence does not preclude summary judgment". Judges have to take a "hard look" at the merits of the case and decide if there are issues of credibility that need to be resolved: *Granville Shipping Co. v. Pegasus Lines Ltd. S.A.*, [1996] F.C.J. No. 481 at para. 7, [1996] 2 F.C. 853.

[40] Judges dealing with motions for summary judgment must, moreover, proceed with care, as the effect of the granting of summary judgment will be to preclude a party from presenting any evidence at trial with respect to the issue in dispute. In other words, the unsuccessful party

will lose its “day in court”: see *Apotex Inc. v. Merck & Co.*, 2004 FC 314 at para. 12, 248 F.T.R. 82, *aff’d* 2004 FCA 298, [2004] F.C.J. No. 1495.

[41] With this understanding of the relevant principles governing motions for summary judgment, I turn now to consider the merits of the Defendants’ motion. The first issue for determination relates to the validity of the Plaintiff’s registered MILANO Design Mark.

IV. Is Registered Trademark No. TMA571,144 Valid?

[42] The Defendants assert that the registration of the MILANO Design Mark is invalid on the basis that it was not registrable at the date of registration. They further submit that it was not distinctive at the time proceedings bringing the validity of the registration into question were commenced, and the Plaintiff was not the person entitled to secure the registration.

[43] The Plaintiff also asks for summary judgment declaring that the MILANO Design Mark registration is valid and has been infringed by the Defendants.

[44] Two of the Defendants’ validity arguments involve questions as to the degree of control that has been exercised by Milano Pizza Ltd. over the use of the MILANO Design Mark by the Defendants and others. That is, there is a dispute between the parties as to whether the use of the MILANO Design Mark by the independent Milano pizzeria operators generally, and by the owners and operators of the Baxter Road pizzeria in particular, was carried out pursuant to a licensing agreement, such that any use was under the control of the Plaintiff and inured to its benefit.

[45] Consequently I will start my analysis by considering whether there is a genuine issue for trial with respect to the existence of a licensing agreement between the Plaintiff and the Defendants before addressing the Defendants' validity arguments.

V. Is There a Genuine Issue for Trial as to the Existence of a Licencing Agreement Between the Plaintiff and the Defendants?

[46] Both sides have adduced a significant amount of evidence regarding the terms under which the MILANO marks have been used by the independent Milano pizzeria operators, including the Defendants. In order to determine whether or not there is a genuine issue for trial with respect to the nature of the relationship between the parties, it is necessary to review the evidence adduced by both sides in some detail.

A. The Plaintiff's Evidence

[47] The Plaintiff asserts that all of the independent Milano pizzeria operators use the MILANO marks, including the MILANO Design Mark, under license, and under the control of the Plaintiff.

[48] According to the Plaintiff, in exchange for the right to use the MILANO marks, the licensing agreements with the independent Milano pizzeria operators required that they purchase all of the supplies for their pizzerias, with the exception of vegetables and accounting supplies, from a supplier designated by the Plaintiff. The Plaintiff asserts that this allowed it to maintain a level of control over the taste and quality of the food served at Milano pizzerias.

[49] The Plaintiff would then receive rebates from its designated supplier, based on the value of purchases by the independent operators. In addition to providing it with an income stream, the

Plaintiff claims that it uses rebate monies for marketing and promoting the Milano pizzeria business.

[50] The Plaintiff further contends that the licensing agreements with the independent Milano pizzeria operators imposed geographic restrictions on the operators whereby they were precluded from advertising or accepting food orders outside of a specified territorial area.

[51] Insofar as the Baxter Road pizzeria is concerned, both Marwan and Mazen Kassis have provided affidavits in which they swear that its operators were at all times subject to a licensing agreement governing their use of the MILANO marks.

[52] Mazen Kassis deposes that the Baxter Road pizzeria was sold in 1994 to a purchaser who operated the pizzeria pursuant to a license granted by his brother, Marwan. Mazen further states that in the first few years after the incorporation of the Plaintiff, “many” (but presumably not all) of the independent Milano pizzeria operators had formal written licensing agreements with the Plaintiff. In support of this claim, he has produced a 1999 invoice from a solicitor acting for the Plaintiff for services including the preparation of a “mini-franchise agreement”.

[53] Mazen further asserts that even if they had not entered into a written licensing agreement, all of the operators “were using the MILANO PIZZERIA trademarks under license, and all were subject to at least the Purchasing Commitment and the Territory Restriction, as is the case today”. According to Mazen, this included Vahid Khorrami, who, it will be recalled, was one of the owners of the Baxter Road location immediately prior to its acquisition by the Defendants.

[54] Mazen claims that a written licensing agreement was entered into by the Plaintiff and the corporate Defendant around the time of the sale of the Baxter Road pizzeria to the Defendants,

which agreement set out the terms under which the corporate Defendant could use the MILANO marks. In addition to the purchasing commitment and the territorial restriction, Mazen states that the corporate Defendant agreed to pay a “royalty fee” of \$500.00 a month to the Plaintiff for the use of the MILANO marks.

[55] The Plaintiff has been unable to produce a copy of this licensing agreement. Mazen states that he has searched the Plaintiff’s records and that he has been unable to locate its copy of the agreement. He asserts that “as best [he] can tell, it was destroyed in a flood that occurred in Marwan’s home in 2005”.

[56] Mazen states that the requirement that the corporate Defendant pay a \$500.00 a month “royalty fee” was dropped by mutual agreement in 2005. With that modification to the terms of the licensing agreement, Mazen asserts that the Defendants operated the Baxter Road location under license for more than 14 years, generally complying with both the purchasing commitment and the territorial restriction.

[57] In support of this claim, Marwan has produced sales records from Tannis Food Distributors - the Plaintiff’s designated supplier - reflecting purchases made for the Baxter Road pizzeria over the years. These records confirm that the Defendants purchased a substantial volume of supplies from the company.

[58] According to Mazen, relations between the Plaintiff and the Defendants started to go awry in 2015, culminating in the termination of the Defendants’ licensing agreement by the Plaintiff on June 29, 2016. At that time, the Plaintiff demanded that the Baxter Road restaurant cease to brand itself as a Milano pizzeria, something that the Defendants have refused to do.

[59] In his affidavit, Marwan Kassis generally agrees with Mazen's version of events.

[60] Although he does not recall who signed the agreement, Marwan confirms that there was a written licensing agreement between the Plaintiff and the Defendants governing "the essential terms of operating a MILANO PIZZERIA (i.e. buying MILANO PIZZERIA brand sauce, cheese, pepperoni from Tannis, and restricting advertising to their territory)", as well as the royalty fee.

[61] Marwan acknowledges that the Plaintiff has been unable to locate a copy of the licensing agreement entered into with the Defendants. He states that it was likely destroyed in a flood that occurred at his home. In support of this contention, Marwan has produced a letter from his insurance underwriter, which states that he held renter's insurance with State Farm in the years between 1999 and 2014, during which time four claims were presented to the company. No mention is made as to when these claims were made, or what they related to.

[62] Marwan takes issue with Vahid Khorrami's claim that he operated the Baxter Road location independently, exercising "complete control" over how he advertised and marketed the business. Marwan agrees that independent Milano pizzeria operators "had a lot of freedom", including control over how they advertised and marketed their businesses. However, he asserts that all of the pizzerias, including the Baxter Road pizzeria, had to purchase their supplies from a designated supplier, and had to restrict their sales and advertising to their geographic territory. Subject to these rules, Marwan agrees that independent Milano pizzeria operators "were free to operate their business as they saw fit".

[63] The Plaintiff has also produced an affidavit from George Shacker. Mr. Shacker worked as a sales representative for Tannis Food Distributors in Ottawa, and was the primary sales representative selling food and supplies to all of the Milano pizzeria locations. He states that for certain types of supplies, specifically cheese, pepperoni and pizza sauce, independent Milano pizzeria operators purchased only MILANO PIZZERIA-branded products. Before these products came into being, independent operators only purchased cheese, pepperoni and pizza sauce brands designated by the Plaintiff.

[64] Mr. Shacker further asserts that, like all of the other independent Milano pizzeria operators, the Defendants bought “the vast majority” of their supplies from Tannis Food Distributors, including all of their cheese, pepperoni and pizza sauce.

[65] Finally, the Plaintiff has produced affidavits from seven independent Milano pizzeria operators, each of whom confirms that they operate their Milano pizzerias pursuant to written licensing agreements with the Plaintiff, although one of the operators, Ari Fazil, acknowledges that only one of his three Milano pizzerias is subject to a written licensing agreement, with the rules governing the other two locations being unwritten.

[66] Most of the licensing agreements with independent Milano pizzeria operators that have been produced by the Plaintiff state that the Plaintiff “has registered the name of ‘Milano Pizza’ as a trademark”. The agreements go on to state that the Plaintiff grants the licensee “a non-exclusive license to use the name of ‘Milano Pizza’ on certain terms and conditions”. There is no specific reference in these agreements to the MILANO PIZZERIA Design Mark, although some agreements do refer to the ‘Milano logo’.

B. *The Defendants' Evidence*

[67] The Defendants deny ever entering into a licensing agreement (whether written or unwritten) with either Marwan Kassis or the Plaintiff governing the use of the MILANO marks.

[68] In addition, Vahid Khorrami deposes that at no time during the period that he owned the Baxter Road pizzeria was his operation ever subject to a licensing agreement regarding the use of the words "Milano Pizzeria" as the name of the business. He says that he was at all times "completely free to do whatever [he] want[ed] with the name 'Milano Pizzeria'" and the MILANO Design Mark.

[69] Mr. Khorrami further asserts that the owners of the Baxter Road pizzeria operated entirely independently of the Plaintiff, exercising complete control over how they advertised and marketed their business, making their own choices with respect to menu items, recipes and ingredients.

[70] According to Mr. Khorrami, the centralization of purchasing came into effect sometime around 1996. The reason for this initiative was the awareness that by pooling their purchases, independent Milano pizzeria operators would be able to obtain financial discounts and rebates that could then be applied to a common marketing and advertising budget. Mr. Khorrami agrees that this arrangement made good business sense, but he asserts that the centralized purchasing arrangement was "purely voluntary", and that while he bought some of his supplies from a central supplier, he used other suppliers for some products.

[71] Mr. Khorrami claims that the centralized purchasing system for the Milano pizzerias worked well for the first year, and that the financial discounts and rebates that resulted from

higher volumes of purchases were used for common marketing and advertising to the benefit of all of the independent Milano pizzeria operators. However, after a year or so, Mr. Khorrami says that Marwan unilaterally changed this arrangement, claiming ownership of both the rebates and the newly-designed MILANO Design Mark. Mr. Khorrami states that he chose to ignore Marwan's demands and continued to operate the Baxter Road pizzeria independently, using his own menus, ingredients and recipes, as well as his own pizza box stamps, advertising and marketing materials. To the extent that he continued to purchase supplies from the designated supplier, Mr. Khorrami says that he did so voluntarily, as it still made sense to do so, given the price and quality of the goods in question.

[72] Mr. Khorrami says that his sale of the Baxter Road pizzeria to the Defendants "was free from any pre-existing restrictions, agreements or licenses which could have impacted the sale or the independent operation of the business" by the corporate Defendant.

[73] The Defendant, Chadi Wansa, also denies that he and his fellow purchasers of the Baxter Road pizzeria were ever subject to any form of licensing agreement governing their use of the MILANO marks. Mr. Wansa states that the corporate Defendant acquired the assets of the Baxter Road pizzeria in 2002 from the Khorrami brothers' numbered company. He has produced a copy of the asset purchase agreement, which contains no terms governing or restricting the use of the name "Milano Pizzeria", "Milano Pizza", the MILANO Design Mark or any other intellectual property.

[74] Mr. Wansa further asserts that since acquiring the Baxter Road location, his company "has had full control over the operations of all aspects of Milano Baxter, including the use of the business names Milano Pizza and Milano Pizzeria, the Milano Pizzeria logo, accounting

practices, uniforms, menu displays, menu offerings, recipes, and the ingredients used in our pizzas and other menu items”.

[75] Mr. Wansa acknowledges that the corporate Defendant has coordinated purchasing and advertising with the independent Milano pizzeria operators, but he states that any such coordination has been on a “completely voluntary basis”. According to Mr. Wansa, the Plaintiff and the independent Milano pizzeria operators collaborate in what he describes as “a loosely organized business family and buying cooperative”. Under this arrangement, the Plaintiff and Marwan Kassis act as purchasing agents and coordinators for the independent operators and are remunerated for their work by receiving rebates from suppliers.

[76] In 2003, Mr. Wansa also acquired the domain name, *milanopizzeria.ca*, using that domain name and the website that he built to promote the Baxter Road location, and, later, other independent Milano pizzeria operations. He subsequently modified the website to permit on-line food orders.

[77] Mr. Wansa states that his use of the MILANO marks, including the MILANO Design Mark, as well as the *milanopizzeria.ca* domain name, was done over many years with the full knowledge of the Plaintiff, without any complaints from the Plaintiff regarding their use. At no time during this period were the individual or corporate Defendants party to any kind of licensing agreement with the Plaintiff, or restrictions of any kind governing the use of the MILANO marks.

[78] Mazen Kassis took over as President of the Plaintiff in 2013. Mr. Wansa says that Mazen then began trying to exercise more and more control over independent Milano pizzeria operators

in an effort to generate additional income for the Plaintiff. According to Mr. Wansa, Mazen claimed that by virtue of its ownership of the MILANO Design Mark, the Plaintiff had the exclusive right to use the Milano Pizzeria business name in Canada. These claims have resulted in litigation having been commenced against the Defendants and other independent Milano pizzeria operators.

[79] With one exception, the licensing agreements that have been produced by the Plaintiff were all signed in 2012 or after, which Mr. Wansa says corroborates his claim that Mazen began trying to change the rules of the game starting in or around 2013.

[80] Mr. Wansa further states that before he became aware of Mazen's true intentions, he was persuaded to transfer ownership of the *milanopizzeria.ca* domain name to the Plaintiff on the understanding that it would henceforth cover the cost of operating the website. Mr. Wansa asserts that as a condition of the transfer, the Plaintiff undertook that the Baxter Road pizzeria would never be removed from the Milano Pizzeria website. Mr. Wansa has produced an exchange of emails which he says support his claim that this commitment was made to him by the Plaintiff.

[81] According to Mr. Wansa, Mazen and Mahmoud Tabaja (another of the Defendants by Counterclaim) approached the corporate Defendant on a number of occasions seeking to have the company enter into a licensing agreement governing the use of the MILANO Design Mark. Mr. Wansa says that he refused to have the company enter into any such agreement as he believed that the Plaintiff did not own the MILANO Design Mark, and he was not prepared to give up the autonomy that the Baxter Road operation had enjoyed for some 15 years.

[82] Mazen's effort to exert more and more control over the independent Milano pizzerias in general, and the Baxter Road pizzeria in particular, ultimately led to a breakdown of the relationship between the Plaintiff and the Defendants. One result of the fracturing of this relationship was that the Baxter Road pizzeria was removed from the Milano pizzeria website in 2016, which, Mr. Wansa says, has led to a loss of revenues on the part of the Defendants. Another result of the breakdown in the relationship between the parties was the commencement of this action.

C. *Analysis*

[83] From this review of the evidence adduced by each side, it is readily apparent that there is a fundamental disagreement between the parties as to whether the Defendants were ever subject to a licensing agreement - whether written or unwritten - governing their use of the MILANO marks in general, and the MILANO Design Mark in particular, and what precisely the terms of any such agreement may have been.

[84] Both sides have adduced affidavit evidence wherein their respective witnesses have stated under oath that the Defendants were, or were not, ever bound by any such agreement. The resolution of these issues thus involves an evaluation of the relative credibility of the various witnesses.

[85] As the Federal Court of Appeal observed in the *TPG Technology* case cited earlier, judges who hear and observe witnesses giving evidence orally at trial are better positioned to assess the witnesses' relative credibility and to draw the appropriate inferences than are judges who must depend solely on affidavits and documentary evidence.

[86] I am satisfied that it would not be appropriate to try to resolve the question of whether there was in fact a licensing agreement governing the Defendants' use of the MILANO marks on the basis of the record before me. There is unquestionably a genuine issue for trial in relation to this issue, one that should be decided on the basis of *viva voce* evidence.

[87] Having determined that there is a genuine issue for trial with respect to the existence of a licensing agreement between the parties, and the terms under which the Defendants have used the MILANO marks since 2002, it is next necessary to determine whether summary judgment can or should issue in relation to any of the arguments that have been advanced by the Defendants with respect to the validity of the MILANO marks. The first of these arguments relates to whether the MILANO Design Mark was registrable as of November 22, 2002. This issue will be addressed next.

VI. Was the MILANO Design Mark Registrable at the Date of Registration?

[88] In accordance with the provisions of section 19 of the *Trade-marks Act*, the registration of a trade-mark is presumed to be valid, and the Defendants accept that the onus is on them to demonstrate that the Plaintiff's MILANO Design Mark is invalid. I agree: *Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc.*, 2005 FC 10 at para. 34, [2005] F.C.J. No. 17. The full text of the relevant provisions of the *Trade-marks Act* is set out in Appendix "B" to these reasons.

[89] The Defendants submit that the MILANO Design Mark was not registrable as of November 22, 2002 (the date of registration of the mark) on the basis of confusion, contrary to the provisions of paragraph 18(1)(a) of the *Trade-marks Act*.

[90] According to the Defendants, the word “Milano” was and is a word that is primarily a name or surname of an individual who is living or has died within the preceding 30 years, contrary to the provisions of paragraph 12(1)(a) of the *Trade-marks Act*. The Defendants further submit that “Milano” is clearly descriptive or misleadingly misdescriptive of a place of origin of the services in association with which the word is used, contrary to the provisions of paragraph 12(1)(b) of the *Trade-marks Act*.

[91] In support of its contention that the MILANO Design Mark was not registrable, the Defendants point to statements that were made by counsel for the Plaintiff during the prosecution of the MILANO Design Mark. These comments were made in response to concerns that were raised by the Registrar of Trade-marks as to potential confusion with pre-existing trademark No. TMA380,997.

[92] In his response, counsel for the Plaintiff observed that the word ‘MILANO’ “is actually a common trade name in association with restaurants and cafes in Canada”. The Plaintiff further noted that this Court has held that “MILANO” is merely a geographic name with no secondary meaning and that it cannot be monopolized and remains in the public domain: *Milano Dining Room & Lounge Ltd. et al. v. Milano Express (Medicine Hat) Ltd.* (1987), 15 C.P.R. (3d) 272, [1987] F.C.J. No. 413.

[93] The Defendants argue that the Plaintiff cannot have it both ways. Having obtained registration of the MILANO Design Mark by arguing that the word “MILANO” was clearly descriptive and not distinctive and thus cannot be monopolized, the Plaintiff cannot now claim that it has exclusive rights to the MILANO marks, including the MILANO Design Mark. At the

very least, the Defendants say, the MILANO Design Mark is invalid under paragraph 18(1)(a) of the *Trade-marks Act*, as it would not have been registrable at the date of registration.

A. *Is there a Genuine Issue for Trial with Respect to the Registrability Issue?*

[94] The question of whether the MILANO Design Mark was registrable as of November 22, 2002 does not involve any issues of witness credibility. It also does not turn on whether or not there was a valid licensing agreement between the parties governing the Defendants' use of the MILANO Design Mark. Consequently, I am satisfied that it is appropriate to resolve this issue on a motion for summary judgment.

[95] The difficulty with the Defendants' position is that almost the entire focus of its submissions on this issue was on the words contained in the MILANO Design Mark, rather than on the design elements of the Mark. There is, however, more to the MILANO Design Mark than just the words "Milano Pizzeria". Indeed, as was noted earlier, the Plaintiff specifically disclaimed the use of the word "pizzeria" in relation to the MILANO Design Mark, and it does not now claim ownership of the word "Milano" *per se*, as a trade-mark or otherwise.

[96] In addition to the words "Milano Pizzeria", there are also design components to the Plaintiff's MILANO Design Mark that render the mark as a whole distinctive. These include the layout and font of the words, as well as the pizza slice appearing in the letter "O" of "Milano", which is the most distinctive element of the MILANO Design Mark.

[97] As the Federal Court observed in the *Milano Dining Room* case cited above, "Milano" is simply a city in Italy, and is thus a geographically descriptive term. As a result, the Court held

that the word normally cannot be registered as a trademark unless it acquired “a secondary or graphic name and meaning”.

[98] Both marks at issue in the *Milano Dining Room* case used the word “Milano”, but the Court found that the similarity between the marks ended there. The respondent in that case also used the word “Express” in conjunction with “Milano”, and, more importantly for our purposes, the logo of a train. Given the differences in the two marks, the Court was not persuaded that there would be confusion between them, and it therefore refused to expunge the respondent’s “MILANO EXPRESS” and train mark.

[99] In this case, not only does the MILANO Design Mark use the words “Milano” and “Pizzeria”, it also includes the design elements discussed earlier, rendering the mark distinctive. In light of these, the Defendants have not demonstrated that there is a genuine issue for trial with respect to the registrability of the MILANO Design Mark, contrary to the provisions of paragraph 18(1)(a) of the *Trade-marks Act*.

B. *Should Summary judgment Issue in Favour of the Plaintiff?*

[100] Given that I have found that there is no genuine issue for trial with respect to the registrability of the MILANO Design Mark under paragraph 18(1)(a) of the *Trade-marks Act*, the question, then, is whether summary judgment should issue in the Plaintiff’s favour on this point, given that the motion for summary judgment before me was brought by the Defendants, and no cross-motion was brought by the Plaintiff.

[101] Citing this Court’s decision in *Apotex Inc. v. Pfizer Canada Inc.*, 2016 FC 136, [2017] 1 F.C.R. 3, the Plaintiff submits that the Court can indeed grant summary judgment in favour of a

party responding to a motion for summary judgment, even if no cross-motion has been brought by that party.

[102] Justice Diner held in *Apotex* that if he was able to make a finding on a question of fact or law and there was nothing to be gained from a full trial on the issue, he could find in favour of the responding party even though it had not filed a cross-motion for summary judgment: at paras. 34-35. He went on to conclude that “as the primary issue in this motion involves the interpretation of the law regarding fee payments, and does not depend on the evidentiary record, I find that this Court can grant summary judgment in favour of either party, regardless of the filing of a cross-motion”.

[103] I understand the Defendants to agree that summary judgment can indeed issue in favour of a responding party in the appropriate case, in the absence of a cross-motion having been filed by that party. However, the Defendants say that the issues in this case are much more complex than the fact situation that confronted the Court in the *Apotex* matter, and that it is thus an unsuitable case for summary judgment to issue in favour of the Plaintiff. This of course begs the question: if the complexity of the issues raised by the Defendants’ motion is such that summary judgment should not issue in favour of the responding party, how is it that the case is suitable for summary judgment to issue in favour of the moving party?

[104] The Defendants further argue that the adequacy of their defense is not at issue on their motion for summary judgment, suggesting that they did not put their entire case before the Court in support of their motion. I do not accept this argument.

[105] As I have already noted, parties dealing with motions for summary judgment are required to put their best foot forward on each issue, which means that they should be adducing all of their evidence in support of or in response to the motion. Indeed, this Court has suggested that in dealing with a motion for summary judgment, the Court “is entitled to assume that the parties to the motion have put their best foot forward and that, if this case were to go to trial, no additional evidence would be presented”: *Rude Native Inc. v. Tyrone T. Resto Lounge*, 2010 FC 1278 at para. 16, [2010] F.C.J. No. 1580.

[106] Moreover, the Defendants’ claim that they had not put their full defense before the Court was a general comment made in the context of the case as a whole, and was not made specifically in relation to the registrability issue. The Defendants were alerted to the fact that the Plaintiff would be seeking summary judgment in their favour in the Plaintiff’s memorandum of fact and law. However, beyond their bald assertion that they had not put all of their evidence in support of their defense before the Court, the Defendants have not identified any evidence (whether in relation to the issue of the registrability of the Plaintiff’s MILANO Design Mark or otherwise) that they did not, or could not, put before the Court.

[107] As to whether the Court has the power to grant summary judgment in favour of a responding party, I would start by observing that the Defendants’ motion for summary judgment was very specific in terms of the relief it sought. In contrast to the situation that confronted the Federal Court of Appeal in *Albian Sands Energy Inc. v. Positive Attitude Safety System Inc.*, 2005 FCA 332, [2006] 2 F.C.R. 50 (a decision setting aside summary judgment issued in favour of a non-moving party on issues that had not been raised in the moving party’s motion for summary judgment), the issue of the registrability of the MILANO Design Mark under

paragraph 18(1)(a) of the *Trade-marks Act* was put squarely before the Court in the Defendants' Notice of Motion. Consequently, the registrability issue is clearly within the scope of the motion before me.

[108] Importantly, the Federal Court of Appeal did not suggest in the *Albian Sands* case that summary judgment could never issue in favour of a responding party. Rather, it simply found that it was not appropriate to grant summary judgment in favour of the responding party in that case as the issues on which judgment was granted included issues that were outside the scope of the motion before the Court. That is not the situation here.

[109] I do acknowledge jurisprudence is not unanimous on this point. In *Venngo Inc. v. Concierge Connection Inc. (c.o.b. Perkopolis)*, 2013 FC 300, [2013] F.C.J. No. 1439, aff'd 2013 FCA 272, [2013] F.C.J. No. 1298, this Court held that the Federal Court could not grant summary judgment against a moving party, with the possible exception of situations where the only genuine issue for trial is a question of law: at paras. 5 and 6.

[110] This decision was subsequently upheld by the Federal Court of Appeal. However, it appears from the Federal Court of Appeal's reasons that the only appeal before it was one brought by the moving party who contended that the Federal Court had erred in dismissing its motion for summary judgment. No appeal appears to have been taken by the party responding to the motion with respect to the Federal Court's finding that summary judgment should not issue in its favour in the absence of it having brought a cross-motion for summary judgment. Consequently there is no appellate-level jurisprudence that is binding on me on this issue.

[111] Rule 215(1) of the *Federal Courts Rules* provides that “[i]f on a motion for summary judgment the Court is satisfied that there is no genuine issue for trial with respect to a claim or defence, the Court shall grant summary judgment accordingly”. Nothing in the wording of the Rule limits the Court’s power to grant summary judgment in favour of a party responding to a motion for summary judgment.

[112] Indeed, as was noted earlier, once an issue is placed before the Court for determination in a summary fashion, both parties are required to put their best foot forward. The Court is then required to determine whether the record before it discloses a genuine issue for trial. It would be contrary to the provisions of Rule 3 of the *Federal Courts Rules* and the values underlying the summary judgment process as identified in *Hryniak* and *Manitoba* for the Court to order that an issue proceed to a full trial where it is evident from the record before it that there is in fact no genuine issue for trial, simply because it was the responding party, rather than the moving party, that was able to demonstrate that this was in fact the case.

[113] For these reasons, I am satisfied that it is appropriate to grant summary judgment in favour of the Plaintiff on the registrability issue.

VII. Was the MILANO Design Mark Invalid for Lack of Distinctiveness at the Time that the Counterclaim was Issued?

[114] Citing the provisions of paragraph 18(1)(b) of the *Trade-marks Act*, the Defendants submit that the MILANO Design Mark was not distinctive as at June 2, 2017 (the date on which the Defendants’ counterclaim was commenced). The Defendants say that this is because there had been substantial long-term use of the Design Mark (as well as the formative trade-marks and trade names) by each of the independent Milano pizzeria operators, with the knowledge of the

Plaintiff, such that the registered MILANO Design Mark was incapable of distinguishing the services of the Plaintiff from those of the Defendants and others.

[115] As was discussed earlier, the Defendants assert that they and other independent Milano pizzeria operators had used the MILANO marks, including the MILANO Design Mark, without any control being exercised over the use of the marks by the Plaintiff, such that their use of the marks did not inure to the benefit of the Plaintiff, as contemplated by subsection 50(1) of the *Trade-marks Act*. This provision states that “if an entity is licensed by ... the owner of a trade-mark to use the trade-mark ... and the owner has, under the license, direct or indirect control of the character or quality of the goods or services, then the use, advertisement or display of the trade-mark ... by that entity has ... the same effect as such a use, advertisement or display of the trade-mark ... by the owner”.

[116] According to the Defendants, the use of the MILANO marks by the Defendants and others in conjunction with their own pizzerias had the effect of rendering the Plaintiff’s marks non-distinctive of its wares and services.

[117] The resolution of the distinctiveness issue will turn, at least in part, on what factual findings are ultimately made with respect to the existence of a licensing agreement between the Plaintiff and the Defendants, whether written or unwritten, and what, if any terms governed the use of the Plaintiff’s MILANO marks by the Defendants and other independent Milano pizzeria operators. As I have already determined that there is a genuine issue for trial with respect to these questions, it follows that this distinctiveness issue is not appropriate for determination on a motion for summary judgment.

VIII. Was the Plaintiff Entitled to Register the MILANO Design Mark?

[118] Citing the provisions of paragraph 18(1)(d) of the *Trade-marks Act*, the Defendants assert that Milano Pizza Ltd. was not entitled to register the MILANO Design Mark as it had not used the mark as of the date of claimed first use, namely March of 1994. In support of this contention, the Defendants point out that the Plaintiff did not come into existence until 1996, and that it had not identified a predecessor in title in relation to ownership of the MILANO Design Mark.

[119] The Defendants further contend that the MILANO Design Mark was confusing with the trademarks and trade names that had previously been used in Canada by each of the independent Milano pizzeria operators and others, such that a claim of entitlement by Milano Pizza Ltd. would be contrary to paragraph 16(1)(a) of the *Trade-marks Act*, which relates to trade-marks that have been previously used in Canada or made known in Canada by another person. The Defendants also rely on paragraph 16(1)(c) of the *Trade-marks Act*, which relates to trade-names that have been previously used in Canada by another person.

[120] Given that this use was with the knowledge of the Defendants by Counterclaim, the Defendants assert that the five-year incontestability provision of subsection 17(2) of the *Trade-marks Act* does not apply.

[121] There is a fundamental disagreement between the parties as to the circumstances surrounding the creation of the MILANO Design Mark. The trademark registration identifies March of 1994 as the date of claimed first use of the mark. However, Marwan Kassis does not recall when it was that he came up with the idea for the MILANO Design Mark, although Mazen says that it was sometime in the early 1990s. Mazen further asserts that the mark came into use by the Plaintiff and the independent Milano pizzeria operators sometime in the mid-1990s.

[122] In contrast, Vahid Khorrani swears that the MILANO Design Mark did not actually come into existence until 1996, whereupon the mark then went into use by the independent Milano pizzeria operators who were free to use the mark as they saw fit.

[123] There is thus a significant factual dispute between the parties with respect to the date of first use of the MILANO Design Mark and the terms under which it was used by the independent Milano pizzeria operators, including the previous owner of the Baxter Road pizzeria. The resolution of this disagreement will turn to a large extent on an assessment of the relative credibility of the various witnesses.

[124] The entitlement of the Plaintiff to register the MILANO Design Mark will also involve a determination as to whether the use of the MILANO Design Mark by the Defendants, their predecessors, and the other independent Milano pizzeria operators prior to the registration of the Mark was carried out under the control of the Plaintiff. As previously noted, the resolution of this issue will turn, at least in part, on the factual findings that are ultimately made with respect to the existence of a licensing agreement between the Plaintiff and the Defendants and their predecessors, and what terms, if any, governed their use of the Plaintiff's MILANO marks. As such, the issue is not appropriate for determination on a motion for summary judgment.

IX. Is there a Genuine Issue for Trial with Respect to Passing Off?

[125] Subsection 7(b) of the *Trade-marks Act* provides that no person shall “direct public attention to his goods, 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 goods, services or business and the goods, services or business of another”. The Plaintiff asserts that the Defendants have done just that through their use of the MILANO marks in association

with their Milano pizzeria business, and that this use has resulted in confusion in the marketplace.

[126] The parties made only very limited submissions on the passing off issue in their submissions in relation to the Defendants' motion. However, I understand the Defendants to be seeking summary judgment dismissing this aspect of the Plaintiff's action, and the Plaintiff to be seeking summary judgment in its favour in relation to its passing off claim.

[127] In an action for passing off, the question will be whether a Defendant has passed off its wares or services for those of a Plaintiff by the use of a trademark so closely resembling that of the Plaintiff as to lead consumers to believe that they are actually receiving the Plaintiff's wares or services: A. Kelly Gill, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed., looseleaf, (Toronto: Thomson Reuters Canada, 2002) ch. 9 at s. 9.4(b).

[128] As noted earlier, the Defendants admit that the corporate Defendant has used, and continues to use the MILANO marks (including the MILANO Design Mark) in the general course of conducting its pizzeria business in the Ottawa area.

[129] However, to succeed in a claim for passing off, a plaintiff must be able to demonstrate that the trademark or trademarks in issue are distinctive of its wares or services. A defendant will succeed in defeating an action for passing off if it can show that the trademarks in issue "are not exclusively associated with the wares, services or business of the Plaintiff and hence are not distinctive": *Fox* above at ch. 9 s. 9.4(b).

[130] As noted earlier, the Defendants say that in the absence of a valid licensing scheme, any rights that the Plaintiff may have had in the MILANO marks have been extinguished by the use

of the marks by the Defendants and others, which use has caused the marks to lose any distinctiveness that they may have once had.

[131] I have found that there is a genuine issue for trial as to whether the Defendants were ever subject to a licensing agreement - whether written or unwritten - governing their use of the various MILANO marks, and what precisely the terms of any such agreement may have been. There is also a genuine issue for trial as to whether the use of both the registered and unregistered MILANO marks by the Defendants and others rendered the MILANO marks non-distinctive.

[132] Given that there can be no determination of the passing off claim without a determination of these issues, it follows that summary judgment should not issue in relation to the Plaintiff's passing off claim.

[133] Before leaving this issue, I would note that it is true that the existence of a registered trademark is a complete defence to an action for passing off. However, as I have previously found that there are genuine issues for trial with respect to the validity of the MILANO Design Mark, this is a further reason to decline to grant summary judgment on this issue.

X. Is there a Genuine Issue for Trial with Respect to the Depreciation of the Plaintiff's Goodwill?

[134] Subsection 22(1) of the *Trade-marks Act* provides that “[n]o person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto”. However, a section 22 action for depreciation of goodwill can only be brought and maintained in respect of a registered trade-mark: *Fox* above at ch. 9 s. 9.3. The invalidity of a registered trade-mark is a full defence to an action for the

depreciation of goodwill: *PVR Co. Ltd. v. Decosol Ltd.* (1972), 10 C.P.R. (2d) 203 at 212, [1972] F.C.J. No. 1131, and *Fox* above at ch. 9 s. 9.1.

[135] I have previously found that there are genuine issues for trial with respect to the validity of the MILANO Design Mark. Consequently I am satisfied that summary judgment should not issue in relation to the Plaintiff's claim for the alleged depreciation of the value of the goodwill attaching to the MILANO Design Mark.

XI. Is There a Genuine Issue for Trial with Respect to the Plaintiff's Copyright Claim?

[136] Finally, the Plaintiff claims that the Defendants have infringed its copyright in the MILANO Design Mark and in the Plaintiff's advertising materials, specifically its take-out menus. The Defendants assert that the Plaintiff cannot prove that copyright exists in the logo depicted in the MILANO Design Mark (the "MILANO logo") or that it owns the copyright in the MILANO logo or the Milano menus.

[137] Marwan Kassis claims to have been the originator of the MILANO logo, stating in his affidavit that although he did not recall the year in which he "came up with this design, or at least this idea", he "certainly created this concept", referring to the MILANO logo. Marwan goes on to state that he only recalled hiring a graphic designer "to create a polished version of [his] idea", and that he alone came up with the idea behind the MILANO logo.

[138] Mazen Kassis states that the MILANO logo "was first conceived by Marwan in the early 1990s". Mazen further claims that Marwan "created a rough sketch of the logo, that resembles the present logo and with the help of a designer, the logo was created". Mazen asserts that he has

searched for the invoice for this design work, and for Marwan's original sketch, but has been unable to locate either document.

[139] Vahid Khorrami tells an entirely different story with respect to the circumstances surrounding the creation of the MILANO logo. He says that in 1996, Marwan asked the independent Milano pizzeria operators to contribute to the cost of developing a logo to create a more uniform appearance among the independent operators and to use in group advertising and marketing efforts.

[140] According to Mr. Khorrami, each of the six independent Milano pizzeria operators contributed to the cost of hiring a graphic designer "to prepare some different logos which would be presented back to the group as a whole". After being presented with a selection of different logos, Mr. Khorrami says that the group then voted on which logo would be adopted by the Milano pizzeria operators, selecting what ultimately became the MILANO Design Mark as their choice.

[141] Mr. Khorrami asserts that there was no discussion at this time with respect to the ownership or licensing of the logo, nor was there any discussion as to terms, restrictions or limitations that would be attached to the use of the logo. Milano pizzeria operators were free to use the MILANO logo on signage, menus and elsewhere as they saw fit.

[142] There is thus a fundamental conflict in the evidence surrounding the creation of the MILANO logo. Both stories cannot be true, raising clear credibility issues in this regard. According to the Plaintiff, this conflict in the evidence is sufficient to raise a genuine issue for

trial. While I agree with the Plaintiff that the existence of credibility issues can often give rise to genuine issues for trial, as will be explained below, I am not persuaded that that is the case here.

[143] Subject to the conditions in the *Copyright Act*, R.S.C. 1985, c. C-42, copyright subsists in Canada in every original artistic work. Trade-marks and logos have been recognized as artistic works for the purposes of copyright interests: *Copyright Act*, s. 5; *Motel 6 Inc. v. No. 6 Motel Limited* (1981), [1982] 1 F.C. 638 para 3; *Guillemette c. Centre coopératif de Loisirs & de Sports du Mont Orignal* (1986), 15 C.P.R. (3d) 409, [1986] F.C.J. No. 814. The full text of the relevant provisions of the *Copyright Act* is set out in Appendix “C” to these reasons.

[144] Copyright protection governing artistic works does not extend to ideas; it is confined to their expression: *Kantel v. Grant*, [1933] Ex. C.R. 84 para 12. Idea providers are not generally considered to be authors. Because copyright resides in the expression of a work and not the idea behind it, an individual who simply suggests the idea for a work is not its author: *Kantel*, above at paras 10-11.

[145] Marwan Kassis claims to have come up with the design, or at least the idea for the MILANO logo, including the pizza slice in the letter “O” in MILANO. He has not, however, explained what information was given to the graphic designer, or how the design created by the graphic designer compared to his idea or concept – what was similar and what may have been different.

[146] Mazen Kassis claims that Marwan actually provided the graphic designer with a rough sketch of his idea for the MILANO logo, which, he says, resembled the image that was

ultimately registered as the MILANO Design Mark. Mazen did not, however, identify how Marwan's sketch resembled the MILANO logo, or how the two designs may have differed.

[147] Marwan himself makes no mention of having prepared any such sketch, nor has he claimed to have provided the graphic designer with a sketch depicting his idea or concept for the MILANO logo.

[148] As was mentioned earlier in these reasons, both the party bringing a motion for summary judgment and those responding to such a motion are required to "put their best foot forward" in addressing the motion. In my view, the Plaintiff has failed to do so here. Its evidence regarding the circumstances giving rise to the creation of the MILANO logo is vague, non-specific, inconsistent and incomplete. It falls short of demonstrating that it was Marwan, rather than the unidentified graphic designer, who exercised the skill and judgment required to give rise to an original work: *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13 at para. 16, [2004] 1 S.C.R. 339.

[149] That said, the more fundamental problem with the Plaintiff's evidence regarding the copyright issue is this: even if I were to accept the entirety of Mazen and Marwan Kassis' evidence, and find that it was sufficient to establish that Marwan was indeed the author of the MILANO logo, that would still not establish that the *Plaintiff* has any enforceable rights in this regard.

[150] Even if Marwan was indeed entitled to copyright in the MILANO logo, there is no evidence that he ever assigned his copyright to the Plaintiff. Subsection 13(4) of the *Copyright Act* provides that no assignment of copyright is valid "unless it is in writing signed by the owner

of the right in respect of which the assignment or grant is made, or by the owner's duly authorized agent". The simple transfer of physical possession of the work itself does not transfer ownership in the work: *Massie & Renwick v. Underwriters' Survey Bureau Ltd.*, [1940] S.C.R. 218 at p. 8.

[151] Not only has the Plaintiff failed to produce a document wherein Marwan purported to assign his copyright in the MILANO logo to the Plaintiff, neither Mazen nor Marwan has even suggested that any such assignment ever took place.

[152] It has thus not been established that the Plaintiff has any enforceable copyright rights in the MILANO logo. As a result, to the extent that its claim is framed in copyright, the Plaintiff's case is so doubtful that it does not deserve consideration by the trier of fact at a future trial.

Consequently it follows that there is no genuine issue for trial in this regard.

[153] It is not clear from the record whether the Plaintiff is asserting copyright in the Milano menus, apart from their use of the MILANO logo. If that is in fact the case, suffice it to say that it has provided no evidence regarding the authorship of the menus or how, when or where the menus were created. Consequently, the Plaintiff has also failed to establish that it has any basis for asserting copyright in the documents in question.

[154] As a consequence, to the extent that the Plaintiff's claim is framed in copyright, the claim will be dismissed.

XII. Conclusion

[155] For these reasons, summary judgment will issue in favour of the Plaintiff, declaring that the Plaintiff's MILANO Design Mark was registrable as of November 22, 2002, in accordance with paragraph 18(1)(a) of the *Trade-marks Act*.

[156] Summary judgment will issue in favour of the Defendants, dismissing the Plaintiff's claim to the extent that it is framed in copyright.

[157] The motion for summary judgment is otherwise dismissed, and remaining issues shall be determined following the trial of this action.

XIII. Costs

[158] Both sides sought summary judgment on a number of issues. The Plaintiff succeeded in obtaining summary judgment on the registrability issue, and the Defendants succeeded on the copyright issue. I declined to grant summary judgment on the remaining issues, finding that they raised genuine issues for trial. In these circumstances, and in the exercise of my discretion, the costs of this motion shall be in the cause.

JUDGMENT IN T-152-17

THIS COURT'S JUDGMENT is that:

1. Registered trademark No. TMA571,144 is valid under the provisions of paragraph 18(1)(a) of the *Trade-marks Act*;
2. The Plaintiff's copyright claim is dismissed;
3. In all other respects, the motion for summary judgment is dismissed; and
4. The costs of the motion shall be in the cause.

"Anne L. Mactavish"

Judge

APPENDIX “A”*Federal Courts Rules, SOR/98-106**Règles des Cours fédérales, DORS/98-106***Summary Judgment and Summary Trial****Jugement et procès sommaires****Motion and Service****Requête et signification****Motion by a party****Requête d’une partie.**

213 (1) A party may bring a motion for summary judgment or summary trial on all or some of the issues raised in the pleadings at any time after the defendant has filed a defence but before the time and place for trial have been fixed.

213 (1) Une partie peut présenter une requête en jugement sommaire ou en procès sommaire à l’égard de toutes ou d’une partie des questions que soulèvent les actes de procédure. Le cas échéant, elle la présente après le dépôt de la défense du défendeur et avant que les heure, date et lieu de l’instruction soient fixés

Further motion**Nouvelle requête**

(2) If a party brings a motion for summary judgment or summary trial, the party may not bring a further motion for either summary judgment or summary trial except with leave of the Court.

(2) Si une partie présente l’une de ces requêtes en jugement sommaire ou en procès sommaire, elle ne peut présenter de nouveau l’une ou l’autre de ces requêtes à moins d’obtenir l’autorisation de la Cour.

Obligations of moving party**Obligations du requérant**

(3) A motion for summary judgment or summary trial in an action may be brought by serving and filing a notice of motion and motion record at least 20 days before the day set out in the notice for the hearing of the motion.

(3) La requête en jugement sommaire ou en procès sommaire dans une action est présentée par signification et dépôt d’un avis de requête et d’un dossier de requête au moins vingt jours avant la date de l’audition de la requête indiquée dans l’avis.

Obligations of responding party**Obligations de l’autre partie**

(4) A party served with a motion for summary judgment or summary trial shall serve and file a respondent’s motion record not later than 10 days before the day set out in the notice of motion for the hearing of the motion.

(4) La partie qui reçoit signification de la requête signifie et dépose un dossier de réponse au moins dix jours avant la date de l’audition de la requête indiquée dans l’avis de requête.

Summary Judgment

Facts and evidence required

214 A response to a motion for summary judgment shall not rely on what might be adduced as evidence at a later stage in the proceedings. It must set out specific facts and adduce the evidence showing that there is a genuine issue for trial.

If no genuine issue for trial

215 (1) If on a motion for summary judgment the Court is satisfied that there is no genuine issue for trial with respect to a claim or defence, the Court shall grant summary judgment accordingly.

Genuine issue of amount or question of law

(2) If the Court is satisfied that the only genuine issue is

- (a) the amount to which the moving party is entitled, the Court may order a trial of that issue or grant summary judgment with a reference under rule 153 to determine the amount; or
- (b) a question of law, the Court may determine the question and grant summary judgment accordingly.

Powers of Court

(3) If the Court is satisfied that there is a genuine issue of fact or law for trial with respect to a claim or a defence, the Court may

- (a) nevertheless determine that issue by way of summary trial and make any order necessary for the conduct of the summary trial; or
- (b) dismiss the motion in whole or in part and order that the action, or the issues in the action not disposed of by summary judgment, proceed to trial or that the action be conducted as a specially managed proceeding.

Jugement sommaire

Faits et éléments de preuve nécessaires

214 La réponse à une requête en jugement sommaire ne peut être fondée sur un élément qui pourrait être produit ultérieurement en preuve dans l'instance. Elle doit énoncer les faits précis et produire les éléments de preuve démontrant l'existence d'une véritable question litigieuse.

Absence de véritable question litigieuse

215 (1) Si, par suite d'une requête en jugement sommaire, la Cour est convaincue qu'il n'existe pas de véritable question litigieuse quant à une déclaration ou à une défense, elle rend un jugement sommaire en conséquence.

Somme d'argent ou point de droit

(2) Si la Cour est convaincue que la seule véritable question litigieuse est :

- a) la somme à laquelle le requérant a droit, elle peut ordonner l'instruction de cette question ou rendre un jugement sommaire assorti d'un renvoi pour détermination de la somme conformément à la règle 153;
- b) un point de droit, elle peut statuer sur celui-ci et rendre un jugement sommaire en conséquence.

Pouvoirs de la Cour

(3) Si la Cour est convaincue qu'il existe une véritable question de fait ou de droit litigieuse à l'égard d'une déclaration ou d'une défense, elle peut :

- a) néanmoins trancher cette question par voie de procès sommaire et rendre toute ordonnance nécessaire pour le déroulement de ce procès;
- b) rejeter la requête en tout ou en partie et ordonner que l'action ou toute question litigieuse non tranchée par jugement sommaire soit instruite ou que l'action se poursuive à titre d'instance à gestion spéciale.

APPENDIX “B”*Trade-marks Act, R.S.C., 1985, c. T-13***Prohibitions**

7 No person shall

[. . .]

(b) direct public attention to his goods, 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 goods, services or business and the goods, services or business of another;

[. . .]

(c) pass off other goods or services as and for those ordered or requested; or

[. . .]

When trade-mark registrable

12 (1) Subject to section 13, a trade-mark is registrable if it is not

(a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years;

(b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the goods or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;

[. . .]

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

7 Nul ne peut :

[. . .]

b) appeler l'attention du public sur ses produits, 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 produits, ses services ou son entreprise et ceux d'un autre;

[. . .]

c) faire passer d'autres produits ou services pour ceux qui sont commandés ou demandés;

[. . .]

Marque de commerce enregistrable

12 (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

a) elle est constituée d'un mot n'étant principalement que le nom ou le nom de famille d'un particulier vivant ou qui est décédé dans les trente années précédentes;

b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fausse et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des produits ou services en liaison avec lesquels elle est employée, ou en liaison avec lesquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou de leur lieu d'origine;

[. . .]

Registration of marks used or made known in Canada

16 (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with goods or services is entitled, subject to section 38, to secure its registration in respect of those goods or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with:

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;

[. . .]

(c) a trade-name that had been previously used in Canada by any other person.

[. . .]

When registration incontestable

17 (2) In proceedings commenced after the expiration of five years from the date of registration of a trade-mark or from July 1, 1954, whichever is the later, no registration shall be expunged or amended or held invalid on the ground of the previous use or making known referred to in subsection (1), unless it is established that the person who adopted the registered trade-mark in Canada did so with knowledge of that previous use or making known.

[. . .]

Enregistrement des marques employées ou révélées au Canada

16 (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des produits ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces produits ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

[. . .]

c) soit avec un nom commercial qui avait été antérieurement employé au Canada par une autre personne.

[. . .]

Quand l'enregistrement est incontestable

17 (2) Dans des procédures ouvertes après l'expiration de cinq ans à compter de la date d'enregistrement d'une marque de commerce ou à compter du 1er juillet 1954, en prenant la date qui est postérieure à l'autre, aucun enregistrement ne peut être radié, modifié ou jugé invalide du fait de l'emploi ou révélation antérieure mentionnée au paragraphe (1), à moins qu'il ne soit établi que la personne qui a adopté au Canada la marque de commerce déposée l'a fait alors qu'elle était au courant de cet emploi ou révélation antérieure.

[. . .]

When registration invalid

18 (1) The registration of a trade-mark is invalid if

- (a) the trade-mark was not registrable at the date of registration;
- (b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;

[. . .]

- (d) subject to section 17, the applicant for registration was not the person entitled to secure the registration.

[. . .]

Rights conferred by registration

19 Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any goods 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 goods or services.

[. . .]

Depreciation of goodwill

22 (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

[. . .]

Licence to use trade-mark

50 (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the goods or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-

Quand l'enregistrement est invalide

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

- a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
- b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;

[. . .]

- d) sous réserve de l'article 17, l'auteur de la demande n'était pas la personne ayant droit d'obtenir l'enregistrement.

[. . .]

Droits conférés par l'enregistrement

19 Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de produits 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 produits ou services.

[. . .]

Dépréciation de l'achalandage

22 (1) Nul ne peut employer une marque de commerce déposée par une autre personne d'une manière susceptible d'entraîner la diminution de la valeur de l'achalandage attaché à cette marque de commerce.

[. . .]

Licence d'emploi d'une marque de commerce

50 (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des produits et services, l'emploi, la publicité

mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

[. . .]

ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.

[. . .]

APPENDIX “C”

Copyright Act, R.S.C., 1985, c. C-42

Conditions for subsistence of copyright

5 (1) Subject to this Act, copyright shall subsist in Canada, for the term hereinafter mentioned, in every original literary, dramatic, musical and artistic work if any one of the following conditions is met:

(a) in the case of any work, whether published or unpublished, including a cinematographic work, the author was, at the date of the making of the work, a citizen or subject of, or a person ordinarily resident in, a treaty country;

[. . .]

Assignments and licences

13 (4) The owner of the copyright in any work may assign the right, either wholly or partially, and either generally or subject to limitations relating to territory, medium or sector of the market or other limitations relating to the scope of the assignment, and either for the whole term of the copyright or for any other part thereof, and may grant any interest in the right by licence, but no assignment or grant is valid unless it is in writing signed by the owner of the right in respect of which the assignment or grant is made, or by the owner's duly authorized agent.

[. . .]

Loi sur le droit d'auteur, L.R.C. (1985), ch. C-42

Conditions d'obtention du droit d'auteur

5 (1) Sous réserve des autres dispositions de la présente loi, le droit d'auteur existe au Canada, pendant la durée mentionnée ci-après, sur toute oeuvre littéraire, dramatique, musicale ou artistique originale si l'une des conditions suivantes est réalisée :

a) pour toute oeuvre publiée ou non, y compris une oeuvre cinématographique, l'auteur était, à la date de sa création, citoyen, sujet ou résident habituel d'un pays signataire;

[. . .]

Cession et licences

13 (4) Le titulaire du droit d'auteur sur une oeuvre peut céder ce droit, en totalité ou en partie, d'une façon générale ou avec des restrictions relatives au territoire, au support matériel, au secteur du marché ou à la portée de la cession, pour la durée complète ou partielle de la protection; il peut également concéder, par une licence, un intérêt quelconque dans ce droit; mais la cession ou la concession n'est valable que si elle est rédigée par écrit et signée par le titulaire du droit qui en fait l'objet, ou par son agent dûment autorisé.

[. . .]

FEDERAL COURT

SOLICITORS OF RECORD

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CHADI WANSA; YOUSSEF ZAHER, A.K.A. JOSEPH
ZAHER; AND YOUSEF NASSAR, A.K.A. JOE
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APPEARANCES:

Jaimie Bordman FOR THE PLAINTIFF/DEFENDANTS BY
COUNTERCLAIM

Michael D. Andrews FOR THE DEFENDANTS/PLAINTIFFS BY
COUNTERCLAIM

SOLICITORS OF RECORD:

Macera & Jarzyna LLP FOR THE PLAINTIFF/DEFENDANTS BY
Barristers and Solicitors COUNTERCLAIM
Ottawa, Ontario

Andrews Robichaud FOR THE DEFENDANTS/PLAINTIFFS BY
Barristers and Solicitors COUNTERCLAIM
Ottawa, Ontario