

Federal Court



Cour fédérale

Date: 20210610

Docket: T-888-20

Citation: 2021 FC 583

Ottawa, Ontario, June 10, 2021

PRESENT: Mr. Justice McHaffie

BETWEEN:

SUBWAY IP LLC

Applicant

and

**BUDWAY, CANNABIS & WELLNESS
STORE, WILLIAM MATOVU AND
ATLANTIC COMPASSION CLUB SOCIETY**

Respondents

JUDGMENT AND REASONS

I. Overview

[1] Subway IP LLC, which owns Canadian registered trademarks used in association with SUBWAY-branded sandwich restaurants, brings this application to enjoin the respondents from using the following “BUDWAY” trademark in association with a “cannabis & wellness store”:



[Description of inserted picture: The word BUDWAY is depicted, with the letters BUD appearing in pale yellow-green and the letters WAY appearing in green, all against a darker green oval background. The letters U, W, A, and Y each terminate with an arrow shape pointing left (in the case of U, W, and A) or right (in the case of Y).]

[2] The respondents did not respond to this application. The evidence shows that one of them, Atlantic Compassion Club Society, has ceased to exist. I will refer to Budway, Cannabis & Wellness Store and William Matovu as the respondents in these reasons.

[3] Based on the evidence filed by Subway, I conclude the use of the foregoing BUDWAY trademark infringes the registered trademarks of Subway, and amounts to both passing off and depreciation of the goodwill in those marks, contrary to sections 7(b), 20, and 22 of the *Trademarks Act*, RSC 1985, c T-13. The requested injunction will therefore issue, together with ancillary relief, an award of damages in the amount of \$15,000, and costs in the amount of \$25,000.

II. Issues

[4] The issues raised by Subway on this application are:

A. Has Subway established a remediable violation of the *Trademarks Act*, and in particular:

- (1) infringement under section 20 of the *Trademarks Act*;
- (2) passing off under paragraph 7(b) of the *Trademarks Act*; and/or
- (3) a likely depreciation of goodwill under section 22 of the *Trademarks Act*?

B. If so, what are the appropriate remedies, and against whom should they be granted?

[5] Although the respondents have not responded to this application, Subway must establish its entitlement to the order sought on a balance of probabilities.

III. Analysis

A. *Subway has Established a Violation of its Trademark Rights*




(1) Subway has established infringement of its registered trademarks

(a) *The registered trademarks at issue*

[6] Subway's evidence is set out primarily in two affidavits from Jessica Johnson, a trademark and advertising attorney working for a sister company of Subway (each company has the same ultimate parent). The first affidavit contains the substance of Subway's factual allegations, while the second provides additional detail regarding Ms. Johnson's employer and its relationship with Subway. I am satisfied based on the information provided that Ms. Johnson has knowledge of the information regarding the SUBWAY trademarks and their use set out in her first affidavit.

[7] Subway provided evidence of a number of registered trademarks. At the hearing of this application, Subway relied on five marks in particular. Two of these are word marks for the trademark SUBWAY, namely TMA323,814, registered February 20, 1987 for use in association with *restaurant services*; and TMA513,236, registered July 26, 1999 for use in association with *sandwiches, prepared salads, buns and rolls, cookies, muffins, pastries, beverages, namely fruit juices, vegetable juices, soft drinks, tea and coffee*.

[8] The remaining three are design marks for different versions of the SUBWAY logo, each of which claims colour as a feature of the trademark:

Design	Registration No	Registration Date	Colour Claim
	TMA521,134	January 6, 2000	The background is dark green, the word SUB is white, and the word WAY is yellow.
	TMA694,322	August 20, 2007	The letters SUB are in white and the letters WAY are in yellow. The letters forming the outline of the trademark are outlined in green.
	TMA1,047,443	Aug 7, 2019	The letters SUB are yellow and the letters WAY are white. The background's color is NOT claimed as a feature of the mark.

[9] Each of these trademarks is registered for use in association with *restaurant services*. In addition, TMA694,322 and TMA1,047,443 are registered for use in association with a variety of food-related goods, including *sandwiches, cookies, snacks, and drinks*.

(b) *The respondents' use of the BUDWAY trademark*

[10] Ms. Johnson states in her affidavit that at some point in 2020 it was “brought to Subway IP’s attention” that the respondents had adopted and were using the BUDWAY design reproduced in paragraph [1] above at a retail location at A-1024 Clark Drive, Vancouver, BC. She then reproduces a photograph of the exterior store signage said to be the respondents’ cannabis retail store, but provides no evidence of where the photograph in question was taken or

by whom. Taken alone, such evidence might be insufficient to prove that the BUDWAY trademark was in use as and where alleged.

[11] However, Ms. Johnson also attached to her affidavit information from the Reddit website, which appears to be the source of the photograph in question, identifying it as a “new cannabis store on Clark.” This photograph was also attached to a letter sent by counsel to the owner of 1024 Clark Drive, who responded without contesting that the photograph represented the location. In addition, Ms. Johnson reproduces images and a video clip from the Instagram account “budwayonclark,” which she reviewed herself, which show the address 1024A Clark Drive, as well as examples of use of the BUDWAY trademark.

[12] Based on the foregoing evidence considered together, I am satisfied Subway has established the respondents have used and are using the BUDWAY trademark in association with a cannabis retail store located at 1024A Clark Drive.

[13] The Instagram posts reproduced in Ms. Johnson’s affidavit also show the use by “budwayonclark” of a “mascot” in the form of a submarine sandwich filled with cannabis leaves, with what are apparently bloodshot and half-opened eyes. This mascot appears in the video clip, smoking what is presumably a joint, with the legend “It’s the way, bud” appearing below it.

[14] Subway also filed a brief affidavit from an articling student that described her access to the “budwayonclark” Instagram page and attached a video of her accessing the page and in

particular a video posted to the page that shows edible cannabis products (cookies and brownies) for sale, with the caption “*Munchie Monday* 10% off all edibles for members today!”

[15] The use of evidence on matters of substance from a member of the applicant’s law firm raises concerns: *Cross-Canada Auto Body Supply (Windsor) Ltd v Hyundai Auto Canada*, 2006 FCA 133 at paras 4–5; *AB Hassle v Apotex Inc*, 2008 FC 184 at paras 45–46, aff’d 2008 FCA 416; *Federal Courts Rules*, SOR/98-106, Rule 82. Given that Ms. Johnson prepared her second affidavit on the same date as the student’s affidavit, and was clearly familiar with Instagram, there is no apparent reason that the evidence in question could not have been provided by Ms. Johnson or another witness not associated with counsel’s law firm. Presumably, the fact that the affidavits were sworn on the Friday before this matter was heard on a Monday made delivery of an affidavit attaching a video file more cumbersome. However, there was no reason given that the evidence in question needed to be prepared and filed the business day before the hearing.

[16] Nonetheless, I give consideration to the factors relevant to assessing whether to accept evidence from employees of the law firm conducting the litigation: *Cross-Canada* at para 5. Given the nature of the evidence, the fact that it appears to ultimately emanate from the respondents, and the fact that it is presented in objective terms that clearly explain the source of the video exhibit, I am prepared to accept the affidavit and its video exhibit as establishing the respondents’ advertisement of edible cannabis cookies and brownies for sale at “Budway on Clark”.

- (c) *The respondents' BUDWAY trademark is confusing with Subway's trademarks*

[17] A trademark registration grants the owner the exclusive right to use the mark throughout Canada in respect of the goods and services in the registration: *Trademarks Act*, s 19. The right to exclusive use is deemed infringed by the sale, distribution, or advertisement of goods or services in association with a confusing trademark: *Trademarks Act*, s 20(1)(a). A trademark is confusing with another trademark if use of both in the same area “would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class”: *Trademarks Act*, s 6(2).

[18] In determining whether trademarks are confusing, the Court has regard to all of the surrounding circumstances, including the particular circumstances identified in subsection 6(5) of the *Trademarks Act*, namely inherent or acquired distinctiveness; length of time the trademarks have been in use; the nature of the goods, services, business, and trade; and the degree of resemblance between the trademarks. While all factors must be considered, the weight given to each factor will depend on the circumstances, with the degree of resemblance often likely to have the greatest effect: *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 49; *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 21. The test for confusion is to be applied as a matter of “first impression in the mind of a casual consumer somewhat in a hurry” at a time when they have “no more than an imperfect recollection” of the registered mark and without giving the matter “detailed consideration or scrutiny”: *Veuve Clicquot* at paras 18–20.

[19] I will focus my consideration of confusion on two of the Subway design marks, namely those in registrations TMA521,134 [the '134 Mark] and TMA1,047,443 [the '443 Mark], as the BUDWAY mark most closely resembles these two marks: *Masterpiece* at para 61. I conclude that these trademarks are infringed and are therefore determinative of this application.

Degree of resemblance

[20] The BUDWAY trademark used by the respondents strongly resembles both the '134 Mark and the '443 Mark. In each case, the word element of the mark is similar, with the similarities in letters and pronunciation between SUBWAY and BUDWAY being self-evident. The fact that “budway” is not itself a word means that it would tend to be read in a manner to connote the common word “subway.” In context, the connotation would be with Subway’s SUBWAY-branded restaurants in particular. The similarity between the marks, and the associative connotation with Subway’s restaurants, is further enhanced by the respondents’ use of the same logo elements that appear in the '134 Mark and the '443 Mark, namely the colour differentiation between the first three and last three letters, and the arrow design motif. The use of green colouring and an oval background is a further point of similarity with the '134 Mark in particular. The differences between the marks, including the two different letters and the addition of more arrows, do not serve to materially undermine the resemblance, particularly to a casual consumer.

[21] The resemblance between the marks points strongly toward a finding of confusion.

Distinctiveness

[22] The '134 Mark and the '443 Mark each have a fairly high degree of inherent distinctiveness. The word "subway" is a common word, but it does not as a whole describe or suggest Subway's goods or services. The "sub" element is clearly connected with the submarine sandwiches sold at Subway restaurants, but the use of that element in the SUBWAY trademarks is distinctive. This distinctiveness is further enhanced by the graphic elements of the marks, which include the arrow designs and colour differentiation.

[23] In addition, Ms. Johnson's affidavit contains extensive evidence showing that Subway and its trademarks are well known in Canada. There were more than 3,100 Subway restaurants in Canada as of September 2020, including over 400 in British Columbia, 67 in Vancouver, and 4 in West Vancouver in particular. Subway's sales in Canada were at least US\$1.5 billion per year in the period from 2014 to 2019, with annual marketing expenditures of at least US\$80 million. Subway's website, which shows the SUBWAY logo substantially in the form of the '443 Mark, had 32.3 million page views in 2019. While Ms. Johnson's evidence does not associate these figures with the various SUBWAY trademarks, and it may be difficult or impossible to do so, it is clear that the SUBWAY trademarks, including through their graphic representation as seen in the '134 Mark and the '443 Mark, have become well known in Canada and have gained significant acquired distinctiveness.

[24] While the respondents' BUDWAY trademark similarly has some distinctiveness, the distinctiveness of its graphic elements derives primarily from adopting the elements seen in the

SUBWAY trademarks. There is no evidence that the BUDWAY trademark has become known to any material extent. The relative distinctiveness of the trademarks again points to a finding of confusion.

Length of use

[25] The '134 Mark has been registered since 2000 based on use since 1997, while the '443 Mark was registered in 2019. The historical evidence provided by Ms. Johnson shows use of the marks for many years. The respondents, by contrast, have apparently only used their mark for a short period of perhaps a year. This factor again points to a finding of confusion.

Nature of the goods, services, and business

[26] The '134 Mark is registered in association with *restaurant services, including preparation of food for take-out*. The '443 Mark is registered in association with a variety of food goods, including *sandwiches and wraps for consumption on or off the premises*; and *snacks namely...pastries, cookies*, and with a number of services including *restaurant services, namely providing of food and beverages for consumption on and off the premises*; and *eat-in and take-out food restaurant services*.

[27] While neither mark is registered for use in association with cannabis products, Subway underscores the baked goods in the '443 Mark registration, and the baked goods being offered for sale at the Budway on Clark cannabis store. Subway notes that its registration for the '443 Mark in association with "cookies" does not limit the contents of those cookies and would

even cover cookies containing cannabis. It notes that this overlap in goods distinguishes its case from that in *Herbs “R” Us*, where I concluded that the cannabis products offered by the respondent and the toys and other product lines in the applicant’s registrations were fundamentally dissimilar and made confusion unlikely: *Toys “R” Us (Canada) Ltd v Herbs “R” Us Wellness Society*, 2020 FC 682 at paras 35–38, 43–45.

[28] I agree that the overlap between the goods offered by the respondents and those identified in the registration make this case different from *Herbs “R” Us*. As Subway notes, although “their ingredients may differ, both parties offer foodstuffs and edible products to their consumers.” Further, even without the registration for “cookies” in particular, I consider the differences between the goods and services identified in the SUBWAY registrations and the edible and other cannabis products offered by the respondents to be less fundamentally dissimilar than those in *Herbs “R” Us*. I also agree with Subway that the respondents’ use of a submarine sandwich mascot and references to “munchies” further draws the goods into closer comparison.

Nature of the trade

[29] While Subway did not place significant reliance on this factor, both Subway and the respondents appear to offer goods at a retail level with a similar size of store, offering goods for immediate purchase, including on a “take-out” basis. While there was little evidence as to the nature of the respondents’ trade, this factor at least does not undermine the likelihood of confusion.

[30] Based on the foregoing factors, I am satisfied that Subway has shown there is a reasonable likelihood of confusion between the respondents' BUDWAY trademark and each of the '134 Mark and the '443 Mark. As in *Herbs "R" Us*, the context makes it perfectly clear that the respondents have adopted their mark by deliberately drawing on the famous mark of the applicant. Unlike in that case, given the goods and services set out in the applicant's registration, I conclude that there is a likelihood of infringement.

(2) Subway has established passing off

[31] Paragraph 7(b) of the *Trademarks Act* codifies common law passing off by prohibiting a trader from directing public attention to their goods, services, or business in a manner likely to cause confusion between them and the goods, services, or business of another. The necessary elements of a passing off claim are the existence of goodwill, deception of the public due to a misrepresentation, and actual or potential damage: *Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 at p 132. The claimant must also show ownership of a valid registered or unregistered trademark, a requirement satisfied by Subway's demonstrated ownership of its trademark rights, including the registered rights referred to above: *Sandhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 at paras 36–39.

[32] Goodwill for the purposes of passing off requires that a mark is distinctive and possesses reputation, which may engage consideration of distinctiveness, length of use, sales volumes, advertising, and intentional copying: *Sandhu Singh* at para 48. I am satisfied that Ms. Johnson's evidence clearly shows goodwill in the SUBWAY trademarks. I agree with Subway that the existence of goodwill is reinforced by the respondents' conduct in taking advantage of that

goodwill and reputation by copying the logo and using a submarine sandwich mascot.

Ms. Johnson's evidence does not attempt to break down reputation or goodwill between the different trademarks. Indeed, it may be impossible to do so given the similarity of the registered trademarks and their incorporation of the SUBWAY word mark. However, I am satisfied that there is goodwill associated with, at least, the '134 Mark and the '443 Mark.

[33] The misrepresentation to the public cited by Subway is the likely confusion with its trademarks: *Sandhu Singh* at paras 21, 53. For the same reasons discussed above, I conclude that there is a likelihood of confusion between the respondents' BUDWAY trademark and the '134 Mark and the '443 Mark.

[34] As to the existence of damage, Subway does not contend that they have lost sales or otherwise suffered direct financial harm. Rather, they rely on the loss of control over the use and commercial impact of their marks, which has been recognized as actual damage sufficient to meet the third requirement of the test for passing off: *Cheung v Target Event Production Ltd*, 2010 FCA 255 at paras 26–28. I am satisfied that Subway's loss of control over their marks and the resulting harm to their goodwill and reputation arising from the respondents' conduct is sufficient to meet the third element of the passing off test.

[35] I am therefore satisfied that Subway has demonstrated each of the elements of passing off under paragraph 7(b) of the *Trademarks Act*.

(3) Subway has shown a likely depreciation of its goodwill

[36] Section 22 of the *Trademarks Act* prohibits the use of a registered trademark “in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.” Section 22 has four elements, namely use, goodwill, linkage, and damage:

Firstly, that a claimant’s registered trade-mark was used by the defendant in connection with wares or services — whether or not such wares and services are competitive with those of the claimant. Secondly, that the claimant’s registered trade-mark is sufficiently well known to have significant goodwill attached to it. Section 22 does not require the mark to be well known or famous (in contrast to the analogous European and U.S. laws), but a defendant cannot depreciate the value of the goodwill that does not exist. Thirdly, the claimant’s mark was used in a manner *likely* to have an effect on that goodwill (i.e. linkage) and fourthly that the *likely* effect would be to depreciate the value of its goodwill (i.e. damage).

[Italics in original; underlining added; *Veuve Clicquot* at para 46.]

[37] I am satisfied that Subway has demonstrated that each of these elements are met.

Use

[38] For purposes of section 22, the use does not need to be of the trademark exactly as registered. It only needs to be “sufficiently similar [...] to evoke in a relevant universe of consumers a mental association of the two marks that is likely to depreciate the value of the goodwill attaching to the [registered] mark”: *Veuve Clicquot* at para 38. The impugned trademark must be “so closely akin” to the registered mark to be understood as the registered mark: *Venngo Inc v Concierge Connection Inc (Perkopolis)*, 2017 FCA 96 at paras 13, 80.

[39] Subway's evidence shows the respondents' BUDWAY trademark is being used within the meaning of section 4 of the *Trademarks Act*. The BUDWAY mark is closely akin to the '134 Mark and the '443 Mark and would evoke a mental association of the two marks as described in *Veuve Clicquot*.

Goodwill

[40] Goodwill attaching to a trademark is the benefit to the trademark owner arising from the "reputation and connection" identified with the goods in association with the mark: *Veuve Clicquot* at paras 50–52. As the Federal Court of Appeal noted in *Sandhu Singh*, the purpose of the goodwill assessment is different for depreciation of goodwill than it is for passing off, although the factors considered for each may overlap: *Sandhu Singh* at paras 44–50. Relevant factors for assessing goodwill for purposes of section 22 include fame, degree of recognition, volume of sales, depth of market penetration, extent and duration of advertising and publicity, geographic reach, inherent or acquired distinctiveness, channels of trade, and the extent to which the mark is identified with a particular quality: *Veuve Clicquot* at para 54.

[41] Ms. Johnson's evidence of Subway's market penetration, sales, media and social media presence, marketing efforts, and cross-Canadian presence easily satisfy me that Subway's registered trademarks benefit from substantial goodwill. Again, while the evidence is not specifically broken down between trademarks, there is evidence of extensive use of the '134 Mark and the '443 Mark, each of which incorporate the SUBWAY name. I am satisfied that those trademarks are sufficiently well known to have significant goodwill attaching to them.

Linkage

[42] I am similarly satisfied that there is a linkage, connection, or mental association likely to have an effect on goodwill: *Veuve Clicquot* at paras 46, 56–57. Given the substantial similarities between the respondents' BUDWAY trademark and the '134 Mark and the '443 Mark, and the apparent deliberate copying of the latter two, the mental linkage is inescapable. Indeed, it is clear from the respondents' use of the subway sandwich mascot that such a linkage was intended and considered desirable. The screenshots of social media users making the immediate connection between the BUDWAY store and Subway's business further supports the existence of a likely linkage among the consuming public.

Damage

[43] Damage caused by the depreciation of the goodwill can stem from the blurring of brand image, or a "whittling away" of the registered trademark's power to distinguish the owner's products: *Veuve Clicquot* at paras 63–64. Subway has no control over the character and quality of the respondents' goods and services, and the respondents' use of its BUDWAY trademark results in blurring of the SUBWAY brand image and reduction in its ability to distinguish Subway's goods and services.

[44] I also agree with Subway that the damage to its goodwill is increased by the nature of the respondents' goods, in contrast with the "healthy and active" lifestyle promotion that Subway has made efforts to associate with the SUBWAY trademarks including the '134 Mark and the '443 Mark. It is also increased by the evidence that the respondents appear to be operating a

cannabis dispensary without a provincial license to do so, and from a location that Ms. Johnson fairly describes as having a “somewhat downmarket exterior appearance.”

[45] I am therefore satisfied that Subway has established the use of the respondents’ BUDWAY trademark constitutes use of the ’134 Mark and the ’443 Mark in a manner likely to depreciate the goodwill attaching thereto, contrary to section 22 of the *Trademarks Act*.

B. *Remedy*

(1) Responding parties

[46] The respondent, Atlantic Compassion Club Society, was a society incorporated in Nova Scotia, as shown in the corporate profile attached to Ms. Johnson’s affidavit. As noted at the outset of these reasons, that entity is understood to no longer exist, and Subway no longer seeks any remedy against it. The proceeding as against that party will be dismissed without costs.

[47] There was some uncertainty in the evidence regarding the status of the respondent, Budway, Cannabis & Wellness Store. Ms. Johnson refers to it as an “entity,” and as one of the “Corporate Respondents,” but attached no corporate profile or other evidence of its corporate existence. Counsel advised at the hearing that Subway’s understanding was that it was registered, but had been dissolved for failure to file, but there was no evidence of this in the record. If there is no operative corporate entity, it appears that the Budway on Clark store is being run as a sole proprietorship. While the obligation rests on the applicant to establish its case, no small part of

the difficulty regarding the operating structure of the Budway on Clark store stems from the respondents' failure to respond to this proceeding.

[48] William Matovu is an individual who Ms. Johnson identifies as being the owner and directing mind of the Budway on Clark store. The owner of 1024 Clark Drive responded to inquiries from Subway by suggesting they “reach out directly to my tenant,” identifying Mr. Matovu at the A-1024 Clark Drive address. Subway sent letters to Mr. Matovu and to the Budway, Cannabis & Wellness Store, which went unanswered.

[49] I conclude that in the circumstances, the injunctive and monetary relief described below should issue as against both the Budway, Cannabis & Wellness Store, to the extent it exists and continues to exist as an entity, and Mr. Matovu.

(2) Injunction and delivery up

[50] The respondents have not responded to Subway's letters or to this application, and have shown no intent to cease using the BUDWAY trademark. Subway is entitled to an injunction prohibiting the respondents from using the BUDWAY trademark: *Pick v 1180475 Alberta Ltd (cob Queen of Tarts)*, 2011 FC 1008 at para 54; *Trademarks Act*, s 53.2(1).

[51] I am also satisfied that I should order delivery up or destruction of goods, packaging, labels, and advertising material that bear the BUDWAY trademark in any form.

Subsection 53.2(2) of the *Trademarks Act* specifies that before making such an order, notice must be given to any person who has an interest or right in such items. I am satisfied that notice

has been given to the respondents through the service of the notice of application in this matter, and that there is no evidence of any other person who has an interest or right in such items.

(3) Damages and punitive damages

[52] Subway seeks compensatory damages of \$25,000 based on the harm to its trademark rights and the likely depreciation of its goodwill. It seeks “nominal” damages, while noting that nominal damages is not necessarily synonymous with “small damages”: *Pick* at paras 49–52; *Herbs “R” Us* at para 67. Subway points to the \$15,000 awarded in very similar circumstances in *Herbs “R” Us* at para 68, and the \$25,000 awarded in each of *Trans-High Corporation v Conscientious Consumption Inc*, 2016 FC 949 at para 40 and *Trans-High Corporation v Hightimes Smokeshop and Gifts Inc*, 2013 FC 1190 at para 26.

[53] Subway points to the need for a deterrent effect, arguing that the similar situation in *Herbs “R” Us* suggests a need to send a message of deterrence to the cannabis industry about the importance of respecting trademark rights. While I note the similarity with the *Herbs “R” Us* case, I do not believe I can draw broader conclusions on the basis of that case in the absence of evidence of a problem rife in the industry. In my view, the circumstances in this case and in *Herbs “R” Us* are similar and ought to attract a similar assessment of damages. In the circumstances, I assess damages in the amount of \$15,000, payable by the respondents, Budway, Cannabis & Wellness Store and Mr. Matovu.

(4) Punitive damages

[54] Subway seeks punitive damages in the amount of \$20,000. It argues that the respondents' acts in adopting the infringing BUDWAY trademark were planned and deliberate, and persisted over the course of a year despite Subway's efforts. They note that the respondents failed to respond to either their correspondence or this application, and have made no effort to change their use of the BUDWAY trademark and their association with Subway through that mark and the submarine sandwich mascot.

[55] Punitive damages are reserved for exceptional cases in which "malicious, oppressive and high-handed" misconduct represents a "marked departure from ordinary standards of decent behaviour" and offends the court's sense of decency: *Whiten v Pilot Insurance Co*, 2002 SCC 18 at para 36. Various factors may inform the inquiry into whether a defendant's conduct merits the sanction of punitive damages: *Whiten* at paras 112–113; *Louis Vuitton Malletier SA v Singga Enterprises (Canada) Inc*, 2011 FC 776 at para 166. In the intellectual property sphere, punitive damages have been awarded in cases of "outrageous" or "highly reprehensible" conduct, or conduct that constitutes a "callous disregard for the rights of the Plaintiff or for injunctions granted by the court": *Singga* at para 168.

[56] Although the respondents have required Subway to expend time and money enforcing its rights, I do not consider that the infringing conduct of the respondents and their failure to respond is sufficient in these circumstances to meet the standard described in *Whiten*. I therefore conclude that this is not an appropriate case for punitive damages.

(5) Costs

[57] Subway seeks its full costs of this application. I agree that as the successful party, and having been put to the commencement and completion of this application by the respondents' failure to respond to their correspondence and the litigation, they are entitled to their costs.

[58] Subway did not present any evidence of its costs incurred. Nor did it file a bill of costs or other support for its claim for \$30,000 in costs, other than counsel's assertion that those costs have been incurred. While counsel's assertion as an officer of the Court is accepted, claims for costs, particularly substantial or elevated claims, should be supported by a bill of costs or other evidence to justify the amount claimed.

[59] In the circumstances, based on my review of the evidence and arguments filed by Subway in this proceeding, and with consideration of the Rule 400 factors, I conclude that an award of \$25,000 in costs is justified in the current circumstances.

JUDGMENT IN T-888-20

THIS COURT'S JUDGMENT is that

1. The Court declares that Budway, Cannabis & Wellness Store and William Matovu have, through their adoption and use of the trademark BUDWAY in association with the operation, advertising, and promotion of a cannabis retail store in Vancouver, British Columbia without the consent, license, or permission of the applicant:
 - a. infringed Subway IP LLC's registered trademarks TMA521,134 and TMA1,047,443, contrary to section 20 of the *Trademarks Act*;
 - b. directed public attention to their goods, services or business in such a way as to cause or be likely to cause confusion in Canada between their goods, services or business and the goods, services or business of Subway IP LLC, contrary to paragraph 7(b) of the *Trademarks Act*; and
 - c. used Subway IP LLC's registered trademarks TMA521,134 and TMA1,047,443 in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to subsection 22(1) of the *Trademarks Act*.
2. Budway, Cannabis & Wellness Store and William Matovu, and their respective officers, directors, employees, agents, partners, or assigns, are hereby permanently enjoined from directly or indirectly:
 - a. selling, distributing, advertising, or otherwise dealing in goods or services in association with the trademark or trade name BUDWAY;
 - b. directing public attention to their goods, services or business in such a way as to cause or be likely to cause confusion in Canada between their goods,

- services or business and the goods, services or business of Subway IP LLC, including without limitation by adopting, using, or promoting the name BUDWAY as or as part of any trademark, trade name, trading style, corporate name, business name, domain name, or social media account name; and/or
- c. using Subway IP LLC's registered trademarks TMA521,134 and TMA1,047,443 in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.
3. Budway, Cannabis & Wellness Store and William Matovu shall deliver up or destroy under oath any signage, goods, packages, labels and advertising material in its possession, power or control that bear the BUDWAY trademark or any other trademark that is or would be contrary to this judgment, in accordance with section 53.2 of the *Trademarks Act*.
 4. Budway, Cannabis & Wellness Store and William Matovu, shall jointly and severally pay to Subway IP LLC forthwith damages in the amount of \$15,000.
 5. Subway IP LLC is awarded its costs of this application fixed in the lump sum amount of \$25,000 and payable forthwith by Budway, Cannabis & Wellness Store and William Matovu.
 6. All amounts payable under this judgment shall bear post-judgment interest at a rate of 5% per year from the date of this judgment.
 7. The application is dismissed as against Atlantic Compassion Club Society, without costs.

“Nicholas McHaffie”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-888-20

STYLE OF CAUSE: SUBWAY IP LLC v BUDWAY, CANNABIS &
WELLNESS STORE ET AL

**HEARING HELD BY VIDEOCONFERENCE ON APRIL 19, 2021 FROM OTTAWA,
ONTARIO (COURT) AND MONTREAL, QUEBEC (APPLICANT)**

JUDGMENT AND REASONS: MCHAFFIE J.

DATED: JUNE 10, 2021

APPEARANCES:

Camille Aubin
Gabriel St-Laurent

FOR THE APPLICANT

SOLICITORS OF RECORD:

Robic LLP
Montreal, Quebec

FOR THE APPLICANT