

Federal Court



Cour fédérale

Date: 20220202

Docket: T-1548-20

Citation: 2022 FC 116

Ottawa, Ontario, February 2, 2022

PRESENT: THE CHIEF JUSTICE

BETWEEN:

1196278 ONTARIO INC DBA SASSAFRAZ

Applicant

and

**815470 ONTARIO LTD DBA SASSAFRAS
COASTAL KITCHEN AND BAR**

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] The Applicant is the operator of the well-known restaurant SASSAFRAZ, which is located in the Yorkville district of Toronto, Ontario. The Respondent operates a restaurant in the Niagara Peninsula region in association with various trademarks and trade names that include the word SASSAFRAS.

[2] The Applicant alleges that the Respondent has infringed its registered SASSAFRAZ trademark and depreciated the goodwill associated with that trademark, contrary to the *Trademarks Act*, RSC 1985, c T-13 [the **TM Act**].

[3] For the reasons set forth below, I agree. Accordingly, I will grant the declaratory and injunctive relieve sought by the Applicant, together with certain ancillary relief and nominal damages in the amount of \$15,000.00.

II. **Background**

[4] The Applicant opened its SASSAFRAZ restaurant in Yorkville in 1997. Since that time, the restaurant has been operated in association with a family of registered and unregistered trademarks consisting of or comprising SASSAFRAZ as well as the trade name Sassafraz.

[5] According to an affidavit sworn by Mr. Zoran Kocovski [the **Kocovski Affidavit**], President of the Applicant, the restaurant has evolved and expanded over the years to become a well-known local landmark and one of the most popular dining destinations in Toronto. From the outset, it has focused on “contemporary French-inspired Canadian cuisine” and a superior “fine dining” experience. In late 2005, it expanded into hosting and catering private events. In May 2009, it added the “S-Café” bar in a separate area of the restaurant, to cater to trends away from fine dining towards more casual dining experiences.

[6] As a result of its extensive print, radio, television and social media advertising, the SASSAFRAZ restaurant has received very significant press coverage and mentions in local and

national Canadian newspapers and magazines. It has also received similar international press coverage. In addition, its website received approximately 120,000 unique visitors per year in recent years. The restaurant's profile and reputation have also been bolstered through direct marketing to approximately 16,000 existing and prospective customers, as well as by being an official hospitality partner of the Toronto International Film Festival since the 1990s. Due to its long list of international celebrity clientele, SASSAFRAZ has become known as a place "to see and be seen" during that festival.

[7] In June 2011, the Applicant registered SASSAFRAZ trademark (TMA799,485) in connection with "(1) Catering services, and (2) Restaurant and bar services; hosting of private receptions." The extract from the register of trademarks that is attached to the certification for that trademark states that the mark has been in use since at least as early as June 1997. That evidence has not been contested in this proceeding.

[8] In June 2020, the Applicant learned that the Respondent was operating a restaurant under various names and marks consisting of or comprising "SASSAFRAS" including SASSAFRAS, SASSAFRAS COASTAL KITCHEN AND BAR, SASSAFRAS BEAMSVILLE and logo formats or design marks incorporating "SASSAFRAS" [collectively, the **SASSAFRAS Marks**]. This came to the Applicant's attention when one of its employees was travelling through the village of Beamsville in the Niagara region and noticed the Respondent's restaurant and signage.

[9] According to the affidavit of Scott Brownlee [the **Brownlee Affidavit**], who is the "principal and guiding mind" of the Respondent, Sassafras Coastal Kitchen and Bar [**SCKB**] has

been in operation since June 23, 2020. Its Facebook page has been in existence since February 20, 2020, which is also the date upon which its Instagram account was opened.

[10] SCKB serves American southern-style cuisine. Its name was inspired by the sassafras tree, which grows in a region that extends from the Southern United States to the Niagara Peninsula. Mr. Brownlee maintains that the roots and leaves of that tree are important ingredients in some foods and beverages, most notably traditional root beer and many Louisiana Creole dishes.

[11] A comparison of the menus of SCKB and SASSAFRAZ reveals that SCKB is positioned in a somewhat lower price/quality segment of the restaurant industry than is SASSAFRAZ, although some of the items are in an overlapping price range.

[12] As a result of the COVID-19 pandemic, the parties' restaurants have been forced to develop innovative offerings. For SASSAFRAZ, these have included a delivery and takeout program that provides both regular prepared meals and "meal kits." For SCKB's part, it has placed heavy reliance on its web presence and delivery services through Skip the Dishes. In addition, the Respondent began operating "Beamsville Market by Sassafras" from the same premises as SCKB, early in 2021. Among other things, that market sells various prepared food items, prepackaged food products, wine and beer.

[13] It is uncontested that the Applicant contacted the Respondent through counsel on June 26, 2020, immediately after learning of the existence of the SCKB restaurant. At that time, the

Respondent was advised of the Applicant's rights in the SASSAFRAZ trademarks (including its trademark registration for SASSAFRAZ). The Applicant also requested that the Respondent agree to immediately cease and desist using "SASSAFRAS" in association with its restaurant. On the same date, the Respondent communicated its refusal to comply with the Applicant's requests. According to a news article included at Exhibit 48 to the Kocovski Affidavit, SCKB opened the following day.

[14] The Respondent does not question the validity of the Applicant's SASSAFRAZ trademark.

III. Issues

[15] The issues raised in this Application are as follows:

- a) Has the Respondent infringed the Applicant's registered SASSAFRAZ Trademark, as contemplated by section 20 of the *TM Act*?
- b) Has the Respondent depreciated the goodwill associated with the SASSAFRAZ Trademark, as contemplated by section 22 of the *TM Act*?
- c) What, if any, are the appropriate remedies?

[16] In its Notice of Application, the Applicant also alleged that the Respondent has engaged in passing off, as contemplated by the prohibition in paragraph 7(b) of the *TM Act*. However, during the hearing, the Applicant conceded that the overlap between its allegations under

subsection 20(1) and under paragraph 7(b) is such that it is not necessary for the Court to address the latter claim. Accordingly, it will not be further discussed in these reasons for judgment.

IV. **Analysis**

A. *The Respondent's Alleged Infringement of the SASSAFRAZ Trademark (s. 20)*

(1) Introduction and Applicable Legal Principles

[17] In its Application, the Applicant sought a declaration that the Respondent has infringed its SASSAFRAZ registered trademark, contrary to sections 19 and 20 of the *TM Act*. However, its written submissions focus on section 20 and during the hearing the Applicant confirmed that it is seeking a declaration of infringement solely under section 20.

[18] Section 19 remains relevant to this Application because it provides the Applicant with the exclusive right to use the SASSAFRAZ trademark throughout Canada in respect of “(1) Catering services, and (2) Restaurant and bar services; hosting of private receptions.” The full text of section 19 and the other provisions discussed below is set forth in Appendix 1 hereto.

[19] The specific provision of section 20 relied upon by the Applicant is paragraph 20(1)(a). That provision deems the exclusive right described immediately above to be infringed by any person who is not entitled to use the SASSAFRAZ trademark and who sells, distributes or advertises any goods or services in association with a confusing trademark or trade name.

[20] Consequently, the key infringement issue in this Application is whether the Respondent's operation of its restaurant in association with one or more of the SASSAFRAS Marks is likely to give rise to confusion with the Applicant's registered trademark SASSAFRAZ, as contemplated by paragraph 20(1)(a).

[21] In this regard, section 6 of the *TM Act* provides some important parameters. In particular, subsection 6(2) states as follows:

Confusion – trademark with other trademark

(2) The use of a trademark causes confusion with another trademark if the use of both trademarks 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 or appear in the same class of the Nice Classification.

Marque de commerce créant de la confusion avec une autre

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les produits liés à ces marques de commerce sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.

[22] Subsection 6(3) articulates essentially the same test with respect to confusion caused by the use of a trademark, relative to an existing trade name. The same is true regarding subsection

6(4), albeit in relation to the confusion caused by the use of a trade name, relative to an existing trademark.

[23] The factors to be assessed in determining whether trademarks or trade names are confusing are set forth in subsection 6(5), which states as follows:

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

[24] Some of the foregoing factors may not be particularly relevant in a specific case. In any event, their weight will vary with “all the surrounding circumstances”: *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 27 [*Veuve Clicquot*].

[25] In considering the relevant factors and the other surrounding circumstances, the Court’s perspective must be that of a casual consumer, somewhat in a hurry. More specifically:

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [word SASSAFRAS on the Respondent’s] storefront or invoice, at a time when he or she has no more than an imperfect recollection of the [SASSAFRAS] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

Veuve Clicquot, above, at para 20; see also *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 40 [*Masterpiece*].

[26] In applying this test, the Court is required to consider the hypothetical scenario in which the SASSAFRAS Marks are being used in the same area as the SASSAFRAZ registered trademark, regardless of whether the goods or services associated with those trademarks/tradenames are of the same general class: *TM Act*, ss 6(2) - (4); *Masterpiece*, above, at para 30.

[27] For greater certainty, that hypothetical scenario must be considered in connection with the entire scope of exclusive rights that were granted to the Applicant under its SASSAFRAZ trademark registration, rather than simply in connection with the Applicant’s actual use of that trademark: *Masterpiece*, above, at paras 53–59.

[28] The relevant confusion is with respect to the *source* of the goods in question, rather than the trademarks, trade names, or goods that are being used in association with the trademark(s) being asserted: *Masterpiece*, above, at paras 41, 67, 73 and 104–105.

[29] The evidentiary burden is upon the Applicant to establish a likelihood – rather than a mere possibility – of confusion, on a balance of probabilities: *Loblaws Inc v Columbia Insurance Company*, 2019 FC 961 at para 44 [*Loblaws*], aff'd 2021 FCA 29; *Toys “R” Us (Canada) Ltd v Herbs “R” Us Wellness Society*, 2020 FC 682 at para 6 [*Toys “R” Us*]. However, it is not necessary for the Applicant to demonstrate actual confusion: *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at paras 55 and 89 [*Mattel*]; *Veuve Clicquot*, above, at para 6.

(2) Analysis

[30] In *Masterpiece*, it was suggested that an assessment of the various factors set forth in subsection 6(5) of the *TM Act* should begin with the “degree of resemblance” factor set forth in paragraph 6(5)(e). This is because “if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion”: *Masterpiece*, above at para 49.

(a) *Degree of resemblance (s. 6(5)(e))*

[31] An assessment of the degree of resemblance between SASSAFRAS and SASSAFRAZ must include the appearance and sound of these words, as well as the ideas suggested by them: *TM Act*, s 6(5)(e).

[32] On cross-examination, Mr. Kocovski acknowledged that the Applicant purposely misspelled the noun Sassafras, by changing the last letter. He conceded that this was done so that the trademark SASSAFRAZ would be distinct and that SASSAFRAZ is an invented word. He further acknowledged that SASSAFRAZ is pronounced with a “Z as opposed to a soft C, so buzz instead of bus.”

[33] The Respondent maintains that this evidence supports a finding that there is a low degree of resemblance between the words SASSAFRAZ and SASSAFRAS. The Respondent requests the Court to infer from this that there is no prospect for any confusion to arise in the mind of a casual consumer who is somewhat in a hurry. The Respondent maintains that such a finding is further supported by the definition of the term “distinctive” in the *TM Act*. Specifically, a “distinctive” trademark is defined to be one “that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so to distinguish them” : *TM Act*, s 2. The Respondent adds that the term “trademark” is defined to include “a sign or combination of signs” used by a person for this purpose, and that in turn, the word “sign” is defined to include “a letter” and “a sound.”

[34] I am not persuaded by the Respondent’s submissions. In my view, the casual consumer who is somewhat in a hurry would likely consider the words SASSAFRAS and SASSAFRAZ to have a substantial degree of resemblance.

[35] The relevant assessment should not be conducted on a “syllable by syllable” basis, but rather as a whole: *Reynolds Presto Products Inc v PRS Mediterranean Ltd*, 2013 FCA 119 at

para 31 [*Reynolds*]. Stated differently, the Court’s task is not to “tease out and analyze each portion of a mark alone,” but rather to “consider the mark as it is encountered by the consumer – as a whole, and as a matter of first impression”: *Masterpiece*, above, at para 83.

[36] I recognize that some or all of the Respondent’s SASSAFRAS Marks have more than one word. This includes the sign outside the Respondent’s restaurant, which appears as follows:



[37] The same logo/marking appears on Mr. Brownlee’s business card, on his restaurant’s Instagram and Facebook pages, and on its website.

[38] I consider that the visual dominance of the word Sassafraz in that logo/signage/marking serves to more than offset the presence of the other words therein, which are clearly descriptive and non-distinctive in association with the wares and services supplied by the parties:

Masterpiece, above, at para 84. Indeed, it does so to an extent that it would increase the probability that a casual consumer who is somewhat in a hurry would likely consider the source of that logo/signage/marking to be the same as that of the Applicant’s SASSAFRAZ restaurant. This is particularly so as a matter of first impression for the consumer who “has no more than an imperfect recollection” of the Applicant’s SASSAFRAZ trademark: *Masterpiece*, above, at para 41. The fact that the word SASSAFRAS is at the beginning of the name SASSAFRAS Coastal

Kitchen Bar would likely contribute to this effect on such a consumer in this particular case:

Masterpiece, above, at paras 63–64; *Zara Natural Stones Inc v Industria de Diseno Textil, SA*, 2021 FCA 232 at paras 21–22.

[39] For each of the SASSAFRAS Marks, it is the word SASSAFRAS that “provides the content and punch”: *Masterpiece*, above, at para 84. Indeed, objective support for this view is provided by a news article reporting on the launch of the Respondent’s restaurant, which is entitled “Sassafras bringing southern-style food to Beamsville.” This view is also supported by the fact that the signage on the door of the Respondent’s restaurant simply says “SASSAFRAS RESTAURANT ENTRANCE.” The Respondent also uses the word “sassafras” without the words Coastal Kitchen Bar in the Internet domain name for its restaurant, which is www.sassafrasbeamsville.com.

[40] For the casual consumer described above, the difference in the last letter of SASSAFRAS and SASSAFRAZ, respectively, is likely to be perceived to be relatively minor, if it is readily apprehended at all, as a matter of first impression. Given the much more significant similarities between the two words, such a consumer is likely to consider those words to have a substantial degree of resemblance, despite the fact that the last letter of the words is different and is associated with a somewhat different sound. My conclusion in this regard is reinforced by the fact that the casual consumer in question is one who has an imperfect recollection and is not in position to do a “side by side comparison”: *Diageo Canada Inc v Heaven Hill Distilleries, Inc*, 2017 FC 571 at para 133.

[41] The significant similarities between the words SASSAFRAS and SASSAFRAZ include the identical spelling of their first eight letters, the high degree of phonetic similarity in the pronunciation of the three syllables in the words, and the fact that the two words are capitalized. Given these similarities, the words SASSAFRAS and SASSAFRAZ are particularly striking and unique in essentially the same way, particularly in the Canadian markets for catering services, restaurant and bar services, and the hosting of private receptions: *Masterpiece*, above, at paras 64–65.

[42] I acknowledge that there are some situations in which a small difference between two marks can reduce the degree of resemblance between them in an important way. Such situations include “[w]here marks possess little or no inherent distinctiveness” and where consumers “are accustomed to making fine distinctions between [similar] trade marks in the marketplace”:
Kellogg Salada Canada Inc v Maximum Nutrition Ltd, [1992] 3 FC 442, 43 CPR (3d) 349 at paras 14–15 (FCA). However, I do not consider the present case to involve one of those situations. There is no evidence to suggest otherwise.

[43] The three cases relied upon by the Respondent in this regard are each distinguishable from the present circumstances. In *Bally Schuhfabriken AG/ Bally’s Shoe Factories Ltd v Big Blue Jeans Ltd/Ltée*, [1992] FCJ No 127 (TD) [**Bally**], this Court upheld a decision by the Trademarks Opposition Board that the trademarks “Wallys” and “Bally” were not confusing. The Court reached that conclusion despite the respondent’s admission that there was “a great degree of resemblance in appearance” between the two marks, and despite expert evidence that the two words were phonetically similar: *Bally*, above, at para 21. Notwithstanding these factors

in favour of the appellant, the court rejected the appeal based on evidence pertaining to the factors set forth in paragraphs 6(5)(a), (c) and (d) of the *TM Act*, and the absence of actual confusion over a long period of time. There is no similar evidence favouring the Respondent in the present proceeding.

[44] The Respondent also relies on *General Motors Corp v Bellows*, [1949] SCR 678 at para 28 [*General Motors*], where the Court approvingly quoted Lord Simonds' observation that "[t]he Court will accept comparatively small differences as sufficient to avert confusion." However, that case involved the words "Frigidaire" and "Frozenaire," which are significantly less similar to each other than are the words SASSAFRAS and SASSAFRAZ. Among other things, the Court observed that the components of the word "Frozenaire" convey "a certain ruggedness and familiarity in appearance, sound and idea" that are not conveyed by the less familiar components of the word "Frigidaire": *General Motors*, above, at para 31. In the context in which the words "Frigidaire" and "Frozenaire" were very descriptive and suggestive of the wares in respect of which they were being used (refrigerators and refrigerating equipment), the Court concluded that there was no reasonable likelihood of objectionable association by consumers. As discussed below, there is no evidence that the words SASSAFRAS and SASSAFRAZ are descriptive or suggestive of catering, restaurant or bar services in Canada, or the hosting of private receptions. Rather, the SASSAFRAZ trademark is not only inherently distinct, but has also achieved a considerable degree of acquired distinctiveness.

[45] The third case relied upon by the Respondent in support of its position regarding the small differences between trademarked words is *A&W Food Services of Canada Inc v*

McDonalds's Restaurants of Canada Ltd, 2005 FC 406 [A&W]. There, the plaintiff alleged, among other things, that the defendant's use of the term "Chicken McGrill" caused some of the plaintiff's customers to believe that its "Chicken Grill" trademarked product comes from the defendant. In discussing the degree of resemblance factor, the Court acknowledged that the terms "Chicken Grill" and "Chicken McGrill" were similar and suggestive of similar qualities and characteristics. However, it proceeded to conclude that "the 'Mc' prefix minimizes the likelihood of any forward confusion" with the plaintiff's "Chicken Grill product" and provides "a clear and well-recognized signal that the source of the product is McDonald's": *A&W*, above, at para 83. As for "reverse" confusion, the Court added that there was "nothing inherent in the words 'chicken' and 'grill' that points to McDonald's": *A&W*, above, at para 84. In my view, the same cannot be said with respect to the words SASSAFRAS and SASSAFRAZ. For greater certainty, the Respondent provided no evidence that either the "S" at the end of its SASSAFRAS Marks, or the "Z" at the end of the Applicant's registered trademark, is a clear and well-recognized signal that would materially reduce the likelihood of confusion for a casual consumer who is somewhat in a hurry.

[46] The Respondent also asserts that the ideas evoked by the words SASSAFRAS and SASSAFRAZ, respectively, are different. Specifically, it states that the common noun sassafras is a tree associated with the American South and its cuisine, whereas SASSAFRAZ is associated with a Toronto restaurant that serves contemporary French-inspired Canadian cuisine to an allegedly elite clientele. The Respondent insists that a consumer looking to dine on "contemporary French-inspired Canadian cuisine" in the upscale Yorkville district of Toronto is

unlikely to be confused upon seeing the sign SASSAFRAS Coastal Kitchen and Bar in Beamsville.

[47] I disagree. The Respondent did not provide any meaningful evidence that consumers in Canada associate its SASSAFRAS Marks with the American F South and its cuisine. In this regard, Mr. Brownlee provided only two examples of the use of “Sassafras” as a trademark or a trade name in Canada. In each case, he did not provide any evidence to show how long the businesses have been in operation, or the extent to which they may have become known in Canada.

[48] The evidence provided in respect of the first of the two examples consisted of a copy of the search results for the term “sassafras food fair Vancouver,” together with a copy of some “Photos for Sassafras Food Fair” that appear on Yelp. Those search results and photos indicate that this establishment is a cafeteria at Vancouver General Hospital. The evidence pertaining to the second example simply consisted of a copy of the search results for the term “Sassafras Savouries prince george.” Those search results indicate that the establishment is “permanently closed.” This evidence does not suggest, let alone demonstrate, that consumers in Canada associate the word “sassafras” with the American South and its cuisine. In the absence of such additional evidence, there is no support for the proposition that either SASSAFRAZ or SASSAFRAS suggest or describe the nature or character of the parties’ respective services. Consequently, I agree with the Applicant that whatever ideas are suggested to consumers by the use of the words SASSAFRAS and SASSAFRAZ, they are likely to be the same, at least when

those terms are used in relation to catering services, restaurant and bar services, and the hosting of private receptions.

[49] It is relevant to note in passing that when Mr. Kocovski was asked on cross-examination whether he was aware that “there are many businesses that are associated with American southern-style food that associate their business with Sassafras with an S,” he replied: “Not in Canada.” That evidence was not contradicted.

[50] In summary, for the reasons provided above, I consider that a casual consumer who is somewhat in a hurry and has an imperfect recollection is likely to perceive the words SASSAFRAS and SASSAFRAZ to have high degree of resemblance in appearance and sound. Such a consumer is not likely to consider the small difference in the sound made at the end of the third syllable of those words to be significant. Stated differently, that difference is not such as to be likely to lead such a consumer to consider the degree of resemblance between the two otherwise identical words to be materially less than if the Respondent had used the term SASSAFRAZ in connection with its wares and services. These findings weigh in favour the Applicant.

(b) *The inherent distinctiveness of the trademarks or trade names and the extent to which they have become known (s. 6(5)(a))*

[51] The Respondent acknowledges that the SASSAFRAZ trademark is an invented term that is distinct. During the hearing of this Application, the Respondent conceded that this trademark

is “no doubt very strong.” However, it maintains that SASSAFRAS is a common noun over which the Applicant cannot claim proprietary rights. I disagree.

[52] The uncontested evidence from Mr. Kocovski is that the Applicant has invested heavily in promoting the coined term SASSAFRAZ in association with restaurant and bar services, since it opened its restaurant in June 1997. In 2005, it expanded into the hosting and catering of private events such as corporate events and weddings. Through print, radio and television advertising, as well as its promotional activities on its website and social media, it has created substantial local, national and international awareness of its inherently distinct SASSAFRAZ mark and its association with restaurant/bar/catering services and the hosting of private events. As a result, that mark has also achieved a considerable degree of acquired distinctiveness.

[53] There is no evidence that the term SASSAFRAZ has any descriptive or suggestive meaning in association with such services or events in Canada. For all intents and purposes, the same is true of the Respondent’s SASSAFRAS Marks.

[54] Therefore, the Applicant is entitled to fully enforce its right to national exclusivity in respect of the use of the SASSAFRAZ or any confusingly similar mark in association with such services and events.

[55] For greater certainty, the casual consumer who is aware of the inherently distinct term SASSAFRAZ and who is somewhat in a hurry is likely to make an association between that mark and the Respondent’s SASSAFRAS Marks. Therefore, this factor favours the Applicant.

(c) *The length of time the trademarks or trade names have been in use (s. 6(5)(b))*

[56] As discussed above, the Applicant's SASSAFRAZ trademark has been in use for over 25 years in connection with restaurant and bar services. It has also been in use for over 16 years in connection with the hosting and catering of private events. By contrast, the Respondent began to use its SASSAFRAS Marks in February 2020, in connection with the restaurant that it opened in June 2020, the same week that it was advised of the Applicant's rights in the SASSAFRAZ trademarks (including its trademark registration for SASSAFRAZ).

[57] This factor favours the Applicant.

(d) *The nature of the goods, services or business (s. 6(5)(c))*

[58] The Respondent maintains that the difference in the types of cuisine that it and the Applicant sell and market are such that a casual consumer who is somewhat in a hurry is unlikely to be confused with respect to the sources of their respective wares and services. In this regard, the Respondent notes that its restaurant specializes in American southern-style food. Its marketing activities emphasize that specialization. By comparison, the focus of the Applicant's SASSAFRAZ restaurant is upon "contemporary French-inspired Canadian cuisine."

[59] I disagree with the Respondent's position. Despite the differences in the type of cuisine sold by the parties, there is material scope for consumers who are aware of the Applicant's SASSAFRAZ restaurant to be confused when they encounter the SASSAFRAS Marks above and

within its restaurant, on the Internet, and elsewhere. This is because the SASSAFRAZ and SASSAFRAS marks are being used in relation to the same or substantially the same type of products and services (prepared meals sold in restaurants): *Reynolds*, above, at paras 30 and 32. Put differently, the fact that the Applicant's restaurant competes with restaurants offering other types of cuisine than what it offers creates meaningful scope for confusion among casual consumers who are somewhat in a hurry. This is particularly so as a matter of first impression. This scope for confusion is increased by the fact that there is some overlap in the menu items offered by the parties. In this regard, they each have fish, seafood, chicken and steak offerings.

[60] Consequently, I consider that this factor weighs in favour of the Applicant.

[61] However, the extent to which this is so is reduced by the fact that consumers who have actually been in the SASSAFRAZ establishment or seen its menu online would not likely confuse it with the Respondent's restaurant, once they have been in the latter establishment or seen its menu. Both of these have a "look and feel" that is not consistent with the type of upscale, fine-dining experience cultivated by the Applicant.

(e) *The nature of the trade (s. 6(5)(d))*

[62] The Respondent maintains that it and the Applicant focus on two different classes of customers. Specifically, it asserts that the Applicant has positioned its restaurant at the high-end of that business, whereas the Respondent operates in a less expensive segment of that business. The Respondent asserts that this eliminates any likelihood of confusion for consumers. The Respondent suggests that, like purchasers of many other types of expensive goods, the high-end

clientele who frequent the Applicant's restaurant are less likely to be confused when they encounter its SASSAFRAS Marks: *Masterpiece*, above, at para 70.

[63] In addition, the Respondent notes that as a result of the COVID-19 pandemic, it has been forced to focus on take-out and delivery services. In so doing, it uses modest takeout packaging and Skip the Dishes delivery service. The Respondent submits that this further reduces the possibility of any confusion between its services and those of the Applicant.

[64] I disagree. The differences in the positioning of the parties' restaurants on the price/quality spectrum are not as substantial as the Respondent has asserted. Among other things, the Respondent advertises its Beamsville Market as being a "gourmet market." In addition, the overlap between the items and price points of some the main courses in the parties' menus is not insignificant.¹ The same is true with respect to some of the appetizers.²

[65] Furthermore, it is reasonable to assume that people who are aware of the Applicant's SASSAFRAZ restaurant would expect that any establishment it might open in a local village such as Beamsville could well be somewhat more casual and less pricey than the venue in the upscale Yorkville district of Toronto.

¹ The menus of the parties each include fish, seafood, chicken and steak. With the exception of steak items, the entrees on the Applicant's menu range from \$20-30. The Respondent prices several of its other entrees at \$19.99 and sells a "Southern Seaboard" for \$89.99.

² The prices for most of the Respondent's appetizers range from \$11.99 to \$13.99. However, it also offers items for \$19.99 and \$25.99. By comparison, most of the Applicant appetizers are priced in the \$13-17 range, although it also offers one item for \$23 and two items for \$24. Both parties also offer some appetizers for a price below \$10.

[66] In brief, despite differences in how the parties have positioned their respective products along the price/quality spectrum, there is meaningful scope for casual consumers who are somewhat in a hurry to associate the source of the Respondent's SASSAFRAS Marks with the source of the Applicant's registered SASSAFRAZ trademark. This is particularly so as a matter of first impression: *Masterpiece*, above, at para 70.

[67] In support of its position, the Respondent relies on *Loblaws*, above, where this Court held that confusion was unlikely, despite the fact that the disputed short form trademarks were very similar. Specifically, each of the parties used the trademark "PC" in connection with its wares. The Respondent maintains that the Court in that case "reaffirmed its faith in the intellectual competence of customers" when it dismissed the plaintiff's infringement claim under section 20 of the TM Act. However, that case is distinguishable because the Court based its decision primarily on evidence of (i) significant differences in the trade channels used by the parties to sell their products (the traditional retail channel for the plaintiff versus the direct sales channel for the defendant), and (ii) the fact that the short form trademarks were often used together with the defendant's corporate name "Pampered Chef" or its long form mark bearing that name. In addition, there was no evidence of actual confusion, notwithstanding a significant period of concurrent use of the disputed marks in the marketplace: *Loblaws*, above, at paras 108, 137 and 155.

[68] Having regard to all of the foregoing, the "nature of the trade" factor weighs in favour of the Applicant.

(f) *Alleged additional relevant surrounding circumstances*

[69] The Respondent maintains that the absence of any evidence of market confusion ought to play an important role in the Court's confusion analysis. In his affidavit, Mr. Brownlee adds that he is not aware of anyone having attempted to order "contemporary French-inspired Canadian cuisine" from the Respondent's restaurant.

[70] It is not necessary for a party alleging a likelihood of confusion as between two or more marks to provide evidence of actual confusion: *Mattel*, above, at para 55. While an adverse inference may be drawn from the lack of such evidence "when concurrent use on the evidence is extensive," the evidence of concurrent use does not rise to that level in this case: *Dion Neckwear Ltd v Christian Dior SA*, 2002 FCA 29 at para 19; quoted with approval in *Mattel*, above at para 89.

[71] As noted at paragraph 9 above, Respondent's Facebook page has been in existence since February 20, 2020. That is also the date upon which its Instagram account was opened. However, it did not open its restaurant in Beamsville for another four months. In the meantime, the COVID-19 pandemic broke out in Canada in March 2020 and a lockdown was imposed. Although restrictions were subsequently eased at various points in time, they have also been tightened as successive waves of the pandemic have emerged. Mr. Kocovski's uncontested evidence is these restrictions have included lengthy shutdowns and major disruptions of the normal business operations of restaurants in the province, including the Applicant's restaurant. When he swore his affidavit in March 2021, the Applicant's restaurant was closed. In such circumstances, I do not consider it to be appropriate to draw any adverse inference from the absence of evidence of actual consumer confusion.

[72] I will pause to add that I agree with the Applicant that the fact that it has not been made aware of any instances of actual confusion does not mean that actual confusion has not resulted.

[73] The Respondent also maintains that the likelihood of consumer confusion is very low because its restaurant is located within the Niagara Peninsula, approximately 100 kilometres from the Applicant's restaurant in Toronto. However, the “geographical separation in the use of otherwise confusingly similar trade-names and trade-marks does not play a role in [the] hypothetical test” contemplated by subsections 6(2) – (4) of the *TM Act: Masterpiece*, above, at para 30. This is because that test is based on the assumption that the trademarks/tradenames in dispute are used “in the same area”: see paragraph 26 above.

[74] Finally, Mr. Brownlee states that he was unaware of the SASSAFRAZ trademark prior to being contacted by the Applicant’s legal counsel on June 26, 2020. However, “[m]ens rea is of little relevance to the issue of confusion”: *Mattel*, above, at para 90. This applies equally to the acknowledged intention of the Applicant to substitute a “z” for an “s” at the end of its SASSAFRAZ trademark, so as to distinguish its mark from the common noun “sassafras.”

(g) *Summary and conclusion regarding confusion and the alleged infringement*

[75] In summary, each of the five factors to be considered in determining whether trademarks or trade names are confusing, as set forth in paragraphs 6(5)(a) – (e) of the *TM Act*, weigh in favour of the Applicant.

[76] In brief, the following factors, individually and even more so collectively, give rise to material scope for the casual consumer who is somewhat in a hurry to be confused, as a matter of first impression, as to whether the source of the Respondent's SASSAFRAS Marks is the same as the source of the Applicant's SASSAFRAZ registered trademark:

- a) The SASSAFRAZ trademark is inherently distinct and it has become widely known locally, nationally and internationally. There is no evidence that the Respondent's SASSAFRAS Marks have any descriptive or suggestive meaning in association with catering services, restaurant or bar services, or hosted private events, in Canada. The same is true of the noun sassafras.
- b) The Applicant's SASSAFRAZ trademark has been in use for almost 25 years, versus approximately two years for the SASSAFRAS Marks. However, the Respondent was notified of the existence of the Applicant's registered trademark rights relatively early on in the latter period (June 2020).
- c) The nature of the parties' goods, services and business is substantially the same (for the most part, prepared meals sold in or by restaurants). Although the parties currently specialize in different types of cuisine, they compete in the same market for prepared meals sold in or by restaurants. There is also significant overlap in the types of dishes they offer, i.e., fish, seafood, chicken and steak. These considerations create significant scope for confusion for a casual consumer who is somewhat in a hurry. That said, this scope is reduced by the fact that consumers

who have actually been in the Applicant's restaurant or seen its menu online would not likely confuse it with the Respondent's restaurant, once they have been in the latter establishment or seen its menu. This is because the Respondent's restaurant and menu have a "look and feel" that is not consistent with the upscale, fine-dining experience that the Applicant has carefully cultivated.

- d) The nature of the Respondent's trade overlaps to a material degree with the nature of the Applicant's trade. Although the Respondent maintained that the parties focus on two different classes of customers along the price/quality spectrum, the extent to which this is so are not as significant as has been asserted. Moreover, the parties both compete in the same trade channels – the traditional restaurant and takeout retail channels.

- e) There is a high degree of visual and phonetic resemblance between the SASSAFRAZ trademark and the SASSAFRAS Marks, and the ideas evoked by those terms are likely to be similar, whatever they might be.

[77] The other surrounding circumstances identified by the Respondent are of little or no assistance to it in the confusion analysis. Specifically, given that the COVID-19 pandemic has existed for the entire period of concurrent use of the parties marks, it is not appropriate to draw an adverse inference from the absence of evidence of actual market confusion. Moreover, the geographic separation of the parties' restaurants does not play a role in the hypothetical test

contemplated by the confusion analysis. Finally, the parties' intentions are not relevant to that analysis.

[78] Having regard to all of the above, I conclude that the Respondent is distributing its wares and services in association with a trademark or trade name (SASSAFRAS) that is confusing with the Applicant's SASSAFRAZ registered trademark. As a result, the latter trademark is deemed to be infringed, within the meaning of paragraph 20(1)(a) of the *TM Act*.

[79] Beyond the foregoing, a fundamental problem with the Respondent's position is that it fails to recognize that the proper focus of confusion analysis must be upon the scope of rights granted to the Applicant in connection with its registered SASSAFRAZ trademark: *Masterpiece*, above, at paras 53–59.

[80] The exclusive rights that were granted to the Applicant in connection with its registered SASSAFRAZ trademark are in relation to catering services, restaurant and bar services, and the hosting of private receptions. Those rights are not confined to any particular type of cuisine, to fine dining, or to the higher end of the price-spectrum. The Applicant has every right to expand into the sale of American southern-style cuisine, and to use the SASSAFRAZ mark in association with that activity. Consequently, it also has the right to prevent others from using confusingly similar marks in respect of that activity.

B. *The Respondent's Alleged Depreciation of Goodwill (s. 22)*

[81] Section 22 prohibits the use of a trademark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attached to that trademark.

[82] To prevail with its allegation under section 22, the Applicant must demonstrate that the Respondent has “made use of marks sufficiently similar to [SASSAFRAZ] 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 [Applicant’s] mark”: *Veuve Clicquot*, above, at para 38.

[83] The Supreme Court of Canada has described the elements in section 22 as follows:

[...] Section 22 has four elements. 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).

[Emphasis in original.]

Veuve Clicquot, above, at para 46.

(1) Use of the Applicant’s Registered Trademark

[84] To establish this element, an Applicant is not required to demonstrate that the Respondent’s use of the SASSAFRAS Marks in the same area as the SASSAFRAZ trademark is used would likely lead to confusion. Instead, the Applicant is only required to demonstrate that the casual observer would likely recognize the SASSAFRAS Marks being used by the

Respondent as the Applicant's SASSAFRAZ trademark, despite the slight difference in spelling: *Veuve Clicquot*, above, at para 48.

[85] For many of the same reasons that were discussed above in connection with the Applicant's allegation of deemed infringement under section 20 of the *TM Act*, I consider this test to be met.

[86] In brief, the evidence establishes that the Respondent has made use of marks, namely the SASSAFRAS Marks, that are "so closely akin to [the Applicant's trademark] so as to be understood to be [the Applicant's] mark": *Venngo Inc v Concierge Connection Inc (Perkopolis)*, 2017 FCA 96 at paras 13, 80.

[87] Among other things, the parties' marks are highly similar in appearance and sound. This similarity is reinforced by the fact that the word SASSAFRAS is visually dominant in each of the SASSAFRAS Marks, and provides the "content and punch" of those marks. In addition, the disputed marks are used in association with the same or substantially the same types of products and services, namely, prepared meals sold in or by restaurants. There is also some overlap in how the parties' respective services are positioned on the price-quality spectrum within the restaurant market. Furthermore, they operate in the same channels of the restaurant market. Finally, the ideas suggested by their respective marks are likely similar, whatever they may be.

(2) Proof of Goodwill

[88] In the trademark context, the term “goodwill” “connotes the positive association that attracts customers towards its owner’s wares or services rather than those of its competitors”: *Veuve Clicquot*, above, at para 50.

[89] In assessing the existence of goodwill capable of depreciation, it is helpful to consider several factors as they relate to the Applicant’s trademark. These include the extent to which it enjoys “fame” and is recognized within the relevant universe of consumers, its geographic reach, its degree of inherent or acquired distinctiveness, the breadth of trade channels in which it is used, the extent to which it is identified with a particular quality, and the extent and duration of advertising and publicity. In addition, consideration should be given to the Applicant’s volume of sales and depth of market penetration: *Veuve Clicquot*, above, at para 54.

[90] The evidence with respect to these factors supports a conclusion that the SASSAFRAZ trademark has significant goodwill. This evidence has not been contested.

[91] As previously mentioned, the Applicant has engaged in extensive print, radio, television and social media advertising over a period of almost 25 years. As a result, its SASSAFRAZ restaurant has received very significant press coverage and mentions in local and national Canadian newspapers and magazines. Indeed, it has also received significant international press coverage. In addition, its website received approximately 120,000 unique visitors per year in recent years. The restaurant’s recognition and reputation have also been bolstered through direct marketing to approximately 16,000 existing and prospective customers, as well as by being an official hospitality partner of the Toronto International Film Festival. These significant

advertising and promotional activities over many years have helped the distinctive SASSAFRAZ trademark to also achieve a considerable degree of acquired distinctiveness.

[92] Given the geographic extent of awareness of the SASSAFRAZ trademark, I consider it reasonable to infer that it likely has achieved a material degree of recognition in the Niagara Peninsula, where the Respondent's restaurant is located. Even if that may not be true for local residents, it is likely true for the significant tourist population that is attracted to that region, particularly from Toronto. According to Mr. Brownlee's Affidavit, his restaurant in Beamsville is only slightly more than a one-hour drive from the Applicant's SASSAFRAZ restaurant. In my view, "relevant universe of consumers" for the present purposes includes the tourists who travel to Beamsville from Toronto and elsewhere.

[93] The extent to which the Applicant has extensively and successfully cultivated an upscale, fine-dining clientele also supports a finding that its SASSAFRAZ trademark has goodwill capable of depreciation. The same is true with respect to the fact that it is active and known in multiple trade channels. These include traditional restaurant dining services, take-out, and hosting/catering private events such as corporate gatherings and weddings. Likewise, the significant revenues generated by the Applicant's SASSAFRAZ restaurant further supports a finding that the SASSAFRAZ trademark has significant goodwill. According to the Kocovski Affidavit, annual sales from that restaurant in each of 2018 and 2019 (the last full years prior to the breakout of the COVID-19 pandemic) exceeded \$6 million, and annual sales revenues for the years 1997-2017 were in the "millions of dollars."

[94] Having regard to all of the foregoing, I find that the Applicant has established the existence of significant goodwill capable of depreciation.

(3) The Likelihood of an Effect on the Applicant's Goodwill

[95] In my view, it is reasonable to infer from the considerations discussed immediately above in connection with the first two elements of the test for depreciation of goodwill that this third element is also met: *Toys "R" Us*, above, at para 59.

[96] Those considerations include: the high degree of similarity between the disputed marks, the fact that they are used in association with the same or substantially the same types of products and services, the overlap in how the parties' respective services are positioned on the price-quality spectrum within the restaurant market, the fact that those services are supplied within multiple trade channels of that market, the likely similarity of the ideas suggested by those marks, the high degree of consumer awareness and recognition of the Applicant's SASSAFRAZ trademark, and the broad geographic extent of that brand recognition.

[97] These considerations support a finding that the Respondent's use of the SASSAFRAS Marks is likely to evoke a mental association (or linkage) between those marks and the Applicant's SASSAFRAZ trademark in the minds of casual consumers who are aware of the latter mark. In turn, that association is likely to have an effect on the Applicant's goodwill: *Veuve Clicquot*, above, at paras 46 and 56–57.

(4) The Likelihood of Depreciation of the Applicant's Goodwill

[98] The goodwill associated with a trademark can be depreciated in various ways. These include disparagement, use of the mark in a manner that is likely to adversely impact upon its reputation in the market, blurring the image of the mark, “whittling away” the mark’s power to distinguish the owner’s products, eroding the trademark owner’s ability to control the manner in which the mark is used, free-riding on the reputation of the mark, and diverting sales away from the owner’s products: *Veuve Clicquot*, above, at paras 63–64; *Cheung v Target Production Ltd*, 2010 FCA 255 at paras 26–28; *Toys “R” Us*, above, at paras 61–62; *A&W*, above, at paras 88–91; *Orkin Exterminating Co v Pestco Co of Canada* (1985), 50 OR (2d) 726 at paras 46–49 (CA).

[99] In my view, the evidence establishes that the Respondent’s use of its SASSAFRAS Marks has likely depreciated, and is likely to continue to depreciate, the goodwill in the Applicant’s registered SASSAFRAZ trademark in some of these ways.

[100] In particular, the uncontested evidence of Mr. Kocovski is that the Respondent’s restaurant “appears to be operated to a different standard and in a way which is inconsistent with the way in which we have carefully curated and crafted the image and branding of our SASSAFRAZ restaurant”: Kocovski Affidavit at para 61. This was recognized by Mr. Brownlee, when he asserted that the branding of the Respondent’s restaurant is very different from that of the Applicant. During the hearing, the Respondent’s counsel elaborated upon this by distinguishing the Respondent’s “small town restaurant” and menu from the Applicant’s upscale restaurant that caters to a high-end clientele. He added that the presentation of the takeout products of the parties is also completely different. A comparison of the parties’ menus and the

pictures of their restaurants and dishes makes this difference in focus and branding immediately apparent.

[101] In my view, this difference in focus and branding is likely to have the effect of depreciating the goodwill in the Applicant's registered SASSAFRAZ trademark. In addition to likely weakening the upscale, fine-dining reputation of that mark, this difference in focus and branding likely has the effect of blurring the image of the mark. It also has the likely effect of "whittling away" the mark's power to distinguish the Applicant's products.

[102] Moreover, the Respondent's ongoing use of the highly similar SASSAFRAS Marks necessarily results in eroding the Applicant's ability to control the manner in which its SASSAFRAZ mark is used. That ongoing use of such a highly similar mark is also a form of free-riding on the reputation of the SASSAFRAZ mark, which was built up over almost a quarter century of significant effort on the part of the Applicant.

(5) Summary – Depreciation of Goodwill

[103] For the reasons set forth above, I find that the Applicant has established the four elements of subsection 22(1) of the *TM Act*. Accordingly, I conclude that Respondent is using its highly similar SASSAFRAS Marks in a manner that is likely to have the effect of depreciating the value of the goodwill attached to the Applicant's registered SASSAFRAZ trademark.

C. *What, if Any, Remedies are Appropriate?*

[104] The Applicant seeks declaratory, injunctive and mandatory relief, as well as nominal damages in the amount of \$15,000.00 plus post-judgment interest in accordance with the *Federal Courts Act*, RSC, 1985 c F-7. In its Notice of Application, the Applicant also sought prejudgment interest punitive damages in the sum of \$50,000.00. However, it is no longer seeking the latter damages and it did not refer to prejudgment interest in its draft Order.

[105] Given the conclusions I have reached in relation to deemed infringement under paragraph 20(1)(a) of the *TM Act* and depreciation of goodwill, as set forth in subsection 22(1), I consider it appropriate to grant the declaratory and injunctive relief sought by the Applicant in respect of those provisions of the Act: *TM Act*, s 53.2(1).

[106] Regarding mandatory relief, I am prepared to grant some aspects of what the Applicant has requested. Specifically, I will grant the relief sought in relation to the business name registration for SASSAFRAS COASTAL KITCHEN AND BAR, as well as in relation to the destruction under oath of any goods, packaging, labels, advertising and promotional materials that display any of the SASSAFRAS Marks. However, I do not consider it appropriate to require the delivery up of any such items, or of any equipment used to produce the same. Likewise, I do not consider it appropriate to require the Respondent to transfer ownership or other rights to the domain name “sassafRASbeamsville.com” or any other domain name or social media account. It will suffice for the Respondent to cease using that domain name and any other domain names or social media accounts that include the word SASSAFRAS, whether in upper case or lower case letters.

[107] Turning to damages, the Applicant has not filed any evidence of actual monetary loss. Therefore, it seeks “nominal” damages of \$15,000.00. In response, the Respondent submitted that in the event of adverse findings in respect of sections 20 and 22 of the *TM Act*, any “nominal” damages that the Court may be inclined to award should not exceed \$6,000.00.

[108] In support of its position, the Respondent relies on this Court’s decision in *Aquasmart Technologies Inc v Klassen*, 2011 FC 212 at para 72 [*Aquasmart*]. There, the Court observed that “past decisions of the court have defined a scale that sets appropriate plaintiffs' damages, in 1997 dollars, at \$3,000 in the case of street vendors and flea market operators, \$6,000 in the case of sales from fixed retail premises, and \$24,000 in the case of manufacturers and distributors.”

[109] The Applicant replies that the scale referred to in the passage quoted immediately above was developed in connection with *Anton Pillar* proceedings that involved counterfeit goods. This was noted in *Louis Vuitton Malletier SA v Singga Enterprises (Canada) Inc*, 2011 FC 776 at para 129; and in *Pick v 1180475 Alberta Ltd (Queen of Tarts)*, 2011 FC 1008 at para 52 [*Pick*]. Indeed, two of the three cases cited in *Aquasmart* immediately following the passage quoted above were such cases: *Oakley Inc v Jane Doe*, [2000] FCJ No 1388; *Ragdoll Productions (UK) Ltd v Jane Doe*, [2003] 2 FC 120 (TD). The third case was undefended: *D & A's Pet Food'n More Ltd v Seiveright*, 2006 FC 175 at para 9.

[110] In support of its request for nominal damages of \$15,000.00, the Applicant relies on other jurisprudence in which this Court has awarded nominal damages ranging from \$10,000 - \$25,000 in non-*Anton Pillar* contexts: *Pick*, above, at para 53; *Aquasmart*, above, at para 74 and para 5 of

the ensuing Order; *Toys “R” Us*, above, at para 68; and *Trans-High Corporation v Hightimes Smokeshop and Gifts Inc*, 2013 FC 1190 at para 26.

[111] In my view, the line of jurisprudence relied on by the Applicant is more relevant and applicable to the present case. I agree that an award of \$15,000.00 would be appropriate to achieve the compensatory and deterrence objectives of a nominal damages award, particularly given the following facts:

- a) The Respondent was advised of the Applicant’s rights in its registered SASSAFRAZ trademark approximately contemporaneously with the launch of the Respondent’s restaurant.
- b) At that time, the Respondent was also requested to agree to immediately cease and desist using the mark SASSAFRAS in association with its restaurant.
- c) The Respondent has continued to operate that restaurant in association with the SASSAFRAS Marks since that time, except when prevented from doing so by provincial health measures related to the COVID-19 pandemic.
- d) The Respondent expanded its operations to include its “gourmet marketplace” called BEAMSVILLE MARKET BY SASSAFRAS.

V. **Costs**

[112] Prior to the hearing, a Direction was issued to the parties encouraging them to attempt to reach an agreement regarding a lump sum amount of costs that would be paid to the successful party by the unsuccessful party. The parties were also encouraged to inform the Court of any agreement reached in this regard at the end of the hearing on January 10, 2022. In the event that such an agreement could not be reached, the parties were invited to identify a lump sum amount that would reflect the factors in Rule 400(3) that are relevant in this proceeding.

[113] However, at the end of the hearing, counsel advised that they were unable to reach any such agreement. Counsel to the Applicant further advised that it was unlikely that an agreement could be reached, even if the parties were given additional time for that purpose. Consequently, counsel suggested that the parties be requested to provide short written submissions on costs within five days of the release of these reasons. This suggestion is reflected in the attached Judgment.

JUDGMENT in T-1548-20

THIS COURT'S JUDGMENT is that:

1. The Respondent has:
 - a. infringed the Applicant's registered SASSAFRAZ Trademark (TMA799,485) contrary to s. 20 of the *Trademarks Act*, RSC 1985, c T-13 [the **TM Act**]; and
 - b. used the Applicant's registered SASSAFRAZ Trademark in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to s. 22(1) of the *TM Act* as a result of its use of the confusingly similar trademarks and trade names SASSAFRAS, SASSAFRAS COASTAL KITCHEN AND BAR, SASSAFRAS BEAMSVILLE, and BEAMSVILLE MARKET BY SASSAFRAS [collectively, the **SASSAFRAS Marks**], as well as related logo designs for these marks, in association with the operation of its restaurant and food market business and the offering, performing, advertising, and promotion of restaurant, bar, and related retail services without the consent, license, or permission of the Applicant.
2. The Respondent, along with any parent, affiliate, subsidiary and all other related companies and businesses, together with their respective and collective officers, directors, shareholders, employees, agents, partners, licensees, franchisees, successors, and assigns, and all others over whom any of the foregoing by themselves

or through any companies or other businesses control or operate, directly or indirectly, whether now or in the future, are hereby permanently enjoined from:

- a. selling, distributing, or advertising any goods or services in association with any mark or name confusingly similar to the Applicant's registered SASSAFRAZ Trademark, contrary to s. 20 of the *TM Act*; and
 - b. using the SASSAFRAS Marks in a manner that is likely to have the effect of depreciating the value of the goodwill attaching to the Applicant's registered SASSAFRAZ Trademark, contrary to s. 22(1) of the *TM Act*, including without limitation by adopting and using any of SASSAFRAS, SASSAFRAS COASTAL KITCHEN AND BAR, SASSAFRAS BEAMSVILLE, BEAMSVILLE MARKET BY SASSAFRAS or www.sassafrasbeamsville.com, or any other mark or name confusing with any of the Applicant's SASSAFRAZ trademarks, as or as part of any trademark, trade name, corporate name, business name, domain name, or social media account name, in association with the operation of any restaurant and food market business or the offering, performing, advertising, and promotion of restaurant, bar, or related retail services.
3. The parties described in paragraph 2 above shall destroy under oath any and all goods, packaging, labels and advertising and promotional materials in their possession, power or control that bear one or more of the SASSAFRAS Marks.

4. The Respondent shall take all steps necessary to irrevocably withdraw, abandon, or amend its business name registration for "SASSAFRAS COASTAL KITCHEN AND BAR" (Business Name Reg. No. 300168473) with the Ministry of Government and Consumer Services of the Province of Ontario (or any other applicable authority).

5. The Respondent shall permanently cease using the domain name "www.sassafrasbeamsville.com", as well as any other domain name or social media account name owned and/or controlled by the Respondent, be it directly or indirectly, that contains, is comprised of, or is confusing with the Applicant's SASSAFRAZ Trademarks.

6. The Respondent shall pay the Applicant forthwith damages in the amount of \$15,000.00, together with post-judgment interest at the rate of **2.0%** per year from the date of this Judgment. The parties shall provide, within 5 days of the date of this judgment, written submissions not to exceed three pages in length, regarding the appropriate amount of lump sum costs that should be paid by the Respondent to the Applicant, having regard to the conclusions reached in the attached decision and the factors set forth in Rule 400(3) of the *Federal Courts Rules*, SOR/98-106.

"Paul S. Crampton"

Chief Justice

APPENDIX 1 — Relevant Legislation

When mark or name confusing

6 (1) For the purposes of this Act, a trademark or trade name is confusing with another trademark or trade name if the use of the first mentioned trademark or trade name would cause confusion with the last mentioned trademark or trade name in the manner and circumstances described in this section.

Quand une marque ou un nom crée de la confusion

6 (1) Pour l'application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l'emploi de la marque de commerce ou du nom commercial en premier lieu mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.

Confusion — trademark with other trademark

(2) The use of a trademark causes confusion with another trademark if the use of both trademarks 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 or appear in the same class of the Nice Classification.

Marque de commerce créant de la confusion avec une autre

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les produits liés à ces marques de commerce sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même

classe de la classification de Nice.

Confusion — trademark with trade name

(3) The use of a trademark causes confusion with a trade name if the use of both the trademark and trade name in the same area would be likely to lead to the inference that the goods or services associated with the trademark and those associated with the business carried on under the trade name are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

Marque de commerce créant de la confusion avec un nom commercial

(3) L'emploi d'une marque de commerce crée de la confusion avec un nom commercial lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les produits liés à cette marque et les produits liés à l'entreprise poursuivie sous ce nom sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à cette marque et les services liés à l'entreprise poursuivie sous ce nom sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.

Confusion — trade name with trademark

(4) The use of a trade name causes confusion with a trademark if the use of both the trade name and trademark in the same area would be likely to lead to the inference that the goods or services associated with the business carried on under the trade name and those associated with the trademark are manufactured, sold, leased, hired or performed by the

Nom commercial créant de la confusion avec une marque de commerce

(4) L'emploi d'un nom commercial crée de la confusion avec une marque de commerce lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les produits liés à l'entreprise poursuivie sous ce nom et les produits liés à cette marque sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à l'entreprise poursuivie sous

same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

ce nom et les services liés à cette marque sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.

What to be considered

Éléments d'appréciation

(5) In determining whether trademarks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

(a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;

a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;

(b) the length of time the trademarks or trade names have been in use;

b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;

(c) the nature of the goods, services or business;

c) le genre de produits, services ou entreprises;

(d) the nature of the trade; and

d) la nature du commerce;

(e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.

e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

...

[...]

Rights conferred by registration

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

Infringement

20 (1) The right of the owner of a registered trademark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who

(a) sells, distributes or advertises any goods or services in association with a confusing trademark or trade name;

...

Depreciation of goodwill

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

...

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.

Violation

20 (1) Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne qui est non admise à l'employer selon la présente loi et qui :

a) soit vend, distribue ou annonce des produits ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion;

[...]

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.

[...]

Power of court to grant relief

53.2 (1) If a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits, for punitive damages and for the destruction or other disposition of any offending goods, packaging, labels and advertising material and of any equipment used to produce the goods, packaging, labels or advertising material.

Pouvoir du tribunal d'accorder une réparation

53.2 (1) Lorsqu'il est convaincu, sur demande de toute personne intéressée, qu'un acte a été accompli contrairement à la présente loi, le tribunal peut rendre les ordonnances qu'il juge indiquées, notamment pour réparation par voie d'injonction ou par recouvrement de dommages-intérêts ou de profits, pour l'imposition de dommages punitifs, ou encore pour la disposition par destruction ou autrement des produits, emballages, étiquettes et matériel publicitaire contrevenant à la présente loi et de tout équipement employé pour produire ceux-ci.

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1548-20

STYLE OF CAUSE: 1196278 ONTARIO INC DBA SASSAFRAZ v 815470
ONTARIO LTD DBA SASSAFRAS COASTAL
KITCHEN AND BAR

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APPEARANCES:

A. Kelly Gill FOR THE APPLICANT
James Green

Marc A. Munro FOR THE RESPONDENT

SOLICITORS OF RECORD:

Gowling WLG (Canada) LLP FOR THE APPLICANT
Toronto, Ontario

Graydon Sheppard Professional FOR THE RESPONDENT
Corporation
Hamilton, Ontario