

Federal Court



Cour fédérale

Date: 20220110

Docket: T-2080-17

Citation: 2022 FC 20

Ottawa, Ontario, January 10, 2022

PRESENT: Mr. Justice Pentney

BETWEEN:

MAINSTREET EQUITY CORP.

Plaintiff

and

**CANADIAN MORTGAGE CAPITAL
CORPORATION, ATRIUM MORTGAGE
INVESTMENT CORPORATION, CANADIAN
MORTGAGE SERVICING CORPORATION, CMCC
CAPITAL FUND (GP) INC, DREAM CMCC
CAPITAL FUND (GP) INC., DREAM CMCC
CAPITAL FUND LIMITED PARTNERSHIP,
DREAM CMCC CAPITAL FUND II (GP) INC., AND
DREAM CMCC CAPITAL FUND II LIMITED
PARTNERSHIP**

Defendants

JUDGEMENT AND REASONS

I. Introduction

[1] The Plaintiff, Mainstreet Equity Corporation, claims that the Defendants are violating its trademarks by using their registered trademark as well as related unregistered marks. Mainstreet argues that this is particularly egregious, because in an earlier proceeding, the Trademark Opposition Board (TMOB) refused the application by one of the Defendants, the Canadian Mortgage Capital Corporation (CMCC), to register a design that is virtually identical to the one it is now using. This refusal was based on Mainstreet's objection that the two designs were confusing.

[2] Prior to the TMOB decision on Mainstreet's objection, the Defendant Atrium applied to register a trademark using an identical design or logo as the one CMCC had previously tried to register (the Atrium Mark). The Atrium registration was granted in September 2016. Mainstreet claims that Atrium's trademark is invalid and should be expunged. It also claims that it is entitled to an injunction and damages because the Defendants have engaged in passing off. In addition, Mainstreet claims punitive damages, because Atrium persisted in using the Mark despite its knowledge of Mainstreet's trademark claim.

[3] The Defendants argue that there is no basis to question their trademark, because it is validly registered and there is no confusion caused by the two marks. It argues that there is no basis for any damages award or injunction, because there has been no passing off and its registration is a complete defence to any claim.

[4] For the reasons that follow, I am dismissing Mainstreet's claim. I am not persuaded that there is a likelihood of confusion between the Marks, and thus the claim of passing off is not

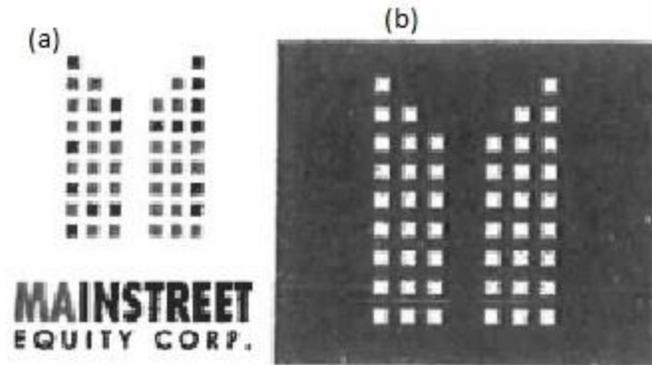
made out. I am also not persuaded by Mainstreet's arguments that the Atrium Mark should be expunged from the register.

II. Background

A. *The Parties*

[5] Mainstreet is a publicly traded Canadian residential real estate corporation organized and existing under the laws of Alberta. It was established in 1997. Mainstreet's main focus is on the acquisition, refinancing, rental, management and sale of residential properties in Canada. This involves buying underperforming mid-sized apartment buildings, renovating them, and then placing them back on the market at rental rates that reflect their increased value. Mainstreet owns and operates properties throughout Western Canada, including in Saskatchewan, Alberta and British Columbia. It also operated for a time in Ontario, but has long-since stopped doing business there.

[6] Mainstreet uses an unregistered logo comprised of a stylized building design as well as its corporate name; it has also used the building design on its own. (Note: both parties refer to their designs as a "skyscraper" logo; to avoid confusion I will refer to each one by the party's name). The Mainstreet trademarks in issue are shown below as "a" and "b" (Mainstreet Marks):



[7] For ease of reference, the trademark set out at (a) above will be referred to as the “Mainstreet Composite Mark” and the version set out at (b) above will be referred to as the “Mainstreet Design Mark”.

[8] In addition, Mainstreet is the owner of the word mark “MAINSTREET” (TMA975503), which has been registered since July 11, 2017 in association with “residential property management.”

[9] Mainstreet used prior logos at least as early as 1998, but these were discontinued around 2001-2002, when it began to use the current versions of its trademarks, set out above. The prior logos are shown below:



[10] The Defendants comprise a number of related companies: (1) Atrium; (2) CMCC; (3) Canadian Mortgage Servicing Corporation (CMSC); (4) CMCC Capital Fund; (5) Dream CMCC Fund I (Dream CMCC LP I and Dream CMCC Inc. I); and (6) Dream CMCC Fund II (Dream CMCC LP II and Dream CMCC Inc. II). In summary, all of these companies are involved in the real estate industry, broadly defined:

- Atrium, which is a publicly listed company, is a non-bank lender whose clients are primarily real estate developers;
- CMCC is a mortgage brokerage company and mortgage funds manager;
- CMSC is a mortgage servicing company; and
- the various Capital Funds (CMCC Capital Fund, Dream CMCC Fund I and Dream CMCC Fund II) provide related financing services through real estate investment funds.

[11] The Defendant Atrium owns Canadian Trademark Registration no. TMA 949,353 (Atrium mark), which was registered on September 15, 2016 in association with “mortgage investment services: provision of mortgage loans”:



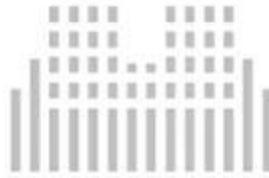
[12] For ease of reference, I will refer to this as the Atrium Mark.

[13] Certain of the other Defendants, namely CMCC, CMSC and CMCC Capital Fund display the Atrium Mark together with their various corporate names. These are set out in Appendix A. Neither Dream CMCC Funds I or Dream CMCC Fund II have a logo or mark, but they have made limited use of the marks used by CMCC and CMCC Capital Fund.

[14] Atrium also owns registered trademarks for the wordmarks “ATRIUM” (TMA949,354) and “ATRIUM MORTGAGE INVESTMENT CORPORATION” (TMA864,981), in association with mortgage investment services.

B. *Prior Proceedings*

[15] On October 4, 2012, CMCC applied for registration of the Atrium Skyscraper Design on the basis of use in Canada since at least as early as May 2012 in association with mortgage investment services. This is the design that was applied for:



[16] For ease of reference, I will refer to this as the Atrium Skyscraper Design, because it was subsequently incorporated into the Atrium registration.

[17] The application was advertised on June 12, 2013, and Mainstreet filed a statement of opposition on August 12, 2013, claiming that the Atrium Skyscraper Design had not been used in Canada and was confusing with its trademarks (both the Mainstreet Composite and the Mainstreet Design Mark set out above as (a) and (b)). CMCC denied these allegations.

[18] The Trade-marks Opposition Board (TMOB) refused CMCC's application on September 24, 2015 (2015 TMOB 164). The TMOB found that the determinative issue was whether the two marks were confusing, as claimed by Mainstreet's opposition based on paragraph 16(1)(a) of the *Trademarks Act*, R.S.C. 1985, c T-13 [the *Act*]. The TMOB began by reviewing the evidential burden on an opponent to support the allegations set out in its statement of opposition, noting that if this burden was met, the applicant had a legal onus to prove its case by showing that its application does not contravene the provisions of the *Act* as claimed by the opponent.

[19] Turning to the merits, the TMOB noted that Mainstreet's best chance of success was with the Mainstreet Design Mark. Based on the evidence filed before it, the Board found that Mainstreet had provided evidence of use of its Design Mark prior to May 2012 and continuing

through 2014. This shifted the onus to CMCC to establish, on a balance of probabilities, that as of the date of first use, namely May 2012, there was not a reasonable likelihood of confusion between its Atrium Design Mark and the Mainstreet Design Mark.

[20] The TMOB applied the criteria set out in s 6(5) of the *Act* to assess confusion. It found that both parties' marks possessed a limited degree of inherent distinctiveness "as both suggest that the parties' services are related to skyscrapers or other high-rise buildings" (TMOB Decision, para 15). On the length of use, the TMOB concluded that there was no evidence that the CMCC mark was known to any extent in Canada as of the date of first use (May 2012), whereas the Mainstreet mark was known to some extent in Canada as of this date because it had appeared on Annual Reports since at least 2002, on Mainstreet's website and Twitter account, as well as on pamphlets and flyers distributed in its buildings and on signage outside of its buildings. The TMOB found that use of the Mainstreet Composite Mark, including both the Mainstreet Skyscraper Design and the words "MAINSTREET EQUITY CORP", was such that use of this trademark also constituted use of the Mainstreet Design Mark, citing *Nightingale Interloc Ltd. v Prodesign* (1984), 2 CPR (3d) 23, [1984] TMOB No 52 at para 20).

[21] The TMOB then turned to the degree of resemblance, which the TMOB acknowledged is the factor that will often have the greatest effect on the confusion analysis (citing *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*] at para 49). The TMOB summarized the approach set out in the jurisprudence: the marks must be considered in their totality; it is not correct to lay the marks side-by-side to compare similarities or differences between the elements, but rather the preferable approach when comparing marks is to begin by determining whether

there is an aspect of the trademarks that is particularly striking or unique (citing *Veuve Cliquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve Cliquot*] at para 20 and *Masterpiece* at para 64).

[22] Applying this to the marks in question, the TMOB concluded at paragraph 21:

... I assess that there is a high degree of resemblance between the trade-marks at issue. The most striking feature of each of the parties' trade-marks is that these trade-marks are comprised of a depiction of skyscrapers or other large buildings which are formed through the grouping of squares and rectangles. To the extent that both marks suggest services related to skyscrapers or other large buildings, the ideas suggested are the same, however, I do not consider that either party would be entitled to a monopoly in respect of such an idea as applied to the respective services of the parties.

[23] The TMOB also considered the nature of the goods, services, business or trade, finding that the overlap in the nature of the services and trade between CMCC and Mainstreet was “tangential at best since the parties' services are targeted at different customers with different needs (those looking for rental accommodations versus those looking for financing and mortgages)” (para 24). The TMOB did find, however, that there was an overlap in the nature of the business of the parties since CMCC was in the business of providing financing to those in the real estate field. It was not convinced that the fact that both parties appeared to target investors to be particularly relevant given that Mainstreet did not refer to such services in its statement of opposition.

[24] CMCC had filed evidence about the state of the Register of Trade-Marks, arguing that designs showing skyscrapers were common in the field of real estate and therefore Mainstreet's

design should only receive a very narrow scope of protection. The TMOB accepted that state of the register evidence can be used to draw inferences about the state of the marketplace, but only where large numbers of relevant registrations are located. On this question, however, the TMOB noted that both marks featured a building or buildings “created by the grouping of small square and/or rectangular shapes” and it found that there was “insufficient evidence to conclude that consumers are used to distinguishing such highly similar designs.” (para 27)

[25] Based on this analysis, the TMOB concluded:

[29] Having regard to all the surrounding circumstances set out above, in particular the similarity between the parties’ trade-marks, the overlap in the nature of the business of the parties, and the fact that only [Mainstreet] has evidenced use of its Skyscrapers Design Trade-mark at the material date, I conclude that [CMCC] has not discharged its burden of establishing on a balance of probabilities, that the Mark is not confusing with the [Mainstreet] trade-marks. This ground of opposition is successful.

[26] The TMOB also found that the opposition based on s 2 of the *Act* was successful, because the evidence did not show sufficient simultaneous use of the parties’ trademarks to enable it to infer that confusion is unlikely, in the absence of evidence of factual confusion. Because it found that the balance of probabilities were evenly balanced between a finding that the Atrium Mark is distinctive and one that it is not, the TMOB concluded that CMCC had not met its legal onus and therefore it upheld this ground of opposition as well.

[27] In light of its findings, the TMOB refused CMCC’s application on September 24, 2015. There was no appeal from this decision.

[28] To complete the narrative, it is worthwhile noting that on July 30, 2015 (a few months before the TMOB decision), Atrium applied for the registration of its trademark, using the same design as CMCC but adding “Atrium Mortgage Investment Corporation” directly below the logo. The registration was granted on September 15, 2016.

[29] At some point in 2016, on the advice of legal counsel, a licence agreement was entered into granting Atrium the rights to use the Atrium Skyscraper Design logo, and CMCC was granted a non-exclusive licence to use that design in its branding. This is discussed in more detail below.

C. *The Evidence Presented at the Summary Trial*

[30] The summary trial proceeded on the basis of examination and cross-examination of the principal affiant for both sides, together with certain other affidavits on which there was no cross-examination. In addition, the affidavits included a substantial number of documentary exhibits.

[31] Although both sides attempted, to some degree, to call into question the credibility of the other’s principal witness, I found that both Mr. Lam and Mr. Goodall presented their evidence in a straightforward manner, and their credibility was not diminished in any significant way during cross-examination..

(1) Mainstreet’s Evidence

[32] The principal affiant for Mainstreet was Johnny Lam, who joined Mainstreet as its Chief Financial Officer (CFO) in 1998, a position he held until 2017. He was also appointed its Chief Operating Officer (COO) in 2012, and so he was both CFO and COO between 2012 and 2017. In these roles, he has overseen all aspects of Mainstreet's finances, operations and business development. He was examined and cross-examined on his affidavit at the summary trial.

[33] Mr. Lam gave evidence about Mainstreet's business, its growth and expansion over the years, as well as its efforts to promote its brand and attract both tenants to its rental units and investors as its shareholders. He described Mainstreet's business, which is identifying and buying under-performing mid-sized apartment buildings, improving them through renovations and efforts to reduce their operating costs, then putting them back into the rental market at higher rents to reflect the increased value of the properties. Mainstreet also sometimes sells mature real estate properties so that it can put its capital into newer properties with higher potential.

[34] Mr. Lam described Mainstreet's growth and expansion, from its initial focus on properties in Calgary, Alberta, its expansion to Edmonton and Lethbridge in Alberta, Surrey, Abbotsford and Kamloops in British Columbia, as well as Saskatoon and Regina in Saskatchewan. He indicated that it also operated in Toronto, Ontario for a period, but it closed its operations there in 2009 and sold its final properties in 2014. Mr. Lam's evidence is that in 1998, Mainstreet held 272 units at a market value of approximately \$17 million. By September 2019, it held 12,901 units with a market value of \$2.04 billion. Since 1998, Mainstreet has been publicly traded, has been listed as among Alberta's largest corporations, and was listed as one of Canada's most profitable public companies (ranking 202nd).

[35] Mr. Lam described Mainstreet's target markets as existing and potential investors, as well as members of the public who are looking for housing. It targets these markets through print and online resources, as well as signage outside its many properties. Its yearly spending on advertising, marketing and promotion has grown from over \$400,000 in 2010 to \$1.4 million in 2019, with a transition over time from traditional paper-based advertising to an increased investment in online advertising, for example through Google ads. This evolution has been matched by Mainstreet's increased presence on social media, including Facebook, Twitter, LinkedIn, Instagram and Pinterest.

[36] Mainstreet's use of its various trademarks is also described in Mr. Lam's affidavit, and this evidence is set out more fully in the analysis below. Briefly, Mr. Lam's evidence is that Mainstreet has used both its Skyscraper Mark and its Design Mark on a regular and ongoing basis.

[37] Mainstreet also relied on the affidavit of Alisha Schell, a law clerk employed by Norton, Rose Fulbright, counsel for the Plaintiff. Her affidavit enclosed transcripts of the examination for discovery of Robert Goodall (the Defendants' principal witness), as well as an undertakings/refusals chart, and certain other productions, as well as historical information about the Defendants' website obtained from the "Wayback Machine" (www.internetarchive.org). In addition, she provided copies of certain correspondence between counsel for the parties. She was not cross-examined.

(2) The Defendants' Evidence

[38] The principal affiant for the Defendants was Robert Goodall, the President, COO and Founder of Atrium, CMCC and CMSC. He has held these positions since each of these companies was founded. He is also the President and a Director of the CMCC Capital Fund, Dream CMCC Fund I and Dream CMCC Fund II (collectively the Capital Funds). As President, he is responsible for the general supervision of the business and affairs of each entity, and ultimately for their branding including the selection and use of the trademarks.

[39] Mr. Goodall described the nature of the Defendant businesses, the services provided by each of them, and his active role in the operations and marketing of the various entities. He states that he is ultimately responsible for the branding of these companies, including the selection and use of trademarks. His evidence sets out the growth of these businesses, their clientele, and their general operations. In summary, he described the various Defendant companies in the following way:

- Atrium – a publicly traded Canadian non-bank lender that provides financing solutions to real estate developers in Ontario, Alberta and British Columbia. Atrium is a Mortgage Investment Corporation (MIC) under the *Income Tax Act*, RSC 1985, c 1 (5th Supp.). His evidence is that approximately 95% of Atrium’s mortgage portfolio and business is related to borrowing by real estate developers. The rest of its mortgages are loans on individual single-family homes, where borrowers are unable to obtain traditional bank financing. As of June 2019, Atrium was one of the top four MICs in Canada, with assets over \$750 million and a market capitalization of \$525 million.

- CMCC – manages Atrium’s business through an exclusive management agreement (Atrium has only one employee). CMCC is a mortgage brokerage and mortgage funds management company, whose sole business is originating and underwriting mortgages, sourcing and managing investments in real estate projects, and managing public and private mortgage funds. It has mortgage brokerage licenses in Ontario, British Columbia and Alberta, and until June 2019, in Saskatchewan. It is a private company, and Mr. Goodall is the majority owner. Between 1994 and 2020, it had arranged financing on over \$6 billion in real estate in Ontario.
- CMSC – it is a wholly owned subsidiary of CMCC. Since 2000, CMSC has provided mortgage servicing to mortgage lenders and investors. It specializes in providing back-office services for its customers, and it has over \$1 billion of mortgages under its administration. It services and manages a variety of loan structures for life insurance companies, banks, trust companies and private investors. CMSC’s largest client is Atrium.
- The Capital Funds – these funds operate as joint venture partners with real estate investors and developers, and they typically take an equity stake in joint venture real estate projects. Entities related to CMCC contribute substantial funds to each of the Capital Funds, and they also attract high net worth individual investors. A typical minimum subscription to invest in one of the Capital Funds is between \$200,000 and \$500,000. These funds are not marketed to the general public. The funds invest primarily in residential condominium developments that are not yet built, and commercial development and re-development projects in Toronto and

Vancouver. They do not invest in acquiring or redeveloping existing apartment buildings or existing single-family homes.

[40] Mr. Goodall described the creation of the Atrium Design Mark. He also described the prior proceedings involving the parties before the TMOB and subsequent events; this evidence is discussed in more detail below.

[41] The Defendants also relied on three other affiants:

- Jason Williams – a private investigator who described his search for other trademarks on the database of the Canadian Intellectual Property Office (CIPO), and in particular other trademarks showing buildings or using a design representing the letter “M”;
- Katrina Bright – a law clerk with Bereskin & Parr LLP, counsel for the Defendants, whose affidavit enclosed correspondence between counsel showing their consent to the use of CIPO printouts rather than obtaining certified copies;
- Lori-Anne DeBorba – a law clerk with Bereskin & Parr LLP, filed a confidential affidavit enclosing transcripts of the examinations for discovery of Mr. Goodall as well as answers to undertakings.

III. Issues

[42] The first question is whether this is a suitable case for summary trial. If so, it is necessary to examine Mainstreet’s claim, which involves two main branches: (i) that Atrium’s registered trademark is invalid under s 18 of the *Act* ; and (ii) that Mainstreet is entitled to damages and an

injunction because Atrium has engaged in passing off, contrary to paragraph 7(b) of the *Act*. As a threshold matter, Mainstreet must establish that it has a valid trademark.

[43] It will be convenient to deal with the issues in the following order:

- A. Is this case suitable for a summary trial?
- B. Does Mainstreet have an enforceable trademark?
- C. Has Mainstreet established that the Defendants have engaged in passing off, contrary to paragraph 7(b) of the *Act*?
- D. Is Atrium's registration invalid, under section 18 of the *Act*, and is its use properly licensed under section 50 of the *Act*?
- E. Is Mainstreet entitled to the remedies it seeks?

IV. Analysis

A. *Summary Trial*

[44] The parties jointly proposed that this was a suitable case for a summary trial, and it is not necessary to discuss this point in any detail, because I agree that summary trial is an appropriate procedure. While the consent of the parties is not determinative, it is an important consideration in determining whether it is "suitable" and "just" to proceed by way of summary trial: *Tremblay v Orio Canada Inc.*, 2013 FC 109 at para 26; *Iamgold Corporation v Hapag-Lloyd AG*, 2019 FC 1514 at paras 8-10, aff'd (although not on this point) 2021 FCA 110.

[45] In assessing whether summary trial is appropriate, factors such as the complexity of the matter, urgency, cost, time, expert evidence, and whether a summary trial risks “litigating in slices” are relevant considerations: see *ViiV Healthcare Company v Gilead Sciences Canada, Inc.*, 2021 FCA 122 at para 38, and the cases cited therein.

[46] In this case, the issues are not particularly complex, the evidence is by way of affidavit supported by an extensive documentary record, and the principal affiants for each party were examined and cross-examined. There is sufficient evidence for adjudication of the issues, and although there are some conflicts in the evidence, credibility was not a significant factor. There is no risk of “litigating in slices” because the summary trial will address all of the issues between the parties and will determine the outcome of the action.

[47] I am therefore persuaded that this is a suitable case for summary trial, that it would allow the efficient resolution of the dispute between the parties and that it would not be unjust to decide the issues in the case by summary trial.

B. *Does Mainstreet have an enforceable trademark?*

[48] Mainstreet is seeking to enforce its rights in respect of its unregistered trademarks, claiming that Atrium has engaged in passing off contrary to paragraph 7(b) of the *Act*. A threshold requirement is that the claimant establish that it has a valid and enforceable trademark, whether registered or unregistered, at the time the defendant first began directing public attention to its own goods and services (*Sandhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2019 FCA 295 [*Hamdard Trust*] at para 39; *Nissan Canada Inc. v BMW Canada Inc.*, 2007 FCA 255 at

para 14). This requirement appears to derive from constitutional constraints on federal jurisdiction in relation to trademarks (*Kirkbi AG v Ritvik Holdings Inc.*, 2005 SCC 65 at paras 3, 26).

[49] The *Act* defines a trademark at s 2 as a “sign or combination of signs that is used by a person for the purpose of distinguishing or so as to distinguish their goods or services from those of others...” The *Act* defines a trade name as “the name under which any business is carried on, whether or not it is the name of a corporation, a partnership or an individual.”

[50] A trademark is deemed to be used “in association with services if it is used or displayed in the advertising of those services” (*Trademark Act*, s 2).

(1) The Submissions of the Parties

[51] Mainstreet claims that it has used both of its trademarks since at least 2001-2002, and continuously since then. It argues there is abundant evidence showing use of the Mainstreet Composite Mark, including on its Annual Reports and on outdoor signage outside Mainstreet properties. In addition, Mainstreet points to its large and steadily-increasing advertising budget, arguing that its Skyscraper Mark has consistently appeared on its advertisements since 2002. This includes advertising on the Mainstreet website (www.mainst.biz), its social media accounts including Instagram, YouTube, Facebook, Twitter, LinkedIn and Pinterest, as well as its advertising through Google ads. Mainstreet also points to the mark’s appearance in its print advertising, including 10,000 business cards and 44,000 folders and pamphlets distributed to tenants each year, as well as advertisements placed in Canadian print publications from 2000 to

2016. Some of this advertising was directed to tenants and prospective tenants, while the rest of it was directed towards investors and potential investors.

[52] Mainstreet also relies on evidence showing its use of the Mainstreet Design Mark on its own, including its Annual Reports for the years 2001, 2002 and 2003, as well as outdoor signage outside of Mainstreet properties in Edmonton from May 2004 to June 2019; in Calgary from August 2007 to May 2019; in Surrey, British Columbia from October 2007 to June 2016; and in Mississauga, Ontario, from October 2007 until May 2009.

[53] The Defendants do not seriously dispute the evidence showing that Mainstreet has used its Composite Mark in association with its real estate business, but they claim that the evidence does not support a finding that Mainstreet has used its Design Mark. Atrium argues that out of the thousands of pages of documents produced and exchanged between the parties and filed in evidence, there are only four examples of the use of the Mainstreet Design Mark without the word “Mainstreet” appearing close by. Atrium says that there are more instances of the use of the corporate name “Mainstreet” appearing alone (i.e. with no Design Mark) in advertising relating to the Plaintiff than there are of its use of the Mainstreet Design Mark on its own. For these reasons, Atrium argues that Mainstreet has failed to meet its burden of establishing that it has used the Mainstreet Design Mark so as to give it a valid enforceable trademark. It does not dispute that the Mainstreet Composite Mark is valid and enforceable, based on the evidence of use in Canada.

(2) Discussion

[54] Under subsection 4(2) of the *Act*, a trademark is deemed to be used in association with services “if it is used or displayed in the performance or advertising of those services.”

[55] Use of a trademark must be established in order to obtain protection under the law, and in the absence of proof of use, a registered trademark can be expunged, and an unregistered mark will not be enforceable. This is captured in the well-known passage by Justice Binnie in *Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22 [*Mattel*]:

5 Unlike other forms of intellectual property, the gravamen of trade-mark entitlement is actual use. By contrast, a Canadian inventor is entitled to his or her patent even if no commercial use of it is made. A playwright retains copyright even if the play remains unperformed. But in trade-marks the watchword is “use it or lose it”. In the absence of use, a registered mark can be expunged (s. 45(3)).

[56] The debate between the parties on this issue relates to whether the evidence shows Mainstreet’s use of its Design Mark, as opposed to the legal principles that apply.

[57] There is no dispute that Mainstreet has demonstrated that it used the Mainstreet Composite Mark as of May 2012, the date Atrium first used its registered trademark. The evidence clearly establishes a wide variety of instances of the use of the Composite Mark by Mainstreet in association with its real estate services, including: in its corporate annual reports, quarterly updates and presentations; on signage displayed inside and outside of Mainstreet’s properties; on its website and social media presence, as well as in a large number of pamphlets, posters and other printed material distributed to tenants and prospective tenants; and, in its advertising materials. The record is replete with examples of such use, ranging over a span of years.

[58] The evidence is more limited regarding Mainstreet's use of its Design Mark. Mainstreet points to the use of the Design Mark in its Annual Reports for the years 2001, 2002 and 2003, as well as its display on signs outside of its properties in Edmonton from May 2004 to June 2019, in Calgary from August 2007 to May 2019, in Surrey B.C. from October 2007 to June 2016, and in Mississauga Ontario from October 2007 to May 2009.

[59] Atrium submits that the evidence shows only four instances of use of the building signage without the word MAINSTREET appearing in close association with the mark. It says that the vast majority of instances show either use of the Mainstreet Skyscraper Mark, or of the word MAINSTREET appearing alone. For example, it points to the examination of Mr. Lam, during which he admitted that Mainstreet uses its trademark logo and corporate name in the vast majority of cases, as well as his admission that the company uses its name alone in some marketing materials.

[60] Although the evidence does not show that the Mainstreet Design Mark was used as often as the Mainstreet Skyscraper Mark, there is sufficient evidence to show the consistent use of the Design Mark by Mainstreet during the relevant period. The Design Mark appears on its own in several instances, including its Annual Reports for 2001, 2002 and 2003. In addition, the evidence shows that the Design Mark is often used with the company's name displayed beside it in vertical format on signage outside of Mainstreet properties. The following is an example of this display of the Design Mark:



[61] Sometimes the Mainstreet Design Mark is used and the company's name appears on the same page, but it is not displayed directly below it in the format used in the Mainstreet Composite Mark. I am satisfied that the evidence supports the conclusion that Mainstreet has used its Design Mark, as well as its Composite Mark, on a consistent basis. The fact that Mainstreet's Design Mark is often displayed together with its registered Word Mark does not diminish the use by Mainstreet of its Design Mark.

[62] In light of this, I find that Mainstreet has established that both its Composite Mark and its Design Mark are valid, enforceable unregistered trademarks.

C. *Has Mainstreet established that Atrium has engaged in passing off?*

[63] 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. In this case, Mainstreet must establish:

- i. Goodwill or reputation: attached to the services it supplies, in the mind of the purchasing public, by reason of association with the identifying get up, recognized as distinctive of its services;
- ii. Confusion: that the Defendants have made a misrepresentation to the public (whether intentional or not) resulting in or likely to result in the public concluding that Atrium's services are associated with those of Mainstreet; and
- iii. Damages: that it has suffered or will suffer damage as a result of the erroneous belief caused by the Defendants' misrepresentation regarding the source of the services.

[64] The claimant must also show ownership of a valid registered or unregistered trademark at the time the defendant first began directing public attention to its own goods and services: *Hamdard Trust* at para 39. In this case the Defendants claim they first used the Atrium Mark in May 2012. I have found that Mainstreet has established valid and enforceable trademarks as of this date.

(1) Goodwill or Reputation

[65] In assessing goodwill or reputation for the purposes of passing off, the jurisprudence points to factors such as inherent or acquired distinctiveness, length of use, surveys showing

customer awareness, volume of sales, extent and duration of advertising and marketing, and intentional copying: *Hamdard Trust* at para 48.

[66] Mainstreet argues that by May 2012, its Skyscraper Mark had developed a distinctive reputation and goodwill amongst investors (actual and potential), the wider real estate industry, and members of the general public looking for rental accommodation. It notes that establishing distinctiveness is not a high bar: “[i]t is generally significant and sufficient if even a small percentage of the relevant market recognizes the indicia as a trademark.” (citing Gill, K., *Fox on Canadian Law of Trademarks and Unfair Competition*, Toronto: Carswell, 2002, 4th edition at 4.4(h)(ii), p. 4.72.3).

[67] Pointing to the evidence showing extensive use of its Composite Mark and its Design Mark prior to May 2012, Mainstreet argues that by any measure, its Marks were distinctive at the relevant date. This is reinforced by the growth and success of Mainstreet’s business, conducted in association with its Composite and Design Marks, which Mainstreet says is a testament to the significant reputation and goodwill it had developed.

[68] Atrium submits that Mainstreet has failed to demonstrate any goodwill in its Design Mark, nor has it established goodwill in the relevant marketplace given the differences between the businesses and markets. Atrium also notes that Mainstreet has not established any goodwill in its older marks because it has not used them since 2001 and 2002. This point is not in dispute and so it will not be discussed further.

[69] On the Mainstreet Design Mark, Atrium argues that Mr. Lam repeatedly affirmed that Mainstreet uses its Composite Mark in the vast majority of cases. He also agreed that some marketing materials only feature the word MAINSTREET, with no display of the logo. Based on the fact that there are only a handful of examples in the evidence where Mainstreet used its Design Mark alone in social media posts, Atrium argues that Mainstreet has failed to show any goodwill in the Design Mark alone.

[70] In addition, Atrium argues that the prominence of the word MAINSTREET in the displays of the Composite Mark makes the business name the distinctive feature of the Mark. Atrium argues that Mr. Lam acknowledged that the name of the business enjoys goodwill within Mainstreet's market, namely renters in the cities in which it operates and shareholders who invest or may invest in the business. According to Atrium, the fact that Mainstreet's Instagram and Facebook profiles and many of its recent posts do not use the Skyscraper logo at all is further proof that the distinctive feature of the Plaintiff's Marks is the word MAINSTREET, not the Atrium Skyscraper Design.

[71] Applying the factors set out in *Hamdard Trust*, I am satisfied that Mainstreet has established substantial goodwill associated with its Mainstreet Composite Mark. The evidence shows widespread and consistent use of the Mark, dating back to the alleged first use of the Atrium mark. The growth of the business, the nature, reach and scope of its advertising, and the consistent use of the Mainstreet Composite Mark on signage inside and outside of its buildings and on printed material it distributes widely in the marketplace all point to the fact that it has built up substantial goodwill in its "brand" expressed through its Composite Mark.

[72] I am also satisfied that Mainstreet has established goodwill associated with its Design Mark. Although the evidence shows that this is not the Mark that Mainstreet uses most often, I am satisfied that the Design Mark has been displayed for a sufficient period of time outside of Mainstreet properties to support the conclusion that Mainstreet has accumulated goodwill associated with the Design Mark.

[73] I am not persuaded by Atrium's argument that the more recent use of the MAINSTREET name alone, without the accompanying Skyscraper logo, makes the name the distinctive feature of the Mark. The word "Mainstreet" is not particularly distinctive, other than suggesting a connection to a common street name and more general commercial location found in most towns and cities. Although it may suggest a somewhat vague connection to real estate, in reality the term itself is not particularly distinct.

[74] I accept that the name plus the logo have acquired a certain distinctiveness in the markets in which Mainstreet operates, and this is consistent with the growth of Mainstreet's advertising investment and the reach of its messages, which in turn is matched by the growth of the business itself. However, the evidence shows that throughout this period Mainstreet has mainly used its Composite Mark as its primary identifier in the marketplace. This is not consistent with the conclusion that the distinctive feature of the Mark has become the business name standing alone.

[75] Atrium also argues that Mainstreet has not established that it has any goodwill in the marketplace in which Atrium operates, citing *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2016 FCA 69 [*Sandhu 2016*] at para 25. It submits that the two companies are not

competitors, and it notes that Mr. Lam conceded that Mainstreet does not offer any of the services that are offered by the Defendants.

[76] In light of the fact that the nature of the trade or business is a factor to be considered in the confusion analysis which follows, I will address this question below.

(2) Misrepresentation to the public

[77] The misrepresentation to the public cited by Mainstreet is the likely confusion with its trademarks. This occurs when Atrium “directs public attention to [its] services or business in such a way as to cause or be likely to cause confusion.” (*Trademarks Act*, s 7(b)). This is the core of Mainstreet’s claim against Atrium.

[78] Under subsection 6(2) of the *Act*, the use of one trademark causes confusion with another if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services have the same source. Subsection 6(2) provides:

Confusion — trademark with other trademark	Marque de commerce créant de la confusion avec une autre
6(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	6(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

in the same class of the Nice Classification.

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.

[79] Likelihood of confusion is to be assessed in accordance with the test set out by the Supreme Court in *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée.*, 2006 SCC 23, [2006] 1 S.C.R. 824, at paragraph 20:

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 name Cliquot on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT 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.

[80] This statement of the test was affirmed by the Supreme Court of Canada in *Masterpiece* at para 40, and continues to be applied (see *Hamdard Trust* at para 53).

[81] In determining the likelihood of confusion between the Marks, the Court "shall have regard to all the surrounding circumstances", including the factors set out in subsection 6(5) of the Act: *Masterpiece* at para 44.

[82] Subsection 6(5) reads as follows:

What to be considered

Éléments d'appréciation

6(5) In determining whether trademarks or trade names are confusing, the court or the Registrar, as the case may be,

6(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le

shall have regard to all the surrounding circumstances including	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;
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

[83] In *Masterpiece* at para 49, the Supreme Court of Canada stated that the degree of resemblance is the factor “that is often likely to have the greatest effect on the confusion analysis” and therefore “it has been suggested that a consideration of resemblance is where most confusion analyses should start.” That decision also confirms that while the first word used in a trademark may be important, “a preferable approach is to first consider whether there is an aspect of the trade-mark that is particularly striking or unique” (para 64).

[84] The confusion analysis is to be done on a mark-to-mark basis, so the use of even one confusingly similar trademark will invalidate a registration, and each mark must be considered separately (*Masterpiece*, paras 42-48).

(a) *Submissions of the Parties*

(i) Distinctiveness

[85] Mainstreet argues that its Marks have both inherent and acquired distinctiveness. They are inherently distinctive because the Skyscraper design, which is the most striking feature of both the Composite and Design Marks, is not descriptive of Mainstreet's business. Mainstreet offers the following description of the features of this design: "the distinctively stylized skyscraper design comprised of a depiction of a skyscraper, with two prominent towers made of interspaced squares, and with negative space between the two towers" (M Factum, para 76). Mainstreet also argues that its Marks have acquired substantial distinctiveness through extensive use, through widespread advertising of the Mainstreet brand, and the growth of the business and the number of buildings it owns and manages.

[86] On the state of the register evidence introduced by Atrium, Mainstreet submits that such evidence is only relevant insofar as it allows the Court to draw inferences about the state of the marketplace, which can only be done where large numbers of relevant registrations are located. In this case, it argues that Atrium failed to identify any relevant registrations and so this evidence does not support any reasonable inferences about the likelihood of confusion between the marks.

[87] Mainstreet contends that the use of the Atrium Skyscraper Design in conjunction with the Defendants' various corporate names and acronyms exacerbates the confusion. It submits that the Defendants treated the design as a stand-alone trademark, pointing to the efforts to register the design in 2012, as well as the licence agreement between CMCC and Atrium which refers to the Atrium Skyscraper Design on its own. In addition, Mainstreet notes that Atrium displayed the design on its website without the company's name until 2018. When this was pointed out to Mr. Goodall during his examination for discovery in the context of this action, he arranged for the website to be changed so that the display conformed to the registered Mark.

[88] Because almost all of the various Defendant companies use the same design together with their corporate name in their branding, Mainstreet argues that the common element between the various corporate names and logos is the Atrium Skyscraper Design. Mainstreet argues that the design is the common thread that joins the various companies, and would be viewed by the consumer as the most distinctive common element.

[89] Atrium argues that the design elements of both parties' Marks possess limited inherent distinctiveness because they suggest, in the case of Mainstreet, the operation of rental apartment buildings or a company that owns and manages rental apartment buildings, whereas the Atrium Mark suggests the provision of mortgage investment and related services. It also submits that the co-existence of numerous visually similar third-party marks suggests that consumers will focus on the word elements of the marks.

(ii) Length of time in use

[90] Mainstreet points out that by May of 2012, the date of first use of the Atrium Mark, the Mainstreet marks had been used extensively for more than ten years. It says its Marks have been used continuously since at least as early as 2001-2002, and thus this factor favours Mainstreet.

[91] Atrium notes that the parties' Marks have co-existed for eight years in Alberta and British Columbia, and co-existed in Toronto for at least two years, with no reported instances of confusion. It argues that the use of the respective Marks is notorious because both are publicly traded companies, and the absence of evidence of confusion in the marketplace over this time-frame favours a finding that there is no likelihood of confusion.

(iii) Nature of the goods, services or business and (d) nature of trade

[92] Mainstreet submits that the Court should not parse the classification of the businesses too narrowly; it argues that the key consideration is that both Mainstreet and the Defendants are real estate companies. The TMOB has already found that there is an overlap in the nature of the business, and the Court should not depart from this finding.

[93] Mainstreet points to a number of decisions that have considered property management, commercial leasing, and mortgage brokerage services to be sufficiently similar. In particular, it cites *Greystone Capital Management Inc. v Greystone Properties Ltd.*, [1999] BCJ No 514, 17 BCTC 384 [*Greystone*], where the British Columbia Supreme Court found a likelihood of confusion to exist. The Court considered the similarities between the plaintiff business that “invests in real estate acquisitions and has a mortgage portfolio, but does not act as a developer or property manager” and the business of the three defendants who “operate together as a real

estate development enterprise, investing in real estate acquisitions, development and management” (paras 15-18). Mainstreet submits that the following statement of the judge (at paragraph 57) should be applied here:

In a competitive marketplace populated by numerous fund managers, real estate investors, developers and actuaries who are bombarded with information daily there is a real possibility that those individuals may not take the trouble to inquire. The fact that the participants may be relatively sophisticated and knowledgeable, and the fact that business dealings are preceded by detailed discussions and inquiries, does not alleviate the concern. The result is that the plaintiff's ability to market itself and carry on business will be prejudiced by an erosion of goodwill by the use of its name by a competitor.

[94] Mainstreet submits that this factor favours it because both companies invest in real estate projects, including multi-family residential properties and the Defendants have admitted that it is possible that in the future, the capital funds will invest in apartment buildings. It also notes that Atrium's business includes loans for the purchase of real estate, including apartment buildings such as those for which it obtains purchasing financing. Both Mainstreet and Atrium are public companies that target potential real estate investors, and potential customers for both companies include members of the general public.

[95] Atrium argues that the services and businesses of the parties are entirely different. Mainstreet owns and operates rental apartments as landlord; the Defendants provide mortgage investment, lending and related services. They do not develop, operate or manage apartments. Only 4.5% of Atrium's portfolio relates to apartment buildings, and these are mainly real estate developers buying apartment buildings as teardowns to redevelop the underlying land. Atrium

points out that Mr. Lam admitted, under cross-examination, that Mainstreet does not provide any of the services offered by the Defendants, and that the parties are not competitors.

[96] The trade or business of the parties also differ, according to Atrium. Mainstreet targets tenants and potential tenants; the Defendants target real estate developers and high net worth individual investors. Mainstreet obtains all of its financing from three financial institutions, and has never obtained funding from Atrium. To the extent that both companies target shareholders, the companies have very distinct stock tickers and they target very different clientele: Mainstreet seeks investors to purchase shares in an apartment building owner with no commitment to pay any dividends, whereas Atrium is a mortgage investment corporation that provides stable and secure monthly dividends.

[97] Atrium submits that all of these elements point to the differences between the businesses and the nature of the trade, and therefore this factor should support a finding that there is no likelihood of confusion.

(iv) Degree of resemblance

[98] Mr. Lam states in his affidavit that “Mainstreet owns and uses a family of trademarks in connection with its business. This family of marks...has been built around the central and dominant feature of a stylized skyscraper design” (Lam Affidavit, para 15). This is said to be the dominant, striking feature of the Mainstreet Marks.

[99] Mainstreet submits that the stylized skyscraper design is also the most striking, unique and distinctive portion of the Atrium Mark. It notes that the design is the most prominent common element among the various Marks used by the Defendants, and that is how consumers would associate the various apparently unrelated defendant companies.

[100] Mainstreet also submits that the Atrium Mark is highly visually similar to the Mainstreet Composite Mark. Both are silhouettes of a large building or skyscraper featuring two towers of equal height, created by the grouping of small squares and/or rectangular shapes, with negative (i.e. blank) space between the two towers. Mainstreet points to the TMOB conclusion that there is a “high degree of resemblance between the trade-marks in issue. The most striking feature of each of the parties’ trade-marks is that these trade-marks are comprised of a depiction of skyscrapers or other large buildings which are formed through the grouping of squares and rectangles” (TMOB Decision, para 21).

[101] Based on the degree of resemblance between the designs of the two Marks, Mainstreet argues that there is no question that any use of the Skyscraper Design on its own by Atrium would necessarily cause confusion in Canada. It also points to the positioning of the various corporate names of the Defendants directly below the Skyscraper design, which is identical to the positioning of the word MAINSTREET in the Mainstreet Composite Mark. It submits that this contributes to the confusion, in particular since Mainstreet uses the generic descriptor “Equity Corporation” in addition to the MAINSTREET name.

[102] Mainstreet submits that Atrium's main witness, Mr. Goodall, conducted a side-by-side comparison of the elements of the respective marks in an effort to diminish the degree of resemblance. It submits that this is the wrong approach, as confirmed in *Masterpiece* (at para 40).

[103] Mr. Goodall stated in his affidavit that there is "little visual similarity" between the Mainstreet and Atrium Marks, and he produced a side-by-side comparison of the various Marks to support his statement (Goodall Affidavit, para 85). He indicates that he selected the Atrium Design because it shows two buildings separated by an atrium, and thus draws a connection to the company's name. He says that this distinguishes the Atrium Mark from the one used by Mainstreet.

[104] Atrium argues that even if there is some visual resemblance between the parties' Marks, this is to be expected to varying degrees among design marks that depict a skyscraper or skyscrapers, and therefore convey that idea. It argues that the inclusion of distinctive word elements, combined with the other factors noted above, suggests that there is no likelihood of confusion. Atrium contends that Mainstreet has not met its onus of showing actual or potential confusion.

[105] It notes that Mr. Lam admitted that Mainstreet is not aware of any actual confusion, despite years of co-existence in the Alberta, British Columbia and Saskatchewan markets, and on the Toronto Stock Exchange. Atrium points to its evidence on the use of trademarks in the real estate industry that consist of the design or representation of a building. It argues that there is no

evidence that consumers (either potential renters or investors) consider the grouping of the squares or rectangles to be distinctive of Mainstreet, and Atrium also notes that it provided evidence that similar designs are used by a number of other companies in the real estate industry. Therefore, Atrium submits that the representation of buildings through a design using squares or rectangles is not distinctive of Mainstreet.

[106] Instead, Atrium argues that the most striking and distinctive feature of the Marks is the companies' respective names. It says that there is no visual resemblance between the word MAINSTREET and the words ATRIUM, CMCC, and CMSC. It points out that the Defendants' customers are sophisticated individuals and corporate investors seeking mortgages or making large investments with the Defendants, often in the hundreds of thousands to millions of dollars. The relevant consumer, therefore, will take more time and care in the marketplace, which further reduces the likelihood of any confusion.

(v) Other Surrounding Circumstances

[107] Mainstreet submits that evidence of actual confusion is not necessary because the relevant issue is the likelihood of confusion. It asserts that while this is a surrounding circumstance to be considered, the absence of actual confusion cannot be determinative because the marks are so strikingly similar.

[108] Mainstreet also points to the fact that the Defendants are associated companies, which all use the Atrium Skyscraper Design as the common element in their respective logos. All of the Defendant companies are in the real estate businesses. It argues that the common relationship

with real estate increases the likelihood that investors and those in the real estate industry will be confused into thinking that the Defendants are associated with Mainstreet. It points to *Group III International v Travelway Group International Ltd.*, 2017 FCA 215, where the Court of Appeal found that the use of variants and possible variants of a mark – in that case a design mark with or without written matter – was a relevant consideration in assessing confusion. The Court in that case found that variants “increase the confusion rather than lessen it.” (at para 53)

(3) Discussion

(a) *Degree of Resemblance*

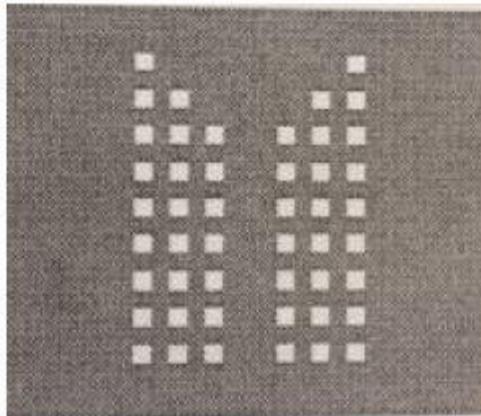
[109] As stated in *Masterpiece*, the confusion analysis should start with the degree of resemblance because “if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion. The other factors become significant only once the marks are found to be identical or very similar.” (at para 49, citing Professor David Vaver, *Intellectual Property Law: Copyright, Patents, Trade-marks*, 2nd ed, Toronto: Irwin Law, 2011).

[110] In this case, I find there is no particularly unique or striking dominant feature of the trademarks in issue. Again, following the guidance of *Masterpiece*, I will first examine the Mainstreet Design Mark as compared with the Defendants’ Mark, followed by a consideration of the Mainstreet Composite Mark, which combines the design with its business name. In analyzing the Marks, I will follow the guidance of the jurisprudence that this is not to be a detailed, side-

by-side comparison, dissecting each Mark into its component parts, but rather a consideration of the entirety of the two Marks (*Masterpiece* at para 40; *Veuve Cliquot* at para 20).

[111] Both the Plaintiff and Defendant use a design featuring tall buildings formed by the grouping of small squares and rectangles, with blank space (described as “negative space”) between the buildings. The Atrium Mark includes a lower portion of a building joining the two towers – which was described as an “atrium” and thus a distinguishing feature that aligns the design with the company name. However, this is not a commonly known or understood descriptor, at least among the general public. For example, this can be contrasted with the use by Mainstreet of two very tall buildings, which would be generally and commonly understood to be “skyscrapers”, and would be described as such by people looking for rental accommodation or potential investors. The same could not be said for the “atrium” displayed in the Defendants’ Marks.

[112] To the extent there is a striking feature of the Mainstreet Design Mark, it would be the silhouette of the two skyscrapers, comprised of small squares. Some might also include the stylized “M” formed by the design of the top of the building designs, but it is likely that many people would not see this as a particular feature of the design because they might not notice it. This is itself, an indicator that the stylized “M” at the top of the silhouette of the towers is not a particularly striking feature of the design. For ease of reference, the Mainstreet Design Mark is reproduced below:



[113] There is also nothing particularly unique or striking in the design of the Defendants' Atrium Mark. It displays a building, formed by a grouping of small squares and rectangles, and in this respect, it resembles the Mainstreet Design Mark. However, the shape of the building does not resemble the most striking feature of the Mainstreet Design Mark, namely tall skyscraper towers, nor does its overall impression suggest a connection between the two. The Defendants' building design is not of two strikingly tall skyscrapers, but rather suggests two smaller buildings joined in the middle by a lower connecting structure. The Defendants' Atrium Mark has a horizontal orientation, whereas the Mainstreet Design Mark is vertically oriented, displaying two tall skyscraper towers. The Defendants' Atrium Mark also uses a series of shaded rectangles at the bottom of its design, with smaller squares forming the top of the building, and thus it differs from the Mainstreet Design Mark, which only uses small squares to form the buildings. At most, both designs suggest a connection to real estate.

[114] In addition, I am not persuaded that the formation of the design of the building through the grouping of squares and rectangles is a particularly unique or striking feature of the designs.

Although, as explained below, I give the state of the register evidence little weight, it does demonstrate that the use of squares to form building designs is not unique to Mainstreet or the Defendants.

[115] Based on the foregoing, and applying the test of “the casual consumer somewhat in a hurry”, I do not find a high degree of resemblance between the Mainstreet Design Mark and the Defendants’ Marks when they are examined in their entirety. While the discussion above necessarily focused on specific elements, the test is to be applied by examining the designs as a whole. Applying this approach, I am not persuaded that a consumer who had seen the Mainstreet Design Mark at some point in the past would see the Atrium design and think the two companies were associated. The overall impression on seeing the two design Marks is not similar, nor does the Atrium Mark merely amount to a minor variation on the Mainstreet Design Mark.

[116] In making this finding, I realize that I am departing from the conclusion reached by the TMOB, a conclusion on which Mainstreet put significant emphasis. In doing so, I am guided by the jurisprudence, which confirms that in a case such as this the decision of the TMOB on confusion should not be given considerable weight, in particular because that decision was based on a different record, where the Board was required to apply a different burden of proof. As noted in *Altacor Inc. v Nutravite Pharmaceuticals Inc.*, 2005 FCA 269 at para 31: “The legal system is not a stranger to different outcomes arising out of the same factual situation where different issues are at stake and different evidence is introduced.” I find that these considerations apply here.

[117] Turning to the Mainstreet Composite Mark, and the Defendants' Marks displayed using their corporate names, I am also not persuaded that there is a particularly striking feature of either Mark. While Mainstreet and Atrium may suggest a connection to real estate, neither is a particularly unique name and thus both have limited inherent distinctiveness. The other Defendants' names are acronyms, and in that sense are made-up names that are unique, but they are all accompanied by words that clearly describe the companies' services, and this diminishes their unique nature to some extent.

[118] Based on the evidence of extensive and long-standing use, I accept that Mainstreet has acquired a degree of distinctiveness in the market for rental properties in the cities in which it operates, and its advertising presence further bolsters this conclusion. Mainstreet's increased presence in the marketplace is reflected, for example, in its larger advertising expenditures. In 2010, Mainstreet spent \$428,305 on advertising and promotion, and by 2019 this figure had grown to over \$1.4 million. This is matched by the overall growth of the business, having started in 1998 with 272 units valued at \$17 million, Mainstreet grew to 12,901 units valued at \$2.04 billion by 2019. All of this supports the conclusion that Mainstreet had become known in the rental market in the cities in which it operates.

[119] Having said that, there is virtually no connection or resemblance between the Mainstreet name and any of the various corporate names used by the Defendants. While "Atrium" also suggests a connection to real estate, and the various corporate names used by several of the Defendants all refer to mortgages (Atrium Mortgage Investment Corporation, Canadian Mortgage Capital Corporation and Canadian Mortgage Servicing Corporation), none of these in

any way resemble the Plaintiff's corporate name, which is displayed in its Mark as MAINSTREET Equity Corp.

[120] For these reasons, applying the *Veuve Cliquot* test, I find that there is not a high degree of resemblance between the Mainstreet Composite Mark and the Defendants' Mark. A casual consumer, somewhat in a hurry, with only a vague recollection of the Mainstreet Skyscraper Mark, would not be confused into thinking that any of the Defendants' businesses were somehow associated with Mainstreet, because the trademarks are so different.

[121] With this, I turn to a review of the other factors set out in subsection 6(5), followed by a discussion of the other surrounding circumstances.

(b) *Para 6(5)(a) -Inherent Distinctiveness and the extent to which they have become known*

[122] As discussed above, I find that neither of the parties' Marks are inherently distinctive. Both are broadly descriptive of a business involved in real estate, but neither the designs themselves nor the corporate names are particularly unique and both suggest a connection to real estate. The building design provides the first connection, which is reinforced by the names of the companies. Both "Mainstreet" and "Atrium" suggest a linkage to real estate, while the rest of the Defendants' corporate names refer explicitly to mortgages or mortgage services – leaving aside the Dream Funds, which do not use a logo as a general matter.

[123] The Defendants introduced state of the register evidence in support of their argument that there was no distinctiveness in the Mainstreet's use of a building design or a building design comprised of small squares. I am not persuaded that this evidence is particularly persuasive on this question.

[124] As stated in K. Gill, Fox on the *Canadian Law of Trade-marks and Unfair Competition*, Thomson Reuters, s. 8.7(k) (loose-leaf):

(s)ate of the register evidence is introduced to show the commonality or distinctiveness of a mark or a portion of a mark in relation to the register as a whole. The Federal Court of Appeal has stated in *Kellogg Salada Canada Inc v Maximum Nutrition Ltd.*, [1992] 3 FC 442, (1992), 43 CPR (3d) 349 (FCA) that state of the register evidence is only relevant insofar as valid inferences about the marketplace, itself, can be drawn based on the evidence on the state of the register.

[125] In this case, the Defendants filed an affidavit by a private investigator they retained to conduct in-person and online searches for trademarks related to real estate, and in particular to show other registrations using a stylized "M" design. The search confirmed that a number of companies involved in some way in real estate use building designs as part of their trademarks, and some of these show a building comprised of a number of squares, while others show skyscraper towers. This evidence is consistent with common sense, and to the extent it permits any inference to be drawn, it would only be to support a general statement that many real estate companies use building designs as part of their trademarks and some of these use a stylized "M" design. The evidence also shows that in several instances, the building in the design is comprised of a series of squares and this is somewhat more helpful in this case because it shows that the Mainstreet use of squares in its design is not something that is unique to it in the market. This is

fine, as far as it goes, but I am not persuaded that this is particularly relevant in regard to the degree of distinctiveness of the Marks in issue in this case.

[126] I do agree, however, that this element would lead consumers – including potential renters and/or investors – to pay more attention to other distinguishing features in the respective Marks, a point that is discussed further below.

[127] This element does not particularly favour either party in this case.

(c) *Para 6(5)(b) Length of time in use*

[128] This element favours Mainstreet, because the evidence confirms that it has consistently used its Marks since at least 2001-2002, whereas the date of first claimed use for Atrium's Mark is May 2012. To be more specific, the evidence shows that Mainstreet used its Mark: on its Annual Reports, Quarterly Updates and presentations since at least 2002; on signage outside and inside Mainstreet buildings since at least 2007; printed materials and flyers dating back to 2012 show use of the Mainstreet Skyscraper Mark; and in its social media presence since at least 2010.

[129] This element favours Mainstreet, because the date of first use of the Defendants' Mark is May 2012, and so by the time the Defendants entered the marketplace, Mainstreet was already well established. I note in passing that this is also consistent with the decision of the TMOB refusing CMCC's application to register the design.

(d) *Paras 6(5)(c) and (d) Nature of the goods, services or business and the nature of the trade*

[130] The parties presented different perspectives on these elements of the test. Mainstreet argues that since both companies are in the real estate business, no finer distinction should be drawn. The Defendants point to the admission by Mr. Lam that Mainstreet does not offer any of the services provided by the Defendants, and that they are not competitors in the market. They also note that while the customers of Mainstreet are those seeking rental accommodation or investors seeking to buy shares in a company that provides rental units, the Defendants' client base is significantly different, namely developers seeking equity investors or mortgage services, and individual investors with a high net worth seeking to pursue opportunities in the mortgage market.

[131] The nature of the services is a relevant, but not determinative factor under the *Act*, in the sense that confusion can still be found even if the services are of a different class. However, if the businesses deliver services that are closely related, the likelihood of confusion can be accentuated by the degree of similarity. In this case, the services that Mainstreet offers include rental accommodation and investment opportunities in a company that owns and manages rental accommodation. It is not – and never has been – in the mortgage business, which is the focus of the various Defendants' businesses. It is accurate to state that both parties are in the “real estate” business.

[132] I find that there is a sufficiently similarity in the nature of the services provided that this factor favours Mainstreet. This is diminished somewhat by the fact that the “casual consumer” in the rental or investment market is likely to spend more time considering the commitment or investment they are making than someone buying children's toys or household cleaners (see

Mattel at para 58; *Clorox Company of Canada, Ltd. v Chloretec S.E.C.*, 2020 FCA 76 at paras 34-36).

[133] In regard to the case-law relied on by Mainstreet, I do not find it particularly persuasive. The *Greystone* decision it relies on turns in large part on the court's finding of confusion in the marketplace, and thus it can be distinguished from the case at bar. Similarly, the other decisions turn on their own facts, and so they are of limited assistance here.

[134] Looking next at the nature of the trade, several factors are of particular relevance in this case. Once again, the question is whether the nature of the trade increases or diminishes the likelihood of confusion. This involves a consideration of the usual way in which the businesses are conducted, the likely customer who will be exposed to the Marks, and the type of purchasing decision that individual will make. To provide examples at either end of the spectrum, a court may ask – is the trademark usually displayed in a business involving a hurried purchase of an item at a grocery store, or an expensive purchase of highly specialized industrial equipment by professional purchasers who will spend considerable time studying the options?

[135] In this case, Mainstreet targets potential renters, and investors who seek to enter that market, while the Defendants target large real estate developers and individuals with a lot of money to invest in the mortgage market. Once again, it can fairly be said that both are involved in real estate, but in reality there is a significant difference between individuals seeking affordable and comfortable rental accommodation vis-à-vis large real estate development companies and wealthy people seeking to put large sums of money into the mortgage market, as

an investment rather than a loan (i.e. the money they invest will be lent out to people or businesses seeking mortgages). Both types of decisions will, however, involve more thought, time and consideration than the purchase of a typical consumer item at a store. To state the obvious, individuals seeking to invest hundreds of thousands of dollars or more are likely to be more careful in their investment decisions than they are when they buy groceries or similar ordinary household items.

[136] While the Defendants go too far in asserting the degree of difference between the customers of the respective companies, I am persuaded that this is a relevant consideration in the overall mix. This has the effect of reducing the extent to which the similarity in the nature of the trade favours Mainstreet.

(e) *Other Surrounding Circumstances*

[137] Mainstreet points to two other considerations: the absence of evidence of actual confusion in the marketplace, a factor that it argues does not outweigh the other elements that favour a finding of confusion, and the fact that Atrium's design mark is used by several different companies, a factor that Mainstreet argues increases the likelihood of confusion.

[138] On the actual confusion point, the Defendants submit that this strongly favours their claim that there is no likelihood of confusion. They point out that Mainstreet did not conduct any surveys or gather any other evidence of confusion, nor did it put forward any evidence from investors or stock market traders to suggest that there has been any confusion between the two companies. Mainstreet, for its part, says that evidence of actual confusion is not a prerequisite to

a finding in its favour, but rather is only one element to “throw into the mix” in assessing the likelihood of confusion.

[139] This part of the analysis is intended to ensure that the assessment takes into account any other factors that may be relevant to the likelihood of confusion. Evidence of confusion in the minds of the relevant customers at the relevant time is persuasive because this is precisely what trademark law, as a form of consumer protection, seeks to guard against (*Masterpiece* at para 1; *Veuve Cliquot* at para 6).

[140] In my view, the absence of evidence of actual confusion is somewhat more telling in this case because of the co-existence of the two businesses in the real estate business in the same cities for a number of years. As confirmed in *Mattel*, at paragraph 55, evidence of actual confusion is a relevant but not necessary consideration even where the trademarks are shown to have operated in the same market, but “an adverse inference may be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified.”

[141] The evidence of both parties confirms that neither is aware of any instances of confusion in the marketplace. Mainstreet did not call any evidence from any potential renters or investors to indicate that they had mistakenly believed that the Defendants’ businesses were somehow related to Mainstreet’s services. Potential sources of such evidence would be readily available, in the sense that Mainstreet is aware of its clientele and has a long-standing relationship with both

renters and investors and so it would have access to potential witnesses who could have testified to this point.

[142] As a factor to be “thrown into the hopper” I find that the absence of evidence of any confusion in the marketplace, despite a relatively lengthy period of co-existence, favours the Defendants.

[143] Turning next to Mainstreet’s claim that the use of the design mark by the various Defendant companies increases the likelihood of confusion, I am not persuaded that this is a particularly significant consideration in this case. First, while it is true that the Atrium Skyscraper design is the unifying feature among the various Defendants that use the trademark, this design is accompanied in each instance by the specific company name which itself associates the businesses with mortgages, or mortgage services. This stands in contrast to Mainstreet’s Skyscraper Mark, which displays “MAINSTREET Equity Corp.” directly below the building design – there is no reference to mortgages or mortgage services.

[144] Second, as discussed above, I have found that the most distinctive elements of the Mainstreet Marks are the formation of the buildings using squares with a vertical orientation (i.e. two tall skyscraper towers). I have also found that the Defendants’ Atrium Mark does not resemble this design, with its use of a combination of shaded-in rectangles and squares, the two buildings joined at the bottom, and its horizontal orientation (i.e. shorter, squat buildings joined in the middle).

[145] Finally, the fact that there are different Defendant companies who use the same design as the registered trademark would increase the likelihood that the relevant customer would pay more attention to the name of each one, and this in turn reduces the likelihood that any of them will be confused with Mainstreet. As stated in *Toys “R” Us (Canada) Ltd. v Herbs “R” Us Wellness Society*, 2020 FC 682 at paragraph 40:

Where two trademarks contain common elements that are also found in a number of other trademarks, consumers will pay closer attention to the other non-common features of the marks and distinguish between them on that basis, decreasing the likelihood of confusion: *Kellogg Salada Canada Inc v Canada (Registrar of Trade Marks)*, [1992] 3 FC 442 (CA) at pp 455–456; *Eclectic Edge Inc v Victoria’s Secret Stores Brand Management, Inc*, 2015 FC 453 at paras 81–82.

[146] In this respect, the state of the register evidence filed by Atrium is useful insofar as it demonstrates that building designs are commonly used by companies associated in some way with real estate, and it tends to confirm that potential customers would pay more attention to the actual names of the businesses rather than drawing an association between them because both use a silhouette of a building as their design for their respective trademarks.

[147] This tends to support the conclusion that Mainstreet has not established a likelihood of confusion.

(4) Summary on Likelihood of Confusion

[148] Considering all of the factors together, in the context of the surrounding circumstances, I am not persuaded that Mainstreet has established a likelihood of confusion. The lack of close resemblance between the respective Marks, the fact that they operate through somewhat different

channels of trade and their potential customers will spend some time before making the decision to rent or invest, as well as the lack of evidence of confusion despite a lengthy period of co-existence in the marketplace in several major Canadian cities, are all factors that support my conclusion on this question.

(5) Damages

[149] Because I have found that there is no likelihood of confusion between the Marks, it is not necessary to discuss the question of damages.

(6) Summary on Passing Off

[150] For all of the above reasons, I find that Mainstreet has failed to establish that the Defendants have engaged in passing off. The Marks are not likely to create confusion in the marketplace, and the Defendants have not misrepresented to potential customers that they have an association with Mainstreet. It is therefore not necessary to assess whether Mainstreet has suffered any damages as a result of the activities of the Defendants.

D. *Expungement*

[151] The second branch of Mainstreet's case is that the Defendants' registration of its trademark is invalid, and that it should be expunged from the register. This claim invokes the Court's original jurisdiction under subsection 57(1) of the *Act*, which provides:

Exclusive jurisdiction of
Federal Court

Compétence exclusive de la
Cour fédérale

57 (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the trademark.

57 (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque de commerce.

(1) Submissions of the parties

[152] Mainstreet argues that the registration is void and should be struck as it does not accurately express or define the rights of Atrium because:

- (a) Contrary to paragraph 18(1)(a) of the *Act*, the Atrium Mark was not registrable at the date of registration, namely September 15, 2016, because Atrium was not the proper owner, nor was it properly licensed or entitled to use the logo;
- (b) Contrary to paragraph 18(1)(b) of the *Act*, the Atrium design logo was not distinctive of Atrium at any relevant time, including at the date when this action was commenced (namely December 22, 2017), because the Atrium logo was and has always been confusing with one or more of the Mainstreet Marks; and
- (c) Contrary to paragraph 18(1)(d) of the *Act*, Atrium was not the person entitled to secure the registration of the logo because as of the date of first use, it was confusing with one or more of Mainstreet's Marks that had been previously used and made known.

[153] Based on my findings on the likelihood of confusion, it is not necessary to discuss the claims under paragraphs 18(1)(d) of the *Act* at any length. This leaves the question of whether Atrium was the proper owner of the Mark, and whether it was properly licensed to use it.

[154] Mainstreet's claim under paragraphs 18(1)(a) and (b) of the *Act* arises, in part, from the evidence about the Defendants' application for its Mark, and the steps taken to license its use.

[155] Atrium applied to register its Mark on July 30, 2015, and it was registered on September 15, 2016. Mainstreet notes that this application was filed at a point when it was opposing CMCC's Skyscraper Design Mark. The TMOB upheld this objection on September 24, 2015. Mainstreet points out that the registered Mark uses an identical logo, but with the Atrium name appearing underneath.

[156] Mainstreet also points to the evidence of Mr. Goodall, to the effect that CMCC assigned the Skyscraper Design to Atrium in 2016, and this assignment was backdated to December 1, 2012. Atrium claims that this invalidates the registration. As set out in Mainstreet's written representations:

47. The backdated assignment cannot rewrite history. The Defendants cannot first represent to the Canadian Intellectual Property Office ("CIPO") that CMCC owns the Skyscraper Design and then, after the registration is refused, retroactively assign the Skyscraper Design to Atrium to try and circumvent that decision and justify Atrium's registration.

[157] Mainstreet also submits that the use by the other Defendants of the registered logo has made it not distinctive of Atrium, and therefore invalid under paragraph 18(1)(b) of the *Act*. As

stated by Mainstreet in its written submissions: “The unlicensed, uncontrolled and unfettered use of the Skyscraper Design by and among the Defendants prevents the Atrium Skyscraper Logo from having acquired any distinctiveness.”

[158] In the alternative, Mainstreet claims that the Defendants have not properly licensed and controlled the use of their Mark, and thus it is invalid under section 50 of the *Act*, which requires the owner of the mark to have “under the license, direct or indirect control of the character or quality of the [goods] or services.” Mainstreet argues that a corporate relationship is not sufficient to establish the existence of a proper licensing arrangement; instead, evidence of actual control must be adduced, citing the Federal Court of Appeal decision in *Clorox* at paragraph 56.

[159] Atrium argues that Mainstreet’s argument is highly technical and cannot succeed for two main reasons. First, to the extent that the attack on the registration is based on confusion, the Defendants submit that it should be rejected. Second, it argues that its registered Mark was distinctive of Atrium as of the relevant date, namely December 22, 2017 when Mainstreet launched its action. Further, Atrium claims that at all material times, Mr. Goodall, as President of each of the Defendant companies, directly and indirectly controlled their use of the Skyscraper Design marks as part of their businesses. It submits that as a matter of law, sufficient control has been exercised.

(2) Discussion

[160] The evidence regarding the licencing arrangement for Atrium’s registered Mark is somewhat incomplete. This may reflect the fact that it appears that at the relevant time, Mr.

Goodall was not intimately involved in the trademark issues then facing the companies. His evidence is that these matters were handled by Mr. Jeffrey Sherman, who was the CFO of CMCC and Atrium at that time. One example of this is that Mr. Sherman handled the CMCC application for registration of the design Mark; Mr. Goodall testified that Mr. Sherman only advised him that the application had been rejected after the time for appealing that decision had expired. He said that he did not know about Mainstreet's opposition to the CMCC application until November 2015.

[161] There are two relevant agreements relating to the licensing and assignment of the Defendants' Mark: The first is a licensing agreement made as of November 1, 2012, between Atrium and CMCC. Under the terms of the agreement, Atrium was granted the right by CMCC to "use the Trademark alone or in conjunction with any other graphic designs or words for any purpose as long as there is a management agreement extant between Atrium and CMCC." It also stated that the rights granted to Atrium included the right to apply to register its own trademark "where such trademark incorporates the [registered] Trademark in any form." This agreement was made shortly after Atrium went public, and it was apparently made without the knowledge of Mr. Goodall.

[162] Mr. Goodall explained that at some point in 2016, Mr. Sherman received legal advice that it was not a good idea to have two identical designs owned by both companies, and that it would be preferable for Atrium to be registered as owner of the Mark and to licence it to CMCC. This Assignment and Licence agreement was reduced to writing in 2016, and it was backdated to December 1, 2012.

[163] Under this agreement, CMCC “absolutely sells, assigns, and transfers to Atrium all of its right, title and interest in [the registered Mark] together with all the benefit of use of the Mark, the goodwill relating to the Mark, and the copyright in the Mark.” Atrium then granted to CMCC a non-exclusive, royalty-free license to use the Mark in association with mortgage investment services and mortgage loans, “provided that those services have a character and quality that conform with the policies, specifications, regulations and standards authorized or stipulated by Atrium from time to time.” Under the terms of the arrangement, CMCC agreed to permit and assist Atrium to observe its activities related to the Mark and its compliance with the standards Atrium had established.

[164] Mr. Goodall recounted the history of the effort to have the CMCC trademark registered, to the extent he was aware of it. This is discussed above. The sequence of events is important here, including the following key dates and events:

- October 4, 2012 – CMCC applies to register the Skyscraper Design
- November 1, 2012 – licence agreement between CMCC and Atrium
- August 12, 2013 – Mainstreet commences opposition proceedings
- July 30, 2015 – Atrium Skyscraper Logo application filed
- September 24, 2015 – TMOB grants Mainstreet’s opposition, and denies CMCC registration
- November 2015 – Goodall first learns of Mainstreet’s opposition
- At some point in 2016 – on advice of legal counsel, license agreement signed, and back-dated to December 1, 2012

[165] The question that arises is whether this history affects the validity of the registration of Atrium's Mark.

[166] While it may be understandable that the sequence of events set out above may have contributed to Mainstreet's sense of grievance about the registration of the Atrium Mark, I am not persuaded that as a matter of law it is a basis to expunge the registration. There is no explanation as to why Mainstreet did not file an opposition when Atrium applied to register its trademark, but the fact is that this was not done. Despite Mainstreet's success in its opposition to CMCC's application to register its design mark, a mark that is virtually identical to the design used by Atrium in its application, Mainstreet did not take any steps to oppose the Atrium registration when it was filed. It now argues that the registration is invalid and should be expunged.

[167] I have already dismissed the claims based on confusion between the Marks, for the reasons set out earlier.

[168] On the issue of control, while the evidence of Mr. Goodall is not exactly fulsome on the point, I am persuaded that as President of all of the companies, he has exercised a sufficient degree of control over their use of the Marks to meet the requirement of subsection 50(1). There is no evidence of any use that was not authorized by Mr. Goodall, and the record before me demonstrates his involvement in the operation of the various businesses. The Defendants' use of the Mark was also consistent with, and subject to the terms of, the back-dated licensing agreement, which gives Atrium significant control over the use of the Mark.

[169] Mainstreet claims that the back-dated agreement cannot re-write history, but I am not persuaded that this is what Atrium sought to do. The evidence shows use of the Mark by Atrium and the other companies, and Mr. Goodall testified to his involvement in the day-to-day business of the various companies. He also explained the reason for the licencing agreement, and why it was back-dated – essentially to reflect the fact that the various entities had been using the design Mark in association with their respective business names.

[170] The fact that the licencing agreement may not have been in place throughout the period is not legally relevant to this determination. The question under the relevant provisions of section 18 of the *Act* is whether the Defendants had the right to use the Mark when it was registered (paragraph 18(1)(a)), and whether the Mark was distinctive of Atrium when Mainstreet commenced its action (paragraph 18(1)(b)).

[171] I find that Atrium did have those rights at those dates. As of September 16, 2016, it appears that both Atrium and CMCC were using the design Mark, pursuant to the original agreement, and this is what prompted the legal advice that gave rise to the licensing agreement. While this may have been untidy from a legal perspective, it does not render Atrium's use of the Mark contrary to the *Act*. Similarly, the licensing agreement was entered into before Mainstreet commenced its action, and thus Atrium meets the requirement under paragraph 18(1)(b).

[172] I have already rejected the argument that Atrium did not exercise sufficient control over the various Defendants' use of the registered Mark.

[173] There is thus no basis to order the expungement of the Atrium Mark from the register.

V. Conclusion

[174] For the reasons set out above, Mainstreet's action against the Defendants is dismissed. I am not persuaded that there is a likelihood of confusion between the two Marks, and I am also not persuaded that Atrium's registration should be expunged on any of the grounds asserted by Mainstreet.

[175] Shortly after the summary trial, the parties submitted a joint proposal that the successful party should be awarded costs in the lump sum of \$50,000, plus reasonable disbursements. I am satisfied that this is a reasonable sum, taking into consideration the jurisprudence on lump sum awards (*Nova Chemicals Corporation v Dow Chemical Company*, 2017 FCA 25; *Allergan Inc. v Sandoz Canada Inc.*, 2021 FC 186), as well as the factors set out in Rule 400 of the *Federal Courts Rules*, SOR/98-106 in the circumstances of this case. Mainstreet shall therefore pay to the Defendants the lump sum amount of \$50,000 for costs, plus reasonable disbursements. If the parties cannot agree on an amount for reasonable disbursements within 14 days of the issuance of this Judgment and Reasons, they may seek an assessment of those amounts.

[176] In closing, it bears repeating that it may be understandable that Mainstreet feels aggrieved because Atrium was able to register a Mark that uses a design that is identical to the one that Mainstreet succeeded in opposing when registration was sought by CMCC. However, the fact is that because Mainstreet did not succeed in establishing a likelihood of confusion between its Marks and the Atrium Mark as it was registered, there is no basis to support a finding of passing

off, and the other grounds for invalidity asserted by Mainstreet are also not supported in the evidence. Because of this, Mainstreet's action cannot succeed, on the record before the Court.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. Mainstreet's action against the Defendants is dismissed.
2. Mainstreet shall pay to the Defendants lump sum costs of \$50,000, plus reasonable disbursements. If the parties cannot agree on an amount for reasonable disbursements within 14 days of the issuance of this Judgment and Reasons, they may seek an assessment of those amounts.

"William F. Pentney"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2080-17

STYLE OF CAUSE: MAINSTREET EQUITY CORP. v CANADIAN
MORTGAGE CAPITAL CORPORATION ET AL.

PLACE OF HEARING: OTTAWA, ONTARIO

DATE OF HEARING: NOVEMBER 9-10, 2020

**REASONS FOR JUDGMENT
AND JUDGMENT:** PENTNEY J.

DATED: JANUARY 10, 2022

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APENDIX A

<p>Atrium Mortgage Investment Corporation</p>  <p>ATRIUM MORTGAGE INVESTMENT CORPORATION</p>
<p>CMCC Canadian Mortgage Capital Corporation</p>  <p>CMCC CANADIAN MORTGAGE CAPITAL CORPORATION</p>
<p>CMSC Canadian Mortgage Servicing Corporation</p>  <p>CMSC CANADIAN MORTGAGE SERVICING CORPORATION</p>
<p>CMCC Capital Fund</p>  <p>CMCC CAPITAL FUND</p>
<p>Dream CMCC Fund I</p> <p>Dream CMCC Fund II</p> <p>Have no logo or mark; but have in the past made use of marks from CMCC and CMCC Capital Fund</p>