

Federal Court



Cour fédérale

Date: 20250106

**Docket: T-877-22
T-901-22**

Citation: 2025 FC 27

Ottawa, Ontario, January 6, 2025

PRESENT: The Honourable Mr. Justice Southcott

Docket: T-877-22

BETWEEN:

SEA TOW SERVICES INTERNATIONAL, INC.

**Plaintiff/
Defendant by Counterclaim**

and

C-TOW MARINE ASSISTANCE LTD.

**Defendant/
Plaintiff by Counterclaim**

Docket: T-901-22

AND BETWEEN:

C-TOW MARINE ASSISTANCE LTD.

Applicant

and

SEA TOW SERVICES INTERNATIONAL, INC.

Respondent

PUBLIC JUDGMENT AND REASONS

I. Overview

[1] This decision relates to the two above-referenced and related proceedings, in which the Court has been asked to adjudicate various disputes between the parties arising from their use of similar trademarks.

[2] Sea Tow Services International, Inc. [Sea Tow] is a company that was incorporated in the State of New York in 1983. It employs a pre-paid membership model to deliver on-water services to recreational boaters including towing, fuel delivery, and repairs, as well as related membership services. Sea Tow is the owner of trademarks [the Sea Tow Marks], respectively a design mark and a word mark, with Canadian Trademark Registration Nos. TMA870561 (SEA TOW & DESIGN) and TMA870562 (SEA TOW) [the Registrations]. The SEA TOW & DESIGN mark appears as follows:



[3] C-Tow Marine Assistance Ltd. [C-Tow] is a Canadian-based company that was incorporated in British Columbia in 2006. Its business model and the services it provides are similar to those of Sea Tow. C-Tow has pending applications for registration of the trademarks, respectively a word mark and a design mark, C-TOW and C-TOW & DESIGN [together, the C-Tow Marks], which it asserts that it and its predecessors in title have used in Canada since 1984. The C-TOW & DESIGN mark appears as follows:



[4] On April 21, 2022, C-Tow filed a Notice of Application in Court File No. T-901-22 [the Application], contesting the validity of the Sea Tow Marks and seeking an order pursuant to section 57 of the *Trademarks Act*, RSC 1985, c T-13 [the Act], striking the Sea Tow Marks from the Register of Trademarks [the Register].

[5] On April 28, 2022, Sea Tow filed a Statement of Claim, commencing an action against C-Tow in Court File No. T-877-22, alleging that C-Tow has infringed Sea Tow's rights in the Sea Tow Marks [the Action]. C-Tow has filed a Defence and Counterclaim, in which it contests the validity of the Sea Tow Marks on the same basis as in the Application.

[6] On September 29, 2023, Sea Tow filed a Notice of Motion in the Action, seeking summary judgment on components of C-Tow's Defence and Counterclaim and, as a consequence, striking certain paragraphs thereof [the Motion]. C-Tow agrees that the issues

raised by Sea Tow are suitable for summary judgment but argues that the Court should grant judgment in C-Tow's favour on those issues.

[7] On October 5, 2023, Associate Judge Trent Horne [AJ Horne], who has been case managing both the Action and the Application, ordered that the Application and the Motion be heard together. The Court heard oral argument on the Application, followed by oral argument on the Motion, on July 9 and 10, 2024.

[8] Some of the evidence adduced in these matters is subject to a Confidentiality Order dated July 5, 2024, in order to protect commercially sensitive confidential information of the parties. As such, on January 6, 2025, the Court issued a Confidential Judgment and Reasons, which afforded the parties an opportunity to propose any redactions that they considered appropriate for the public version of the decision, to be issued subsequently. In letters dated January 13, 2025, each party proposed redactions to protect information that it considered commercially sensitive. Neither party opposes the other's proposed redactions.

[9] As the proposed redactions are minimal and will not affect the intelligibility of the decision, and as I am satisfied that they relate to commercially sensitive confidential information, I am also satisfied that the redactions appropriately balance the interests of protecting confidential information and the public interest in open and accessible court proceedings. As such, the information identified by the parties in their January 13, 2025 correspondence has been redacted in this Public Judgment and Reasons.

[10] This decision addresses both the Application and the Motion. For the reasons explained in greater detail below, I am allowing the Application (in part), which will result in the Sea Tow Marks being struck from the Register, and I am granting summary judgment in C-Tow's favour on the Motion.

II. Background

[11] On December 20, 2002, Sea Tow applied to the Registrar of Trademarks [the Registrar] for registration of SEA TOW word and design trademarks for use with services that, broadly speaking, involved various categories of marine assistance to boaters. The applications were allowed in 2007, on the condition that Sea Tow file a declaration of use of the marks. Sea Tow requested several extensions of time but ultimately never filed the required declaration, as a result of which its applications were deemed abandoned on September 29, 2010.

[12] On September 9, 2010, prior to the abandonment of its previous applications, Sea Tow filed fresh applications for registration of the Sea Tow Marks for use with services that, while differently worded, again involved various categories of marine assistance, as well as membership-related services. The basis for the fresh applications was prior use of the trademarks in the United States, as permitted by subsection 16(2) of the version of the Act that was then in force. Sea Tow obtained the Registrations of the Sea Tow Marks on February 3, 2014.

[13] The Sea Tow Marks were subsequently the subject of a proceeding for cancellation for non-use pursuant to notices issued by the Registrar under section 45 of the Act on February 13, 2017. The Registrar found that Sea Tow had used the Sea Tow Marks in Canada during the

relevant period of February 13, 2014, to February 13, 2017, but only for some of the services in the Registrations. Sea Tow appealed that decision to the Federal Court. In *Sea Tow Services International, Inc v Trademark Factory International Inc*, 2021 FC 550 [Sea Tow], Justice Janet Fuhrer allowed the appeal and found that Sea Tow had used the Sea Tow Marks in Canada during the relevant period in connection with a broader list (although not all) of the services identified in the Registrations. Following that proceeding, the Registrations remained applicable to the following services (as set out in *Sea Tow*):

SEA TOW & Design, registration No. TMA870561

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.

(2) ...

(3) Marine charting and consulting services.

(4) Diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat.

SEA TOW, registration No. TMA870562

(1) Association services, namely, promoting the interests of boaters; membership services, namely, providing discounts to members for the services of others, and arranging for network of franchisees and authorized partners to provide members access to discounted and pre-paid insurance services, travel services, namely rental car and hotel discount services, educational services, namely boating safety education, on-line information services, namely boating safety information, publications, namely magazines covering issues of interest and news relating to the boating and nautical community.

(2) diving and underwater salvage; vessel salvage; delivery of fuel and other supplies by boat; Marine charting and consulting services.

[14] In the meantime, on November 18, 2015, C-Tow filed applications for registration of the C-Tow Marks. While not directly relevant to the present proceedings, I understand that an examiner has cited the Registrations of the Sea Tow Marks as an obstacle to registration of the C-Tow Marks.

[15] As previously noted, C-Tow filed the Application contesting the validity of the Sea Tow Marks on April 21, 2022. The Application asserts three grounds of invalidity:

- A. Sea Tow was not the person entitled to secure the registration of the Sea Tow Marks (relying on paragraph 18(1)(d) of the Act);
- B. Sea Tow filed the application for registration of the Sea Tow Marks in bad faith (relying on paragraph 18(1)(e) of the Act); and
- C. The Sea Tow Marks were not distinctive at the time the Application was commenced (relying on paragraph 18(1)(b) of the Act).

[16] Section 19 of the Act confers a presumption of validity on registered trademarks (see *Loblaws Inc v Columbia Insurance Company*, 2019 FC 961 [*Loblaws*] at para 22). As such, C-Tow bears the burden to rebut that presumption of validity by establishing at least one of its asserted grounds of invalidity (see *Enigmatus, SRO v Playtika Ltd*, 2024 FC 751 at para 167).

[17] In relation to the first of these grounds of invalidity, C-Tow asserts that Sea Tow was not the person entitled to secure the registration of the Sea Tow Marks in Canada because, contrary to section 16 of the version of the Act that was in force on September 9, 2010 (when Sea Tow filed the applications that ultimately matured into the Registrations), those marks were confusing with the C-Tow Marks that had previously been used by C-Tow in Canada.

[18] However, it is significant that C-Tow commenced the Application more than five years after the date of the Registrations. As a result, pursuant to the combination of subsections 17(1) and (2) of the Act, C-Tow can succeed under this ground of invalidity only if Sea Tow adopted the Sea Tow Marks in Canada with knowledge of C-Tow's previous use of the C-Tow Marks in Canada. As a result of that principle, that the Registrations are incontestable under this ground of invalidity unless C-Tow can establish such knowledge by Sea Tow at the time of Sea Tow's adoption of its marks in Canada, the timing of that adoption is a significant issue in this litigation.

[19] It is common ground between the parties that such timing is governed by section 3 of the Act, which provides that a trademark is deemed to have been adopted by a person when that person or his predecessor in title commenced to use it in Canada or to make it known in Canada or, if that person or his predecessor had not previously so used it or made it known, when that person or his predecessor filed an application for its registration in Canada.

[20] However, as will be explained later in these Reasons, the parties disagree on both the interpretation of section 3 and on when each of them first used their respective marks. In relation

to the C-Tow Marks, that disagreement surrounds whether the evidence demonstrates that C-Tow, which was incorporated in 2006, is a successor in title to previous owners of the C-Tow Marks.

[21] C-Tow served Sea Tow with its evidence in the Application, including evidence in support of its chain-of-title narrative, in November 2022 and April 2023. This evidence included an affidavit sworn on November 18, 2022, by C-Tow's owner and Chief Executive Officer [CEO], Mr. Andrew Cardiff [the First Cardiff Affidavit] and an affidavit of Mr. Wayne Skinner, the former majority shareholder of C-Tow, affirmed on April 11, 2023 [the First Skinner Affidavit]. It is evident from those affidavits, and not in dispute, that Mr. Cardiff purchased C-Tow from Mr. Skinner and two minority shareholders of C-Tow in late 2008.

[22] However, Mr. Cardiff's evidence also set out his understanding of the history of the business preceding the 2006 incorporation of C-Tow. Paragraphs 4 to 7 of the First Cardiff Affidavit explained that history as follows:

4. The C-Tow business was started in 1984 by Captain Jim MacDonald and his business partner Steve Ackles. Around 1993, Jim MacDonald bought out Steve Ackles, and in 1997 incorporated the business under the corporate name "C-Tow Marine Assistance Ltd." (the business and incorporated entity hereinafter collectively referred to as "**C-Tow**").

5. In 2022, Jim MacDonald passed away, and Paul Dupres purchased C-Tow.

6. In 2005, Paul Dupres sold C-Tow to Wayne Skinner.

7. In or around November 6, 2006 the corporation was dissolved for failure to file. C-Tow Marine Assistance Ltd. was re-incorporated in or around November 23, 2006 and remains active to this day. Corporate registry searches for C-Tow are attached as Exhibit A hereto.

[23] Following receipt of C-Tow's evidence in the Application, Sea Tow served its Motion for summary judgment in the Action on September 29, 2023. In significant measure, the Motion seized upon Mr. Cardiff's evidence identifying the company incorporated in 1997 under the name C-Tow Marine Assistance Ltd. (a different corporation with the same name as C-Tow) [the 1997 Corporation] as being in the chain of title to the C-Tow Marks. Noting Mr. Cardiff's evidence that the 1997 Corporation was dissolved on November 6, 2006, and in the absence of any record of an assignment of trademark assets before that dissolution, the Motion asserted that, pursuant to section 344 of the British Columbia *Business Corporations Act*, SBC 2002, c 57, those trademark assets vested in the government of British Columbia upon that dissolution. As such, Sea Tow asserted that the earliest possible use of the C-Tow Marks by C-Tow was the date of C-Tow's incorporation on November 23, 2006.

[24] The Motion also asserted that, by virtue of section 3 of the Act, the latest possible date of adoption by Sea Tow of the Sea Tow Marks was December 20, 2002, the date on which it had filed its first application for registration of those marks. Sea Tow argued that the validity of the Sea Tow Marks was incontestable under subsection 17(2) of the Act, because Sea Tow could not have had knowledge of C-Tow's use of the C-Tow Marks on Sea Tow's 2002 adoption date, given that C-Tow's use did not begin until 2006. Sea Tow therefore sought summary judgment and an order striking the portions of C-Tow's Defence and Counterclaim that were based on that ground of invalidity. (The Motion also sought to strike portions of the Defence and Counterclaim that asserted non-distinctiveness as a ground of invalidity, but Sea Tow has not subsequently advanced submissions in support of that request for relief.)

[25] On November 3, 2023, C-Tow served the evidence it intended to rely on in opposing the Motion. This evidence included the First Cardiff Affidavit and the First Skinner Affidavit, plus further affidavits from both those witnesses. Each of the further affidavits was in turn (for reasons that do not appear to be material) subsequently replaced by another, such that the record in the Motion included an affidavit by Mr. Cardiff affirmed December 4, 2023 [the Subsequent Cardiff Affidavit] and an affidavit by Mr. Skinner affirmed December 1, 2023 [the Subsequent Skinner Affidavit]. When C-Tow served its evidence in response to the Motion, it advised Sea Tow that it also intended to rely upon these new affidavits in the context of the Application.

[26] Significantly, in the Subsequent Cardiff Affidavit, Mr. Cardiff revisits the history of the C-Tow Marks and states that his earlier evidence about the role of the 1997 Corporation was incorrect “due to a certain degree of inadvertent carelessness on my part.” He instead states that the 1997 Corporation was unrelated to the C-Tow business that he now owns and that the 1997 Corporation may have been registered by a disgruntled former C-Tow captain, by the name of Mitch Rivest, out of spite or in retaliation for some disagreements he had with Mr. MacDonald. The Subsequent Skinner Affidavit did not alter Mr. Skinner’s previous evidence but added some additional detail.

[27] C-Tow then moved under Rule 312 of the *Federal Courts Rules*, SOR/98-106 [Rules], seeking leave to file the Subsequent Cardiff Affidavit and the Subsequent Skinner Affidavit in the Application. AJ Horne addressed this motion in a decision dated January 22, 2024 (*C-Tow Marine Assistance Ltd v Sea Tow Services International, Inc*, 2024 FC 101 [the Horne Decision]). The Court found that Sea Tow would be prejudiced if the further evidence was

admitted, as Sea Tow had undoubtedly made decisions on its evidence in the Application and on its position on the Motion based on the evidence that C-Tow had served in the Application. AJ Horne described Sea Tow as having a reasonable expectation that C-Tow's evidence in the Application, particularly in respect of its corporate history, was "in the can" (at para 54). The Court agreed with Sea Tow's position that C-Tow revisiting and revising its corporate history in further affidavits looked more like case splitting than addressing new or unexpected issues (at para 56).

[28] Nevertheless, AJ Horne observed that the Application was "joined at the hip" with the Motion, both in that they would be heard together and in that there was overlap in the issues to be decided therein, including C-Tow's corporate history. In particular, AJ Horne was concerned that a judge deciding both matters on their merits not be expected to make findings of fact in closely related proceedings on different, and perhaps conflicting, evidence from the same witnesses. Rather, having the same evidentiary record in the two Court files served the interests of justice (see paras 63-64).

[29] As such, the Court granted C-Tow's motion, including affording Sea Tow an opportunity to serve and file reply evidence in both the Application and the Motion. Notwithstanding that C-Tow obtained its requested relief on the Rule 312 motion, AJ Horne awarded and quantified costs against it. (That award related only to preparation and attendance for the Rule 312 motion. Costs associated with any further affidavits by Sea Tow, cross-examinations, and all other steps up to and including the hearing of both the Application and the Motion, including any costs thrown away, were reserved to be in the discretion of the judge presiding at the hearing.)

[30] On July 9 and 10, 2024, I heard oral argument on first the Application and then the Motion, based on the records filed by the parties, followed by submissions on costs in both proceedings.

III. Issues

A. *Introduction*

[31] As noted in the above explanation of the background to these proceedings, there is considerable overlap in the issues to be adjudicated by the Court in the Application and in the Motion. In their respective written materials, each of the parties articulates these issues somewhat differently. However, with the benefit of both the written and oral submissions, it is also apparent that there are some issues where the parties are not in disagreement.

[32] For instance, as a minor point, in C-Tow's articulation of the issues in the Application, it includes the issue whether C-Tow is a "person interested" within the meaning of subsection 57(1) of the Act. Subsection 57(1) provides that the Court's jurisdiction to strike out an entry in the Register requires an application by a "person interested," which section 2 of the Act defines as including, *inter alia*, any person who is affected or reasonably apprehends that they may be affected by any entry in the Register. I do not understand Sea Tow to disagree that C-Tow is affected by the Registrations and has standing to bring the Application.

[33] More substantively, C-Tow's position, pursuant to paragraph 18(1)(d) of the Act, that Sea Tow was not the person entitled to secure the registration of the Sea Tow Marks, relies on

section 16 of the Act (as in force at the time of Sea Tow's 2010 applications to register those marks). Subject to the incontestability provisions in section 17, section 16 would disentitle Sea Tow if the Sea Tow Marks were confusing with a mark that had been previously used in Canada or made known in Canada by any other person. While C-Tow's written submissions raised and argued the issue as to whether the Sea Tow Marks were confusing with the C-Tow Marks, that issue (with a limited exception, noted below) is not in dispute between the parties.

[34] The fact that confusion is not in dispute is perhaps obvious. C-Tow's efforts to strike the Registrations of the Sea Tow Marks in the Application are premised in part on the parties' respective marks being confusingly similar. Sea Tow's claim in the Action, that C-Tow's use of the C-Tow Marks has infringed Sea Tow's rights in the Sea Tow Marks, is also premised on the marks being confusingly similar. Sea Tow explained in oral submissions that it takes a more nuanced position in relation to the distinctiveness issue raised by C-Tow in the Application, arguing that the Sea Tow Marks remain distinctive in appearance, even if (when compared to the C-Tow Marks) the Sea Tow Marks are not distinctive in sound. However, with the exception of that nuance, the parties agree that their respective marks are confusing. As such, this is not an issue that requires adjudication by the Court.

B. *Application (Court File No. T-901-22)*

[35] Against that backdrop, I would articulate the issues to be adjudicated in the Application as follows:

- A. Did C-Tow's use of the C-Tow Marks predate Sea Tow's adoption of the Sea Tow Marks?

B. If so, did Sea Tow adopt the Sea Tow Marks with knowledge of C-Tow's previous use of the C-Tow Marks?

C. Were Sea Tow's applications for the Registrations filed in bad faith?

D. As of the date of commencement of the Application, were the Sea Tow Marks distinctive of Sea Tow's services?

C. *Motion (Court File No. T-877-22)*

[36] I would articulate the issues to be adjudicated in the Motion as follows:

A. Is summary judgment appropriate, either in favour of Sea Tow or in favour of C-Tow, for the issues raised in the Motion?

B. Did C-Tow's use of the C-Tow Marks predate Sea Tow's adoption of the Sea Tow Marks?

C. If so, did Sea Tow adopt the Sea Tow Marks with knowledge of C-Tow's previous use of the C-Tow Marks?

D. *Objections*

[37] Finally, I note that, in the course of adjudicating the above issues, the Court will be required to address certain evidentiary objections raised by both parties. At a Case Management

Conference [CMC] held in the weeks preceding the hearing, counsel explained that each party had concerns about portions of the other's evidence. It was agreed that each party would speak to its objections, and its responses to the other's objections, when addressing the particular evidence to which the objections related in the course of its oral submissions. I also directed that, in the days leading to the hearing, each of the parties provide written submissions on objections that it would potentially be arguing at the hearing, and that each party provide a written response to the other's submissions.

[38] C-Tow's objections relate to various paragraphs of the affidavit of Sea Tow's principal affiant, Captain Joseph Frohnhoefer III, sworn March 12, 2024 [the Frohnhoefer Affidavit], which also incorporates affidavits that Capt. Frohnhoefer swore on September 12, 2017 and October 22, 2020, in the section 45 proceeding before Justice Fuhrer [the Section 45 Affidavits]. Capt. Frohnhoefer is the CEO of Sea Tow, having held various positions with the company since 2002, and is the son of Sea Tow's founder, Captain Joseph Frohnhoefer, Jr. C-Tow argues that portions of Capt. Frohnhoefer's evidence represent hearsay, impermissible opinion, improper argument, or legal opinion. C-Tow asked that the Court either strike out the offending portions of the affidavit or give no weight or probative value to those portions.

[39] Similarly, Sea Tow raises hearsay objections to portions of the affidavits of Mr. Cardiff and Mr. Skinner. Sea Tow notes that hearsay is presumptively inadmissible and requests that the Court draw an adverse inference, as contemplated by Rule 81(2), in circumstances where C-Tow has failed to provide the evidence of persons having personal knowledge of material facts.

[40] Sea Tow also identified lists of: (a) questions asked by C-Tow during cross-examination of Sea Tow witnesses, to which Sea Tow objected on various bases; (b) evidence that was given by Sea Tow witnesses during cross-examination under reserve of objections by Sea Tow's counsel under Rule 95(2); and (c) evidence given by Mr. Cardiff during re-examination to which Sea Tow's counsel objected on the basis that the re-examination probed areas not raised during Mr. Cardiff's cross-examination.

[41] Despite these significant lists of objections having been raised by both parties in their written materials provided in advance of the hearing, many of the objections do not require adjudication in order for the Court to address the issues in the Application and the Motion. As the most obvious example, C-Tow's counsel advised at the hearing that it would not be relying on Mr. Cardiff's evidence of events prior to his purchase of C-Tow in 2008. More broadly, many of the objections identified by both parties relate to evidence that the parties did not rely upon at the hearing or that does not figure as material in the Court's analysis.

[42] As such, this decision will not conduct a granular analysis of each of the objections raised by the parties. Rather, I will address objections as needed when analysing the evidence in connection with the substantive issues being adjudicated and when considering the impact of potentially relevant and material evidence to which an objection has been raised.

IV. Analysis

A. *Application (Court File No. T-901-22)*

- (1) Did the use of the C-Tow Marks by C-Tow and its predecessors in title predate Sea Tow's adoption of the Sea Tow Marks?

(a) *Use of the C-Tow Marks by C-Tow and its predecessors in title*

(i) Introduction

[43] C-Tow argues that it can trace use of the C-Tow Marks by its predecessors in title back to 1984. As previously noted, Mr. Cardiff has no first-hand knowledge of the history of use of the C-Tow Marks prior to 2008. C-Tow has few business records pre-dating 2006, and it acknowledges that the corporate records and witness testimony upon which it relies to establish its chain of title are imperfect. However, C-Tow submits that this evidence is sufficient to establish the chain of ownership of the C-Tow Marks and the intention of each owner to transfer its rights to the marks and business to each successive owner.

(ii) Corporate records – 1985 to 2004

[44] C-Tow's narrative is that the business was started in 1984 by Jim MacDonald and Steve Ackles, both of whom are now deceased. The Second Cardiff Affidavit attaches copies of the obituaries (Mr. MacDonald having passed away in 2002 and Mr. Ackles in 2021), and I do not understand Sea Tow to challenge the admissibility of those documents.

[45] C-Tow says that, in 1985, Messrs. MacDonald and Ackles incorporated their business as A&M C-Tow Assistance Ltd. [A&M] and that initially both men, and following 1990 just Mr. MacDonald, ran the business through that company. To establish the occurrence of these events, C-Tow relies on certified (by the British Columbia [BC] Registrar of Companies [BC Registrar] on April 4, 2024) copies of the documents on file with the BC Registrar relating to A&M. These

documents include: (a) the Certificate of Incorporation, reflecting incorporation of A&M on July 15, 1985; (b) a Memorandum dated July 2, 1985, purporting to be signed by Mr. MacDonald and Mr. Ackles, each subscribing to 50% of the shares in the company; and (c) an Annual Report and a Notice of Directors, each purporting to have been signed by Mr. MacDonald as of September 30, 1992, reflecting Mr. Ackles ceasing to be a director as of September 1, 1990, and Mr. MacDonald continuing as the sole director of A&M [together, the Certified A&M Records].

[46] The Subsequent Cardiff Affidavit also attaches as an exhibit a copy of the company summary for A&M and available associated documents that were obtained on Mr. Cardiff's behalf from the BC Registrar. This documentation indicates that A&M was dissolved for failure to file on December 16, 1994.

[47] C-Tow says that, two weeks following the dissolution of A&M, Mr. MacDonald incorporated a new company named Pacific Marine Assistance Network Inc. [Pacific], through which he then continued to run the business. C-Tow further says that, following Mr. MacDonald's death in 2002, his wife, Barbara MacDonald, became a director of Pacific, and in 2004 an associate of Mr. MacDonald named Harry Woodman became a director. C-Tow says that Mr. Woodman then operated the business through Pacific until it was sold to a Mr. Paul Dupré in 2004 or 2005.

[48] As evidence of the sequence of events prior to the sale to Mr. Dupré, C-Tow relies on certified copies of the documents on file with the BC Registrar relating to Pacific. These documents include: (a) the Certificate of Incorporation, reflecting incorporation of Pacific on

December 28, 1994; (b) Annual Reports for various years between 1995 and 2001, reflecting Mr. MacDonald as the sole director of Pacific; (c) a Notice of Directors reflecting the replacement of Mr. MacDonald with Barbara MacDonald as of September 15, 2002 (the date of Mr. MacDonald's death); and (d) a Notice of Directors adding Harry Woodman as a director as of February 1, 2004 [together, the Certified Pacific Records].

[49] Sea Tow challenges the admissibility or probative value of these corporate records on several bases. First, with respect to both the Certified A&M Records and the Certified Pacific Records [together, the Certified Records], Sea Tow notes that C-Tow included these records in its Application Record without obtaining leave of the Court under Rule 312 to file additional evidence after the deadline for filing its evidence.

[50] C-Tow has not suggested that it was provided such leave, and I do not read the Horne Decision as having granted leave for the filing of this documentation. However, C-Tow has also as of right included the Certified Records in its record responding to the Motion. Consistent with the reasoning in the Horne Decision, I am concerned about the prospect of deciding effectively the same issues in the Application and the Motion based on inconsistent records. I asked Sea Tow's counsel to identify any prejudice it would suffer as a result of the late filing of the Certified Records in the Application. Sea Tow's response focused on its prospects of success on the incontestability issue, as opposed to any prejudice resulting from the timing of the filing. As such, I am exercising my discretion to allow inclusion of the Certified Records in the Application Record.

[51] By virtue of section 24 of the *Canada Evidence Act*, RSC 1985, c C-5 [CEA], the certification of the Certified Records by the BC Registrar allows them to be admitted into evidence without further proof. However, Sea Tow takes the position that the documents upon which C-Tow wishes to rely also raise hearsay concerns, in that they are not admissible for the truth of certain components of their contents.

[52] Sea Tow recognizes the exception to the hearsay rule applicable to public documents prepared by public officers, but it submits that the exception applies only to entries or statements made by the officer (see *R v Bellman*, 1938 CarswellNB 10 at paras 40-41, [1938] 3 DLR 548 (NBSC (AD))). As such, Sea Tow acknowledges that records obtained from the BC Registrar are admissible, for instance, to establish that a particular company has been incorporated as of a particular date. However, Sea Tow takes the position that these records are not admissible, for instance, to establish that a particular individual became, or ceased to be, a director of a company as of a particular date. Sea Tow argues that information of this nature does not represent a statement by a public officer (in this case, the BC Registrar), but rather a statement by the company's representatives, to which the public documents hearsay exception does not apply.

[53] I have difficulty with this proposition, as the Certified Records reflect the fact, for instance, that Annual Reports and Notices of Directors, have been filed and registered as of particular dates. In my view, once a document that identifies the directors of the company has been filed and registered, this is admissible evidence that those individuals are the directors.

[54] Moreover, C-Tow argues that corporate filings by a company represent business records that are admissible under the business records exception to the hearsay rule, as codified in section 30 of the CEA. C-Tow submits that it does not matter, for purposes of this exception, that these records have been retrieved from the BC Registrar rather than from the files of the company. I agree with this argument. Documents such as Annual Reports and Notices of Directors represent on their face records that have been made in the usual and ordinary course of business, such that the business records exception applies.

[55] I therefore accept that the records described above establish that: (a) A&M was incorporated on July 15, 1985; (b) although Mr. Ackles ceased to be a director as of September 1, 1990, Mr. MacDonald remained a director until A&M's dissolution on December 16, 1994; (c) Pacific was incorporated on December 28, 1994; (d) Mr. MacDonald was the sole director of Pacific until his death on September 15, 2002; (e) Barbara MacDonald became a director of Pacific as of the date of Mr. MacDonald's death; and (f) Harry Woodman became a director of Pacific as of February 1, 2004.

(iii) Evidence of Peter Longhi and Peter Howard-Jones (C-Tow members)

[56] As for the connection between these companies and the business that C-Tow says used the C-Tow Marks over this roughly 20-year period, C-Tow relies on the evidence of witnesses who had contemporaneous knowledge of the business. These witnesses include individuals named Peter Longhi and Peter Howard-Jones, who affirmed affidavits in November 2022,

explaining that they were long standing members of what they described as the C-Tow business and providing details of their relationship with the business.

[57] Mr. Longhi says that (other than during a one or two-year hiatus in 1999) he had a membership with the C-Tow business since the late 1980s when Jim MacDonald owned and operated it. His affidavit attaches photographs of his membership card, expiring in April 2018. Mr. Longhi explains that he made use of the business's marine assistance services on two occasions, in 1992 and 1997, when he experienced equipment failures on his boat, and that on both occasions the workboat that came to assist was marked with the C-Tow trademark on the cabin or hull. Mr. Longhi describes being provided with membership renewal forms by mail until around the mid-2000s (following which renewals were done online) and notes that these forms also displayed the mark. He also explains membership services that he has received, including discounts on other memberships, and weather and GPS locational information through a mobile application service, and notes that for approximately the past 15 years he has received a plastic key fob displaying the C-Tow trademark and phone number with his renewed membership.

[58] Similarly, Mr. Howard-Jones says that he has been a customer and member of what he refers to as the C-Tow business for approximately 28 years. He describes receiving assistance on the water twice, in July 1996 and in June 2003 or 2004, when he experienced equipment failures on his boat. Mr. Howard-Jones explains that, since becoming a member of the C-Tow business, he has renewed his membership every year. In the late 1990s and early 2000s, membership renewals were handled by mail (following which they were done online), and he would receive a package that included his renewed membership and discounts for products and services offered

by different businesses. He states that the membership renewal forms and his membership card displayed the C-Tow trademarks.

(iv) Evidence of Bruce Falkins (fuel station operator)

[59] C-Tow also relies on the evidence of a witness named Bruce Falkins, who affirmed an affidavit on October 19, 2022, in which he explains that he was acquainted with Mr. MacDonald. Mr. Falkins is the owner and operator of a fuel station at Fisherman's Cove in West Vancouver, BC, which he has owned for over 39 years. He describes his acquaintance with Mr. MacDonald as dating to the time Mr. MacDonald came to Bowen Island, BC around 1985 or 1986, by which time Mr. MacDonald was already running the C-Tow business on Vancouver Island with his business partner, Steve Ackles.

[60] Mr. Falkins explains that, from the first time he met him, Mr. MacDonald had an 18-foot zodiac with decals bearing the C-TOW trademark on both sides and that, at least as early as the early 1990s, Mr. MacDonald advertised at Mr. Falkins' fuel station and at other businesses around the Vancouver and Howe Sound area. Mr. Falkins' fuel station also had a placard that advertised marine assistance services offered by Mr. MacDonald's business and its VHF radio call sign "CTOW CTOW CTOW".

[61] Mr. Falkins recalls Mr. MacDonald's business printing brochures, with a picture of his boat displaying the C-TOW mark, that were distributed to potential customers. Mr. Falkins describes Mr. MacDonald marketing his business as the equivalent of the "auto club of the sea," intended as the boaters' equivalent to the British Columbia Automobile Association, employing

a membership model by which customers would pay a certain amount per year for access to towing and related marine response services. Mr. Falkins recalls, from at least as early as the late 1980s, the business salvaging vessels and responding to one-off non-member calls for assistance. He confirms that, in the areas around Howe Sound, Bowen Island, and Vancouver, customers would necessarily be exposed to the C-Tow mark when receiving services from C-Tow vessels and through the promotions and advertisements in the area.

[62] Mr. Falkins also provides evidence related to later stages of the business's operation. He states that Mr. MacDonald bought a larger boat in the 1990s as the business expanded and that this boat was painted yellow and white and branded with "C-TOW" on both sides. After Mr. MacDonald passed away in 2002, Mr. Falkins purchased that boat and started doing jobs for the business in the West Vancouver area under its new owner. Mr. Falkins remains aware of C-Tow captains on the water around Vancouver, that they wear clothing branded with the C-TOW mark, and that their boats bear the C-TOW mark.

(v) Evidence of Maria Steernberg (marine photographer)

[63] C-Tow also relies on the evidence of Maria Steernberg, a marine photographer who affirmed an affidavit on October 26, 2022. Ms. Steernberg explains in her affidavit that she operated a business named Sea Snaps Marine Photography Ltd. [Sea Snaps], specializing in marine photography, for over 30 years. She states that she first became aware of what she describes as the C-Tow business in or around 1985 when Jim MacDonald, one of the founders of the business, came to Bowen Island, BC. As will be explained in greater detail below, during cross-examination on her affidavit Ms. Steernberg corrected her evidence to be more specific,

that it was in 1985 (as opposed to in or around 1985) that she first became aware of the business when Mr. MacDonald came to Bowen Island.

[64] Ms. Steernberg explains that, at least from the time she became aware of the C-Tow business, it provided services around a number of harbours on the BC coast. C-Tow captains, including Mr. MacDonald, would typically have the C-Tow trademark on their boats used in the C-Tow business. Ms. Steernberg was also familiar with the business's advertisement of its services in marinas and related businesses around Vancouver and the Pacific Northwest, as well as its distribution of brochures on which the mark was displayed. She refers to having C-Tow membership applications and brochures on her own boat and distributing those to other mariners.

[65] Ms. Steernberg's affidavit attaches 13 photographs, taken by her, which she describes as showing C-Tow boats displaying the C-Tow trademark and responding to incidents, dating from around 1985 to around 1993 (clarified during cross-examination to date, with more precision, from 1985 to 1993). Sea Tow questions the reliability of her evidence surrounding these photographs. To begin, Sea Tow notes that, at her cross-examination, she commenced her evidence by making a number of corrections to her affidavit. Sea Tow also argues that she refused to admit an obvious misidentification of the location of the earliest photograph as English Bay, when it was actually Point Atkinson.

[66] With respect to the corrections, Sea Tow is referring to Ms. Steernberg explaining that, where her affidavit referred to an event or photograph dating to "in or around" a particular year, she was able to clarify that the event or photograph dated to the particular year identified. She

explained that these corrections were based on reviewing her files, which indicated particular years for the photographs involved.

[67] I also note that Sea Tow's counsel established through cross-examination that Sea Snaps was incorporated in 1988. In response to that line of questioning, Ms. Steernberg clarified, while the earlier photographs were taken by her, her affidavit was incorrect in attributing those photos to Sea Snaps (the corporation) as early as 1985. Finally, I have reviewed the portion of the cross-examination in which Sea Tow's counsel challenged the location of the first photograph, said to have been taken in 1985.

[68] I appreciate that, when a witness attempts to correct their evidence, that can require scrutiny. However, Ms. Steernberg provided an explanation for the corrections, *i.e.*, that her records allowed her to identify the dates of the photographs (and, as I understand it, related events) with more precision than she had realized when swearing her affidavit, and Sea Tow has not established a basis to doubt that explanation. Similarly, I accept that Ms. Steernberg erred in attributing the earliest of her photographs to her corporation, when it had not yet been incorporated. Again, her explanation, that she had been engaged in marine photography before the incorporation, represents a reasonable explanation for the error.

[69] As for whether Ms. Steernberg erred in identifying the location of the first photograph attached to her affidavit, it is unnecessary for the Court to engage in an examination of the geography to adjudicate the point. Sea Tow explained at the hearing its argument that, if her file misidentified the location, then perhaps it misidentified the date of the photograph as well. I find

no merit to this argument. Even if Sea Tow were to establish that the location was misidentified, that would not support a conclusion that the date was wrong. In my view, none of the points raised by Sea Tow serves to undermine the reliability of Ms. Steernberg's evidence.

[70] Before turning to an assessment of the extent to which Ms. Steernberg's evidence, along with that of Messrs. Longhi and Howard-Jones, assists in supporting C-Tow's chain-of-title narrative, I will identify the remainder of that narrative (from the death of Mr. MacDonald in 2002 to Mr. Cardiff's acquisition of C-Tow in 2008) and the evidence upon which it relies in support.

(vi) Evidence of Wayne Skinner

[71] C-Tow acknowledges that it does not know the precise role of Mrs. MacDonald and/or Harry Woodman in the ownership and/or operation of Pacific following Mr. MacDonald's death in 2002. However, it submits that the precise details are immaterial, focusing instead on evidence indicating that the business was acquired by Paul Dupré in 2004 or 2005, sold by Mr. Dupré to Wayne Skinner in 2005, and (after Mr. Skinner incorporated the business as C-Tow) sold by Mr. Skinner to Mr. Cardiff.

[72] C-Tow relies principally on Mr. Skinner's evidence in relation to this stage of the business's history. The Subsequent Skinner Affidavit explains that, in or around 2001 (which he modified to 2002 in cross-examination), he acquired a water taxi business in British Columbia, which serviced the Howe Sound area. Mr. Skinner states that shortly thereafter, he became a C-Tow captain in the Howe Sound area and was given a decal displaying the C-Tow logo and

trademark to put on his water taxi boat. Mr. Skinner never met Mr. MacDonald, who had passed away in 2002. Rather, when he became a C-Tow captain, he dealt with Harry Woodman, who he describes as Mr. MacDonald's friend and associate who was running the business on a temporary basis until a buyer was found.

[73] Mr. Skinner explains that, although he expressed some interest in purchasing the business, it was sold to Mr. Dupré (described by Mr. Skinner as an associate of Mr. Woodman), and Mr. Skinner continued in his role as a C-Tow operator. Mr. Skinner states that he bought the business from Mr. Dupré in or around 2005. He deposes that, when he bought the business, he acquired the essentials such as the goodwill including the trademark and branding, member lists, mailing lists, the dispatch number, and contracts with the captains.

[74] Mr. Skinner states that he incorporated C-Tow (*i.e.*, the corporation that is a party to these proceedings) in 2006, because he wanted to give 10% of the business to his dispatchers, a couple named Paul and Maggie Thomas.

[75] Mr. Skinner also explains use of the C-Tow Marks during the period that he operated the business. He states that, as had been done by the previous owner, the business continued to mail out membership renewals to members, with the renewal forms and membership cards displaying the C-Tow Marks. In or around 2006, Mr. Skinner started setting up a booth at boat shows in Vancouver and Victoria, BC to advertise the business and attract new members. He put up large posters and printed and handed out brochures, both of which displayed the C-Tow Marks. Mr.

Skinner also handed out his business card, again displaying the C-Tow Marks, to potential captains, customers, water taxi clients, and advertisers.

[76] In or around 2008, Mr. Skinner sold his 90% of C-Tow to Mr. Cardiff. This final stage of the chain-of-title narrative is also addressed in the Subsequent Cardiff Affidavit, which refers to Mr. Cardiff's purchase of 90% of the shares in C-Tow from Mr. Skinner and the other 10% from Mr. and Mrs. Thomas and attaches supporting documentation. I do not understand Sea Tow to dispute this evidence or the existence of that transaction.

[77] Sea Tow does raise objections to other portions of the evidence of both Mr. Skinner and Mr. Cardiff. As previously noted, the Court need not address objections related to Mr. Cardiff's evidence surrounding events prior to his acquisition of C-Tow, as C-Tow is not relying on that evidence. However, Sea Tow also objects to portions of Mr. Skinner's evidence as inadmissible hearsay.

[78] The Subsequent Skinner Affidavit refers to the business having been sold to Mr. Dupré, whom Mr. Skinner describes as Mr. Woodman's associate, in or around 2002. Sea Tow notes that, in cross-examination, Mr. Skinner testified that it was Mr. Woodman who told him that the business had been sold to Mr. Dupré. Based on this testimony, Sea Tow submits that Mr. Skinner's evidence is hearsay. Sea Tow also points out that Mr. Skinner testified in cross-examination that he didn't actually know who Mr. Dupré was and, although he thought he was an associate of Mr. Woodman, he didn't know exactly how Mr. Dupré came into the picture. Mr. Skinner further clarified in cross-examination that Mr. Dupré's purchase was in 2004 or 2005,

not 2002 as stated in his affidavit, and that he knew Mr. Dupré only after that purchase. Mr. Skinner also confirmed that he did not know from whom Mr. Dupré had purchased the business.

[79] Sea Tow has not convinced me that this aspect of the evidence in the Subsequent Skinner Affidavit is hearsay. I accept that it would be hearsay for Mr. Skinner to testify as to what Mr. Woodman told him. However, as C-Tow emphasizes, Mr. Skinner was a C-Tow captain, working with the business at the time of Mr. Dupré's involvement. As such, the fact that Mr. Woodman informed him of Mr. Dupré's purchase does not mean that he did not also have first-hand knowledge of that event. Sea Tow's questions of Mr. Skinner in cross-examination do not establish that the only information he had about the purchase of the business came from Mr. Woodman. The fact that Mr. Skinner became aware that Mr. Dupré had purchased the business is evident from the fact that Mr. Skinner ultimately purchased the business from Mr. Dupré.

[80] That said, Sea Tow established in cross-examination that Mr. Skinner had little knowledge of the transaction through which Mr. Dupré purchased the business. I will return to this point shortly, when assessing the extent to which C-Tow's evidence assists in supporting its chain-of-title narrative.

[81] The Subsequent Skinner Affidavit also states that, after his purchase, Mr. Dupré struggled to run the business. Sea Tow submits that this evidence is based on what Mr. Skinner was told by others. Again, this is not apparent to me. Mr. Skinner was a C-Tow captain at the time of Mr. Dupré's involvement in the business and, if Mr. Dupré was struggling to run it, Mr. Skinner's knowledge of that difficulty could have been based on his own observations. Sea Tow

has not established that this is hearsay evidence. That said, little turns on Mr. Dupré's motivation for selling the business.

(vii) Analysis of C-Tow's chain of title

[82] Against the backdrop of the evidence canvassed above, C-Tow submits that it has met its burden to establish on a balance of probabilities the chain of title through its predecessors. C-Tow relies significantly on jurisprudence that confirms that the assignment of rights to a trademark can be inferred in the absence of direct evidence. As explained in *Wing Wah Food Manufactory Products Inc v China Brands Food Products Inc*, 2005 FC 1611 [*Wing Wah*] at paragraphs 15-16, aff'd 2006 FCA 387, there is no requirement under subsection 48(1) of the Act (which addresses the transferability of trademarks) that a transfer be in writing. It remains available to find that a transfer of the rights in a trademark occurred, notwithstanding an absence of documentary evidence of such a transfer.

[83] Similarly, *Philip Morris Inc v Imperial Tobacco Ltd*, 1985 CarswellNat 805, 7 CPR (3d) 254 (FCTD) [*Philip Morris FC*], aff'd 1987 CarswellNat 701, 17 CPR (3d) 289 (FCA) [*Philip Morris FCA*], leave to appeal to SCC refused, 1988 CarswellNat 1491, [1988] 1 SCR xii (SCC), explained that, notwithstanding the absence of direct evidence on whether the right to a trademark was transferred, a transfer can be inferred from the facts established by the available evidence (see *Philip Morris FC* at paras 13, 41).

[84] As C-Tow acknowledges, its evidence is far from perfect. However, taking into account the principles identified in the above jurisprudence, I am satisfied that C-Tow has established

through admissible evidence facts from which it can be inferred, on a balance of probabilities, that it is the successor in title to a series of owners of the C-Tow Marks dating back to the incorporation of A&M on July 15, 1985. I appreciate that C-Tow's narrative starts with Mr. MacDonald's founding of the business in 1984. However, none of its witnesses spoke to a period any earlier than 1985.

[85] The evidence of Messrs. Longhi, Howard-Jones, and Falkins, and that of Ms. Steernberg, establish use of the C-Tow Marks (or marks sufficiently similar as to be of the same effect for purposes of the required analysis) commencing in the mid-1980s (when both Mr. Falkins and Ms. Steernberg first encountered Mr. MacDonald, confirmed by Ms. Steernberg to have occurred in 1985) and continuing to 2022 (when Messrs. Longhi and Howard-Jones gave the evidence of their continued C-Tow memberships and their exposure to the marks since their memberships' commencement in the 1980s or 1990s).

[86] I appreciate that these witnesses do not link their knowledge of Mr. MacDonald and the C-Tow business to the particular corporate entities, A&M and Pacific. However, one would not necessarily expect those witnesses to have that knowledge. When their evidence is coupled with the corporate records of A&M and Pacific, that establish the role of Mr. MacDonald (and, for a period, Mr. Ackles) in those companies from 1985 to Mr. MacDonald's death in 2002, I find a sufficient evidentiary basis to infer that the rights to the C-Tow Marks were owned by A&M from its incorporation in 1985 to its dissolution in 1994 and by Pacific following its incorporation in 1994. I appreciate that there is a two-week gap between A&M's dissolution and Pacific's incorporation. However, given the continuity of Mr. MacDonald's involvement in the

business (as confirmed by the Certified Pacific Records), I infer that that the necessary trademark rights were transferred through the successive corporate and individual parties interested in the business, such that Pacific held those rights from its incorporation in 1994 to and following Mr. MacDonald's death in 2002.

[87] Following Mr. MacDonald's death, Mrs. MacDonald and then Mr. Woodman became directors of Pacific. In combination with the evidence of Messrs. Longhi, Howard-Jones, and Falkins, who confirm the continuity of the business up to as late as 2022, it is reasonable to infer that Mrs. MacDonald and/or Mr. Woodman were involved in the operation of the business prior to its sale to Mr. Dupré.

[88] The sale to Mr. Dupré is the event in the succession of title that, in my view, is the least transparent. No witness has been able to speak directly to the details of that transaction. Indeed, Sea Tow emphasizes that, although Mr. Cardiff confirmed in cross-examination that Mr. Dupré was asked to provide an affidavit in these proceedings, no such affidavit has been provided. Sea Tow argues that the Court should therefore draw an adverse inference to the effect that, had Mr. Dupré's evidence been provided, it would have been contrary to C-Tow's position or at least would not have supported it.

[89] The parties take divergent positions on the law governing the circumstances in which it is appropriate to draw an adverse inference from the failure to call a witness who would appear to have knowledge of relevant facts. C-Tow refers the Court to *Caron Transport Ltd v Williams*, 2020 FCA 106 at para 10 [*Caron*], which explained the following:

A decision-maker is permitted to draw an adverse inference in certain circumstances. Those circumstances are described in the following terms in Alan Bryant, Sidney Lederman & Michelle Fuerst, Sopinka, Lederman & Bryant: *The Law of Evidence in Canada*, 5th ed (Toronto: LexisNexis Canada, 2018) at paragraph 6.471:

In civil cases, an unfavourable inference can be drawn when, in the absence of an explanation, a party litigant does not testify, or fails to provide affidavit evidence on an application, or fails to call a witness who would have knowledge of the facts and would be assumed to be willing to assist that party. In the same vein, an adverse inference may be drawn against a party who does not call a material witness over whom he or she has exclusive control and does not explain it away. The inference should only be drawn in circumstances where the evidence of the person who was not called would have been superior to other similar evidence. The failure to call a material witness amounts to an implied admission that the evidence of the absent witness would be contrary to the party's case, or at least would not support it.

(underlining added)

[90] C-Tow emphasizes the explanation in *Caron* that an adverse inference may be drawn when, without explanation, a material witness is not called by a party that has exclusive control over the witness. C-Tow submits that, as it has no control over Mr. Dupré, there is no basis to draw an adverse inference from his failure to give evidence in these proceedings.

[91] Sea Tow refers the Court to *Deyab v Canada*, 2020 FCA 222 [Deyab] at paras 45-48, leave to appeal to SCC refused, 2021 CarswellNat 1815 (SCC), for the proposition that a witness need not be an employee of a party or under a party's control for an adverse inference to arise from the party's failure to call the witness. I am not convinced that *Deyab* supports this proposition or, at least, its application to the facts at hand. In that case, the Federal Court of Appeal [FCA] considered a decision of the Tax Court in which the taxpayer did not call his accountant or his bookkeeper as a witness. The Tax Court drew an adverse inference from the absence of substantial available financial records that, in its view, undermined the credibility of the taxpayer's testimony and assertions.

[92] In *Deyab* at paragraph 46, the FCA cited Sidney N. Lederman, Alan W. Bryant & Michelle K. Fuerst, *Sopinka, Lederman & Bryant: The Law of Evidence in Canada*, 5th ed. (LexisNexis Canada Inc., 2018) [*Sopinka*] at §6.471 - §6.472, including the principle that an adverse inference can be drawn where a party fails to call a witness who would have personal knowledge of the facts and who would be assumed to be willing to assist that party or over whom the party has exclusive control. The cited excerpt from *Sopinka* also noted the principle that an adverse inference should be drawn only after a prima facie case has been established by the party bearing the burden of proof. The FCA noted that the taxpayer's only objection to the adverse inference was the alleged failure of the Minister to first establish a prima facie case, an argument that the FCA rejected.

[93] As such, *Deyab* turned on that latter principle. While I appreciate that the taxpayer's bookkeeper or accountant was likely not his employee, it appears that the Tax Court's adverse

inference was premised on that witness's evidence being available to the taxpayer. It therefore fits within the requirement that the witness be assumed to be willing to assist the party or under its exclusive control.

[94] Sea Tow has identified no basis for the Court to conclude that Mr. Dupré would necessarily be willing to assist C-Tow or that he is under its exclusive control. Moreover, I note that Sea Tow has provided the Court with the relevant excerpt from the sixth edition of *Sopinka*, which adds the principle that an adverse inference should not be drawn if either party could have called the witness if they thought it was important (see *Woods v Jackiewicz*, 2020 ONCA 458 at para 27). Sea Tow has offered no explanation why it could not have called Mr. Dupré as a witness.

[95] In the absence of the adverse inference that Sea Tow asks the Court to draw, the question is whether, applying the principles illustrated in *Wing Wah* and *Phillip Morris FC*, the evidence is sufficient to infer that the chain of title to the C-Tow Marks passed through Mr. Dupré en route to their acquisition by Mr. Skinner. In my view, the evidence is sufficient. It is not necessary that C-Tow establish the details or precise mechanics of the transaction by which Mr. Dupré received title from Pacific (or which of Pacific's directors following Mr. MacDonald's death implemented the transaction). In *Phillip Morris FC*, the Court was prepared to infer that the requisite chain of title existed, notwithstanding that there were two alternative versions of the facts supporting that conclusion (see paras 34-40). In the case at hand, Mr. Skinner worked with the business during the period that Mr. Dupré acquired the business and, as evidenced by the fact

that he subsequently bought the business from Mr. Dupré, became aware that Mr. Dupré had made that acquisition.

[96] Mr. Skinner deposed that, when he acquired the business from Mr. Dupré, he received the essentials for its operation, including what he described as the C-Tow logo and trademark. As there was no corporate component to that transaction, I infer that Mr. Dupré's acquisition of the business was an asset purchase by him individually, following which he was in a position to convey those assets including the trademark rights to Mr. Skinner in 2005.

[97] From that point in time, the chain of title is straightforward. Mr. Skinner incorporated C-Tow (the party to these proceedings) in 2006, in order to provide his dispatchers with a 10% interest in the business, and conveyed the trademark rights to C-Tow. I appreciate that there is no direct evidence of that conveyance. However, consistent with the analysis in *Wing Wah* (which involved a partnership as a predecessor to a related corporation), I am prepared to infer that this conveyance took place.

[98] In arriving at the conclusion that C-Tow's chain of title narrative is sound, I have considered Sea Tow's position that the narrative cannot be trusted, because it changed multiple times over the course of these proceedings. For the most part, it is unnecessary for me to canvass the details of those changes. The changes are a function of Mr. Cardiff's evidence, and I take Sea Tow's point that, if C-Tow were depending on his evidence to establish the chain of title, his frequent re-visitation of the details of that chain (as well as Sea Tow's hearsay objections) would raise concern about the reliability (and indeed the admissibility) of that evidence. However, C-

Tow has wisely decided not to rely on Mr. Cardiff's evidence to establish the chain of title prior to his acquisition of the company in 2008.

[99] I accept C-Tow's counsel's submission that, in the absence of first-hand knowledge of the history of the business, Mr. Cardiff was making an effort to piece together the chain of title through corporate records and the evidence of other witnesses, and he made mistakes in doing so. It appears to me that Mr. Cardiff was too eager to seize upon events about which he had no knowledge and incorporate those events into his own evidence, which would indeed cast doubt upon his reliability as a witness if C-Tow were depending on that evidence to establish the historical chain of title. However, it is not my conclusion that Mr. Cardiff deliberately set out to mislead the Court.

[100] That said, I do consider it necessary to address an aspect of the changing chain-of-title narrative, in relation to the potential role of the 1997 Corporation. As previously noted, the First Cardiff Affidavit stated that in 1997 Mr. MacDonald incorporated the 1997 Corporation for the conduct of his business (the narrative then being that Mr. MacDonald had previously conducted the business as a sole proprietorship). As also noted earlier in these Reasons, Mr. Cardiff's evidence related to the 1997 Corporation, including the fact that it was dissolved on November 6, 2006, and the absence of any record of an assignment of trademark assets before that dissolution, represented in significant measure the premise for Sea Tow's Motion seeking summary judgment in the Action.

[101] Mr. Cardiff and C-Tow subsequently resiled from his evidence that the 1997 Corporation had a role in the chain of title. Nevertheless, Sea Tow maintains that the Court should consider the role of the 1997 Corporation and conclude that it represents a break in the chain on November 6, 2006. Sea Tow also submits that the Court should rely on evidence in the Frohnhoefer Affidavit related to Mitch Rivest, the apparent principal of the 1997 Corporation.

[102] Capt. Frohnhoefer notes that the Subsequent Cardiff Affidavit attached documentation obtained from the BC Registry related to the 1997 Corporation, which identified Mitch Rivest as the sole shareholder, director, and officer of that company. Capt. Frohnhoefer explains that, using searches performed at the behest of Sea Tow's counsel to attempt to locate Mr. Rivest, which resulted in the location of Mr. Rivest's son, Capt. Frohnhoefer reached out to the son in January 2024, and the two spoke at the end of January. Capt. Frohnhoefer states that the son remembered his father being an operator for C-Tow, occasionally helping his father out, and spending time on a vessel named "*C-Tow Thunder*." The son also informed Capt. Frohnhoefer that his father was at that time sailing on a boat without access to the Internet.

[103] In early February 2024, the son put Capt. Frohnhoefer in contact with the father, Mr. Rivest. Capt. Frohnhoefer deposes that, in their initial short exchange, Mr. Rivest represented to Capt. Frohnhoefer that he owned the name "C-Tow" and the logo. Capt. Frohnhoefer further states that, at that time, he and Mr. Rivest were unable to have a fulsome discussion, as Mr. Rivest was driving south from the Northwest Territories. However, Capt. Frohnhoefer deposes that the two spoke further on the afternoon of March 12, 2024, immediately before Capt. Frohnhoefer's affidavit was to be sworn, and that Capt. Frohnhoefer intended to speak with him

again. No further evidence has been filed with the Court, either from Mr. Rivest or related to any further discussions between him and Capt. Frohnhoefer.

[104] It is not surprising that Sea Tow seeks to rely on the evidence that Mr. Rivest told him that he owned the name “C-Tow” and the logo. Otherwise, Sea Tow’s opposition to C-Tow’s chain-of-title narrative is not based on any evidence supporting a competing interpretation of the history, pursuant to which rights to the C-Tow Mark might have devolved to interests outside those in the chain offered by C-Tow.

[105] C-Tow submits that the evidence of what Mr. Rivest told Capt. Frohnhoefer is inadmissible hearsay and therefore of no value to Sea Tow. C-Tow also argues that Capt. Frohnhoefer has motivation to provide a self-serving version of events. In response, Sea Tow submits that Capt. Frohnhoefer’s evidence on the subject is not entirely hearsay, because the fact that he reached out to Mr. Rivest’s son and spoke to him, as a result of information obtained by Sea Tow’s private investigator, are facts within Capt. Frohnhoefer’s knowledge. Sea Tow also argues that the rule in *Browne v Dunn* (1893), 6 R 67, 1893 CanLII 65 (HL) [*Browne*] precludes C-Tow challenging Capt. Frohnhoefer’s evidence as self-serving, because C-Tow did not cross-examine him on that point.

[106] I agree with these arguments by Sea Tow. However, the rule in *Browne* does not address the hearsay concern with this evidence, and Sea Tow has not explained how the fact that Capt. Frohnhoefer spoke to Mr. Rivest or his son is particularly probative of any material issue, other than possibly Sea Tow’s effort to invoke the principled exception to the hearsay rule. As for the

admissibility of the statements that Capt. Frohnhoefer says Mr. Rivest made to him, for the truth of their contents, Sea Tow does seek to invoke the principled exception, arguing that such evidence is both necessary and reliable.

[107] In support of that position, Sea Tow notes that Mr. Rivest was not located by any party until February 2024. Also, AJ Horne set a deadline of March 12, 2024, for Sea Tow to file its reply evidence. I understand Sea Tow's argument to be that, by the time Capt. Frohnhoefer had his second conversation with Mr. Rivest, that deadline was upon him, such that it is necessary to rely on the hearsay evidence because it would no longer have been possible to file an affidavit by Mr. Rivest with the Court. As for reliability, Sea Tow submits that Capt. Frohnhoefer's evidence as to what Mr. Rivest said to him may be regarded as reliable because it was not inconsistent with the First Cardiff Affidavit.

[108] I find little merit to these submissions. Sea Tow has not explained why it would not have been available to it to seek an extension of the March 12, 2024 deadline to obtain an affidavit from Mr. Rivest, and the analysis in the Horne Decision certainly does not suggest that AJ Horne could not have been positively disposed toward such a request. Nor do I regard the reliability argument as compelling. Even if one were to consider consistency with other evidence as a basis to confirm reliability of hearsay, the evidence in the First Cardiff Affidavit related to the 1997 Corporation (in addition to having been subsequently disavowed by the deponent) is not consistent with what Capt. Frohnhoefer says that Mr. Rivest told him. Mr. Cardiff's evidence at that time was that the 1997 Corporation was incorporated by Mr. MacDonald. As Sea Tow has

not satisfied the principled exception to the hearsay rule, I find Capt. Frohnhoefer's evidence as to what Mr. Rivest said to him in their conversations to be inadmissible.

(viii) Conclusion on use of the C-Tow Marks by C-Tow and its predecessors in title

[109] In conclusion on this portion of the analysis, I am satisfied that C-Tow is a successor in title to users of the C-Tow Marks extending back to 1985.

(b) *Sea Tow's adoption of the Sea Tow Marks*

(i) Introduction

[110] Having arrived at the above conclusion, it is necessary for the Court to consider next the timing of Sea Tow's adoption of the Sea Tow Marks, so as to assess whether that timing is predated by the use of the C-Tow Marks by C-Tow and its predecessors.

[111] Unlike with C-Tow, there is no chain of title to be identified in connection with Sea Tow's ownership of the Sea Tow Marks. The same company has owned those marks since its incorporation in the State of New York in 1983. Rather, the disputes between the parties surround when Sea Tow used or made known the Sea Tow Marks in Canada and, taking into account such use, making known, and Sea Tow's applications for registration of the marks in Canada, when Sea Tow is deemed to have adopted the Sea Tow Marks under section 3 of the Act.

(ii) Making Known in Canada

[112] Sea Tow asserts that the Sea Tow Marks were made known in Canada as early as July 1984, when its services and use of the marks were covered in the *New York Times*. The Frohnhoefer Affidavit attaches a copy of this article and the results of a search of archived articles from US newspapers, including the *New York Times*, starting in 1984 and spanning each decade to the 2020s.

[113] The timing of this evidence makes it potentially significant, as its commencement predates 1985. However, section 5 of the Act deems a trademark to be made known in Canada in association with services only if the services are advertised in association with it and it has become well known in Canada by reason of the advertising. Sea Tow has provided no evidence to support a conclusion that the 1984 or 1985 publications, or for that matter those that followed, resulted in the Sea Tow Marks becoming well known in Canada.

[114] Also in connection with making its marks known in Canada:

- A. Sea Tow refers to attending boat shows, including in the late 1980s, in Canada and in border cities of the US. The Frohnhoefer Affidavit states that Sea Tow's presence at such shows was covered by newspapers in Canada at the time and attaches a copy of such an article from 1987;

- B. The Frohnhoefer Affidavit attaches a copy of an advertisement for Sea Tow in a June 2019 publication of *Island Angler*, described as “Your Guide to Fishing on Vancouver Island”;
- C. Sea Tow entered as an exhibit to the cross-examination of Mr. Longhi an April 2015 copy of *Canadian Yachtings*, in which an article references Sea Tow;
- D. Sea Tow relies on its website at the URL <www.seatow.com> as being accessible from Canada by Canadians. Capt. Frohnhoefer describes the Sea Tow Marks as appearing on the website at least as early as February 2014 and notes that the website includes an October 2015 article entitled “Tips for Snowbird Boaters Navigating Unfamiliar Waters.” He also references the Sea Tow mobile application, which includes weather and location information for Canada; and
- E. Sea Tow notes that both Mr. Falkins and Mr. Rick Layzell, the CEO of Boating Ontario Association who provided an affidavit for C-Tow, admitted to knowing of Sea Tow.

[115] Again, section 5 of the Act applies, and I do not find this evidence to support a conclusion that the advertising referenced by Sea Tow resulted in the Sea Tow Marks becoming well known in Canada. The documentary support for the submissions represents isolated advertisements and articles. I also find Mr. Falkins’s evidence to be of little assistance to Sea Tow. Although he saw a television show featuring Sea Tow’s operations in Florida a few years ago, his affidavit states that, in more than 39 years as a business person in the Canadian boating

industry, he has never seen Sea Tow boats in BC waters, heard a Sea Tow boat on the VHF, or seen advertisements for Sea Tow in BC. Similarly, Mr. Layzell states that he has never seen a Sea Tow boat or captain in Canada and has encountered Sea Tow displays only at boat shows in the US.

(iii) Use in Canada - Sea Tow licensees operating in Canadian waters

[116] Sea Tow asserts that it began its use of the Sea Tow Marks in Canada in the 1980s. It refers to evidence in the Frohnhoefer Affidavit that, in the 1980s and 1990s, Sea Tow had licensees operating in Canadian waters from American marinas located in Michigan (along Lake St. Clair and near Detroit), Ohio, and Buffalo, New York. Sea Tow describes this evidence as indicating that the Michigan and Ohio licensees operated at least as early as March 1986.

[117] Consistent with that assertion, the Frohnhoefer Affidavit states that, in the 1980s, Sea Tow had several US-based franchisees that were operating in areas within the Great Lakes, as well as in Lake St. Clair and the Detroit River. Capt. Frohnhoefer states that these franchisees' areas of operation included Canadian waters within those bodies of water, which would have been frequented by Canadian boaters. The Frohnhoefer Affidavit attaches a list of Sea Tow franchisees as of March 17, 1986 and the number of Sea Tow members associated with each. Capt. Frohnhoefer explains that, in October 1986, a number of these franchisees entered into a Regionalization and License Agreement with Sea Tow and that, in June 1993, Sea Tow entered into a License Agreement to establish the operation of a Sea Tow location in Buffalo, New York. Copies of these agreements are attached as exhibits to the Frohnhoefer Affidavit.

[118] The Frohnhoefer Affidavit explains that captains with Sea Tow franchisees operating in waters bordering Canada routinely crossed into Canadian waters to provide services when contacted for assistance. Also, boaters in Canadian waters, with their radios tuned to VHF channel 16, would have ordinarily received radio broadcasts of “SEA TOW, SEA TOW, SEA TOW” when a distress call was made by a Sea Tow member or other boaters seeking assistance from Sea Tow.

[119] As an initial point, I note that, other than the general reference to Sea Tow’s franchisees operating in the 1980s, the earliest specific date that Capt. Frohnhoefer’s evidence and exhibit references in connection with these operations is in 1986. This timing does not predate 1985, when the C-Tow Marks were in use by C-Tow’s predecessors in title.

[120] I also agree with C-Tow’s response to this evidence, that it is insufficient to demonstrate use of the Sea Tow Marks in connection with services provided in Canada. As Capt. Frohnhoefer acknowledged in cross-examination, the franchisees identified in this evidence were located at ports in the US, and he does not have any specific evidence of any captain for any of those franchisees actually transiting into Canadian waters or ever landing in Canada. Further, as I read the October 1986 Regionalization and License Agreement, it applied to an area described as the “Great Lakes Region”, defined therein as all navigable waterways within the jurisdiction of the Ninth Coast Guard District. This appears to be a reference to waters under the jurisdiction of the US Coast Guard, and Sea Tow has not offered evidence to the contrary or that would support a conclusion that such jurisdiction on some basis extended to Canadian waters.

(iv) Use in Canada - Sea Tow licensees operating in Leamington, Ontario, and Trent Severn, Ontario

[121] Sea Tow explains that its first Canada-based licensee, Sea Tow Lake Erie Islands, was established on May 5, 1987, and operated out of the Casper's Landing Marina in Kingsville, Ontario (near Leamington, Ontario) on Lake Erie. The Frohnhoefer Affidavit deposes that this Canadian franchisee operated for at least two years and attaches a copy of the relevant license agreement, invoices issued by Sea Tow to the franchisee in 1987 (including an invoice for 5000 brochures), and copies of newspaper articles and advertisements published in the Windsor Star and Leamington Post relating to Sea Tow and the Leamington franchise.

[122] Sea Tow's evidence includes an affidavit sworn on March 11, 2024, by Clarence Scott Holland, a freelance writer who has lived in the Leamington area since the 1950s. Mr. Holland explains that in the 1980s his family lived near the Casper's Landing Marina and rented out space at an adjacent marina where they would sell gasoline and other provisions to boaters. During the 1980s, Mr. Holland worked various positions at this marina during the boating season and recalls that individuals named Scott Kennedy and Mike Grainger operated what he refers to as a SEA TOW business from the Casper's Landing Marina.

[123] Mr. Holland describes this business as offering basic marine assistance services for Lake Erie, with Mr. Kennedy or Mr. Grainger being on call from the Sea Tow office at the marina in the event there was a VHF radio call from a distressed boat. He also provided gasoline to the vessel that was used to respond to calls from distressed boaters and had the words SEA TOW on its stern.

[124] The Frohnhoefer Affidavit also refers to a licensed operator working out of the Bobcaygeon Marina on the Trent Severn waterway in Ontario in 2003 to 2004. Captain Frohnhoefer confirmed in cross-examination that this operator committed numerous violations of the applicable franchise agreement between 2003 and 2005, and he identified as an exhibit a resulting letter from Sea Tow terminating that agreement. The letter refers to failure to equip, commence operation, and exercise adequate and substantial supervision over the operation of the franchise business, as well as failing to submit any royalty reports. Capt. Frohnhoefer was unable to recall if there was any evidence of any on-water service jobs having been performed by this franchisee or any revenue originating therefrom.

[125] C-Tow recognizes that the Leamington and Trent Severn franchises represent entry by Sea Tow into the Canadian market. However, it submits that the Trent Severn franchise was never operational and therefore does not represent use of the Sea Tow Marks in Canada. With respect to the Leamington franchise, C-Tow argues that there is no evidence of members or revenue at this location and emphasizes that it operated for only approximately two years and was abandoned decades ago.

[126] I agree with C-Tow that, in the absence of any evidence that the Trent Severn franchisee ever performed any services, Sea Tow cannot rely upon that franchise to demonstrate use of the Sea Tow Marks in Canada. However, the analysis of the Leamington franchise is more complex. The combined evidence of Capt. Frohnhoefer and Mr. Holland clearly establish that this franchise was operational, performed services in Canada, and displayed the Sea Tow Marks in doing so. However, the Court must also consider whether the short-lived duration of that franchise, ending decades ago, represents abandonment of that use that precludes it representing adoption of the Sea Tow Marks for purposes of section 3 of the Act. This determination requires an exercise in statutory interpretation, to which I will turn later in these Reasons.

(v) Use in Canada - Sea Tow members in Canada

[127] Sea Tow also relies on the fact that it has Canadian members to establish use in Canada. Based on Capt. Frohnhoefer's evidence, its records list over [REDACTED] active members with addresses in Canada as of December 2022, and [REDACTED] such members before 2000. Since the 1980s, Sea Tow has counted over [REDACTED] members with Canadian addresses. He further states that, of December 2022, Canadian membership purchases generate in excess of US \$[REDACTED] in revenue each year, representing over US \$[REDACTED] over time, including over US \$[REDACTED] between 2014 and 2017.

[128] Capt. Frohnhoefer also deposes that Sea Tow regularly sent membership packages and renewal letters, as well as emails and monthly newsletters, to its Canadian members. Sea Tow has provided affidavits of two long-time Canadian members, Ms. Joanne Milligan and Mr. Donald Barr.

[129] In Mr. Barr's affidavit, sworn on March 12, 2024, he explains that he is a retired merchant mariner and had been a recreational boater for over 50 years before retiring from boating and selling his vessel in 2017. As a recreational boater, he boated extensively in Canada, the US, and the Caribbean. He would usually spend summers at his home in Mahone Bay, Nova Scotia and winters in the US (mainly Florida) and the Caribbean. Mr. Barr remembers first hearing of Sea Tow in the 1980s, although he cannot pinpoint the exact date.

[130] Since at least as early as the 1980s and until he sold his boat in 2017, Mr. Barr held a membership with Sea Tow. He recalls first becoming a member before a trip to Cuba and, with his membership, received a card that included his member number, the SEA TOW logo, and information on how to contact Sea Tow in case of an emergency. Before leaving Nova Scotia for the season, he would call down to the area where he planned to boat that winter to find out which marinas were affiliated with Sea Tow. Mr. Barr was towed by Sea Tow at least twice – once when he blew out his transmission and another time when he was in his sailboat off the Florida coast with no wind. On cross-examination, Mr. Barr confirmed that Sea Tow was not affiliated with his marina in Nova Scotia, stating that, in the years that he was a member of Sea Tow, there was no Sea Tow in Nova Scotia.

[131] In Ms. Mulligan's affidavit, sworn on March 12, 2024, she explains that she is a retired nurse and health executive and a Canadian citizen, residing in Little Britain, Ontario. In 2000, she and her partner purchased property in Bonita Springs, Florida. Between 2002 and 2022, they owned three boats that they kept at that property or a nearby marina. They did not bring any of those boats home to Canada. In November 2001, around the time of their first boat purchase, Ms.

Mulligan and her partner purchased a membership with Sea Tow. With their membership, they received a card with their membership number, the SEA TOW logo, information on how to contact Sea Tow in case of emergency, and information about their membership benefits. They kept their membership materials with their boats in Florida.

[132] Ms. Mulligan's membership was associated with the Sea Tow branch at the Bonita Bay Marina. She remembers seeing Sea Tow boats emblazoned with yellow and the words "SEA TOW" and has a copy of a starboard window sticker that they received from Sea Tow, a copy of which is included in her affidavit and shows the Sea Tow Marks. Ms. Mulligan states that she used Sea Tow to tow their boat once, when they ran aground. On cross-examination, she confirmed that this grounding was off the coast of Florida and that the boats she saw with the words SEA TOW on them were in Florida.

[133] C-Tow argues that this evidence establishes only that Sea Tow provided services to individuals with Canadian addresses, not that it provided services in Canada. It is clear that neither Mr. Barr nor Ms. Mulligan received on-water services from Sea Tow in Canada. However, the Registrations are not restricted to on-water services but also apply to a range of membership services. Indeed, based on Capt. Frohnhoefer's evidence in the Section 45 Affidavits, Justice Fuhrer found that, during the relevant period from 2014 to 2017, Sea Tow had provided membership services, in the form of discounts and special offers at third-party locations in Canada.

[134] That analysis would no doubt apply to Ms. Mulligan and Mr. Barr, *i.e.*, that as Sea Tow members those categories of membership services were available to them in the 2014 to 2017 period. However, that time period is not particularly material to the determination of the question at hand, whether the use of the C-Tow Marks by C-Tow and its predecessors in title (that extends back to 1985) predated Sea Tow's adoption of the Sea Tow Marks. Neither Capt. Frohnhoefer's evidence, nor that of Ms. Mulligan and Mr. Barr, establishes that Sea Tow provided membership services such as discounts for third party services in Canada in earlier periods that could be material to the present analysis.

[135] I note Sea Tow's submission that Ms. Mulligan and Mr. Barr provided evidence that they received services while in Canada, in Ontario and Nova Scotia respectively. Based on the paragraphs of those witnesses' affidavits referenced by Sea Tow, this submission appears to be based on membership materials having been sent to these Canadian members. However, I agree with C-Tow's position that it is not particularly clear from their evidence that Ms. Mulligan and Mr. Barr received these materials at their Canadian addresses. Moreover, even if I were to infer that the materials were received in Canada, it is not apparent to me that this represents any of the categories of membership services contemplated by the Registrations. As explained by Justice Fuhrer in *Sea Tow*, the phrase "membership services" precedes the word "namely" in the Registrations and does not describe standalone services.

[136] Finally, I note that both parties devoted considerable attention in their written materials (although not in their oral submissions) to evidence surrounding Sea Tow members who contacted C-Tow to seek assistance in Canada. Each party argues that this evidence supports its

position in this litigation. In the context of its distinctiveness arguments (which will be canvassed later in these Reasons), C-Tow submits that these events demonstrate confusion, arguing that these individuals purchased Sea Tow memberships when they had intended to purchase C-Tow memberships. Sea Tow disputes this interpretation of these events and submits that, in fact, these events demonstrate use of the Sea Tow Marks in Canada through the performance of services in Canada, as ultimately Sea Tow reimbursed its members under the terms of its memberships contract for the costs of the assistance provided by C-Tow.

[137] I understand Sea Tow's argument to be that, where a member requires assistance in an area where Sea Tow does not have a franchisee and a third party operator instead provides the required service on Sea Tow's behalf, Sea Tow reimburses the member the costs that the member pays to the operator, and such an event represents the provision of a service by Sea Tow. I accept this argument and agree that, where such an event involves the provision of assistance by third party operator in Canadian waters, and even if the operator happens to be C-Tow, Sea Tow has provided a service in Canada.

[138] However, I understand that the events recounted by the Sea Tow members occurred between 2020 and 2022. Justice Fuhrer has already found that Sea Tow had used the Sea Tow Marks in Canada as early as sometime in the 2014-2017 period. Like use in that period, use in Canada between 2020 and 2022 is not particularly material to the analysis in which the Court is currently engaged, as this significantly post-dates even the last event in C-Tow's chain of title, its incorporation in 2006.

(vi) Filing of applications for registration of the Sea Tow Marks in Canada

[139] Finally, Sea Tow argues perhaps most strenuously that pursuant to section 3 of the Act, its adoption of its marks in Canada occurred no later than 2002, when it filed its first set of applications for registration of its marks. In contrast, C-Tow argues that, while the timing of Sea Tow's adoption of its marks is indeed determined by when Sea Tow applied for their registration, it is their second set of applications (*i.e.*, the applications filed in 2010 that ultimately matured into the Registrations) that determine the date of adoption.

[140] There is no particular factual controversy between the parties to be addressed in this portion of the analysis. Rather, the issue in dispute is a legal question whether, when section 3 uses the language, "an application for its registration in Canada", this refers to an application that resulted in registration of the relevant mark (as C-Tow submits) or whether it can refer to an earlier application for registration that was ultimately abandoned (as Sea Tow submits). Like the issue identified earlier in these Reasons, whether the use of the Sea Tow Marks in connection with the Leamington franchise from 1987 to 1989 (which use C-Tow argues was subsequently abandoned) represents adoption for purposes of section 3, the answer to this question requires an exercise in statutory interpretation, to which I will now turn.

(vii) Interpretation of section 3 of the Act

[141] Section 3 of the Act reads as follows:

When deemed to be adopted

3 A trademark is deemed to have been adopted by a person when that person or his predecessor in title commenced to use it in Canada or to make it known in Canada or, if that person or his predecessor had not previously so used it or made it known, when that person or his predecessor filed an application for its registration in Canada.

Quand une marque de commerce est réputée adoptée

3 Une marque de commerce est réputée avoir été adoptée par une personne, lorsque cette personne ou son prédécesseur en titre a commencé à l'employer au Canada ou à l'y faire connaître, ou, si la personne ou le prédécesseur en question ne l'avait pas antérieurement ainsi employée ou fait connaître, lorsque l'un d'eux a produit une demande d'enregistrement de cette marque au Canada.

[142] As a starting point in this analysis, I note that the English and French language versions of the Act are equally authoritative. However, neither party made any submissions to the effect that there are differences in the two versions that would affect the required analysis.

[143] It is trite law that the modern approach to statutory interpretation requires that the words of a statute be read in their entire context and in their grammatical and ordinary sense, harmoniously with the scheme of the statute, the object of the statute, and the intention of Parliament. This approach involves a textual, contextual, and purposive analysis to find a meaning that is harmonious with the statute as a whole (*Canada Trustco Mortgage Co v Canada*, 2005 SCC 54 at para 10).

[144] Focusing upon the words of section 3, *Sea Tow* emphasizes that section 3 refers to when a person or his predecessor filed “an” application for its registration in Canada, as opposed to

“the” application for its registration Canada. Based thereon, Sea Tow argues that the statutory language contemplates that there can be more than one application for registration of a mark in Canada and that it is therefore entitled to rely on its 2002 application to determine the date of adoption, notwithstanding that was not the application that matured into the Registrations.

[145] C-Tow’s submissions focus more upon a purposive analysis. It argues that Sea Tow’s position does not accord with basic principles underlying trademarks as a form of monopoly. C-Tow submits that the scope of any statutory monopoly must be appropriately limited by the purpose of the enabling legislation so that the monopoly is not abused. In relation to trademarks, that monopoly is premised on the owner using a mark to distinguish goods and/or services from those of others, thus giving consumers assurance that they are buying from a particular source (see *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 21).

[146] C-Tow argues that, as use of a mark is paramount among the principles underlying the statutory monopoly, it is absurd for Sea Tow to suggest that it can rely on an earlier application, that was abandoned in the absence of the requisite use, to establish rights that continue through to a later application that proceeds registration. C-Tow takes the position that this is inconsistent with the concept of abandonment of an application, which involves loss of all rights to that application, and represents an effort by Sea Tow to achieve a form of evergreening, which is contrary to the foundational limits on statutory monopolies. C-Tow recognizes that evergreening is a principle generally discussed in the context of patents (see, e.g., *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at para 37), but it argues that the underlying concern similarly applies to trademarks.

[147] By way of contextual analysis, C-Tow relies on the provisions of section 17 of the Act, which appears to be the only section of the Act in which the concept of adoption (as defined by section 3) is employed. Section 17 provides as follows:

Effect of registration in relation to previous use, etc.

17 (1) No application for registration of a trademark that has been advertised in accordance with section 37 shall be refused and no registration of a trademark shall be expunged or amended or held invalid on the ground of any previous use or making known of a confusing trademark or trade name by a person other than the applicant for that registration or his predecessor in title, except at the instance of that other person or his successor in title, and the burden lies on that other person or his successor to establish that he had not abandoned the confusing trademark or trade name at the date of advertisement of the applicant's application.

When registration incontestable

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

Effet de l'enregistrement relativement à l'emploi antérieur, etc.

17 (1) Aucune demande d'enregistrement d'une marque de commerce qui a été annoncée selon l'article 37 ne peut être refusée, et aucun enregistrement d'une marque de commerce ne peut être radié, modifié ou tenu pour invalide, du fait qu'une personne autre que l'auteur de la demande d'enregistrement ou son prédécesseur en titre a antérieurement employé ou révélé une marque de commerce ou un nom commercial créant de la confusion, sauf à la demande de cette autre personne ou de son successeur en titre, et il incombe à cette autre personne ou à son successeur d'établir qu'il n'avait pas abandonné cette marque de commerce ou ce nom commercial créant de la confusion, à la date de l'annonce de la demande du requérant

Quand l'enregistrement est incontestable

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

[148] C-Tow notes that subsection 17(2) provides that a registration is incontestable unless it is established that the person who adopted the registered trademark in Canada did so with knowledge of the previous use or making known of another confusing mark. Emphasizing the reference in this subsection to the adoption of “the registered trademark”, C-Tow argues that, when section 3 identifies adoption as occurring when an application is filed for registration of a mark, this is intended to refer to the application that resulted in the mark becoming a registered trademark. C-Tow also observes that, while the Sea Tow Marks in the Registrations that resulted from Sea Tow’s 2010 applications are the same marks that were the subject of Sea Tow’s 2002 applications, the services in relation to which the 2002 and 2010 applications were filed were not identical.

[149] By way of competing argument, Sea Tow submitted at the hearing that the incontestability regime created by sections 3 and 17 (in combination with section 21, which in certain circumstances contemplates permitting the concurrent use of confusing marks) represents the manifestation of a legislative intention to provide comprehensive protection to trademark owners whose registrations survive five years without challenge. While such registrations are not completely incontestable, as subsection 17(2) permits a challenge when the adoption of the registered mark was done with knowledge of previous use or making known of a confusing mark in Canada, Sea Tow says that it is consistent with the increased level of protection afforded by this regime to define adoption as including the earlier filing of an application that did not proceed to registration.

[150] I find C-Tow's submissions the more compelling. I accept Sea Tow's submission that the legislative intention underlying section 17 and related provisions is to afford an increased level of protection to trademarks that remain unchallenged for five years. However, that protection is achieved through the restrictions, expressly created by section 17, upon the circumstances in which such a mark can be challenged. Sea Tow has offered no basis for the Court to conclude that its proposed interpretation of section 3 is necessary for, or even particularly consistent with, the achievement of this purpose. As C-Tow submits, the Act creates what is fundamentally a use-based regime and, even in the context of the increased protections available after five years, I do not find it consistent with the purpose of the Act to infer that it affords a form of evergreening based on an abandoned application that does not necessarily reflect any use of the relevant mark.

[151] With respect to statutory context, I accept C-Tow's position that subsection 17(2) is relevant. However, in my view, it is also necessary to consider the role of section 16 of the Act. I understand that the parties agree that the relevant version of this section was in force between January 1, 1996 and August 12, 2014, and reads as follows:

Registration of marks used or made known in Canada

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

Enregistrement des marques employées ou révélées au Canada

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

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

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

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

Marks registered and used abroad

(2) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that the applicant or the applicant's predecessor in title has duly registered in or for the country of origin of the applicant and has used in association with wares or services is entitled, subject to section 38, to secure its registration in respect of the wares or services in association with which it is registered in that country and has been used, unless at the date of filing of the application in accordance with section 30 it was confusing with

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

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

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

Proposed marks

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

b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement avait été antérieurement produite au Canada par une autre personne;

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

Marques déposées et employées dans un autre pays

(2) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a dûment déposée dans son pays d'origine, ou pour son pays d'origine, et qu'il a employée en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard des marchandises ou services en liaison avec lesquels elle est déposée dans ce pays et a été employée, à moins que, à la date de la production de la demande, en conformité avec l'article 30, elle n'ait créé de la confusion :

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

b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement a été antérieurement produite au Canada par une autre personne;

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

Marques projetées

(3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trademark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

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

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

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

Where application for confusing mark pending

(4) The right of an applicant to secure registration of a registrable trade-mark is not affected by the previous filing of an application for registration of a confusing trade-mark by another person, unless the application for registration of the confusing trade-mark was pending at the date of advertisement of the applicant's application in accordance with section 37.

Previous use or making known

(5) The right of an applicant to secure registration of a registrable trade-mark is not affected by the previous use or making known of a confusing trade-mark or trade-name by another person, if the confusing trade-mark or tradename was abandoned at the date of advertisement of the applicant's application in

(3) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce projetée et enregistrable, a droit, sous réserve des articles 38 et 40, d'en obtenir l'enregistrement à l'égard des marchandises ou services spécifiés dans la demande, à moins que, à la date de production de la demande, elle n'ait créé de la confusion :

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

b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement a été antérieurement produite au Canada par une autre personne;

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

Si une demande relative à une marque créant de la confusion est pendante

(4) Le droit, pour un requérant, d'obtenir l'enregistrement d'une marque de commerce enregistrable n'est pas atteint par la production antérieure d'une demande d'enregistrement d'une marque de commerce créant de la confusion, par une autre personne, à moins que la demande d'enregistrement de la marque de commerce créant de la confusion n'ait été pendante à la date de l'annonce de la demande du requérant selon l'article 37.

Emploi ou révélation antérieur

(5) Le droit, pour un requérant, d'obtenir l'enregistrement d'une marque de commerce enregistrable n'est pas atteint par l'emploi antérieur ou la révélation antérieure d'une marque de commerce ou d'un nom commercial créant de la confusion, par une autre personne, si cette marque de commerce ou ce nom

accordance with section 37.

commercial créant de la confusion a été
abandonné à la date de l'annonce de la
demande du requérant selon l'article 37.

[152] Recall that the ground of invalidity the Court is currently analysing is based on paragraph 18(1)(d) of the Act - that, subject to section 17, the applicant for registration was not the person entitled to secure the registration. When Sea Tow filed its 2010 application, it claimed its prior use and registration in the US as the basis for its entitlement. Paragraph 16(2)(a), as it then read, specified the conditions under which prior use of a trademark would bar an applicant relying on registration and use in another country from entitlement to secure registration. Under that paragraph, an applicant for registration is entitled to secure registration unless, at the date of filing of the application, its trademark was confusing with one that was previously used or made known in Canada.

[153] As such, it is section 16 pursuant to which Sea Tow potentially loses its entitlement. Subsection 16(2) uses both the phrase “an application” and the phrase “the application”, but it is clear from the language of that subsection that both phrases reference the application leading to the particular registration the applicant’s entitlement to which is under consideration. This detracts from Sea Tow’s arguments that the language “an application” in section 3 is intended to potentially contemplate one of multiple applications.

[154] Furthermore, in relation to confusion with a mark that had previously been used in Canada or made known in Canada by any other person (as contemplated by paragraph 16(2)(a)), the assessment under subsection 16(2) is to be conducted as of the date of filing of that application. In my view, it would introduce an unwarranted inconsistency in the legislation if, in

contrast, the examination under subsection 17(2) of the trademark owner's knowledge of the previous use or making known, as of the date of its application for registration, was potentially to be performed as of the date of filing of a different application. Concern about such inconsistency is enhanced by the fact that, as in the case at hand, the services in relation to which the different applications were filed may not be identical.

[155] I find that, on the facts of the case at hand, the date when Sea Tow filed an application for registration of the Sea Tow Marks (as referenced in section 3 of the Act) is September 9, 2010.

[156] The result of the above analysis is that, but for consideration of the question whether Sea Tow may be deemed to have adopted the Sea Tow Marks in the 1987 to 1989 period through use in connection with the Leamington franchise, the date of adoption pursuant to section 3 is September 9, 2010. However, while still predated by C-Tow's predecessors' use of the C-Tow Marks in 1985, adoption of the Sea-Tow Marks by Sea-Tow in the 1987 to 1989 period could still be material to the issue under consideration, because (as will be canvassed shortly) the earliest evidence upon which C-Tow relies to establish Sea Tow's knowledge of the C-Tow Marks dates only to 1992. I will therefore turn to the second aspect of the interpretation of section 3 that is necessary to adjudicate this question.

[157] Sea Tow disputes C-Tow's position that, subsequent to its 1987 to 1989 use of the Sea Tow Marks in Canada, it abandoned the marks through a lengthy period of non-use. However, Sea Tow also notes that section 3 of the Act, which defines the date of adoption of a mark by reference, *inter alia*, to the date when the person commenced to use the mark in Canada, makes

no reference to any effect of subsequent abandonment of the mark. The section 3 language can be contrasted, for instance, with subsections 16(4) and (5) (set out above) that expressly provide that the right of an applicant to secure registration of a mark is not affected by another person's previous filing of an application for registration, use, or making known, of a confusing mark, if that person had abandoned the mark.

[158] In its written submissions in these proceedings, C-Tow relied on jurisprudence to support its position that abandonment of the Sea Tow Marks, following their use in connection with the Leamington franchise, precluded such use figuring in the identification of the date of adoption under section 3. Citing *EAB Tool Company Inc v Norske Tools Ltd*, 2017 FC 898 [*EAB*] at paragraph 34, C-Tow argues that, following 1989, Sea Tow disappeared from the Canadian market and abandoned any trademark rights it may have accrued during the period of the Leamington franchise.

[159] At the hearing, I raised concern with C-Tow's counsel that *EAB* did not support its position, at least not directly. Following receipt and consideration of C-Tow's resulting submissions, I remain of that view. *EAB* involved an application by EAB for a declaration, *inter alia*, that the respondent (Norske) had infringed the applicant's registered trademarks. The validity of those marks was not in dispute. Rather, the only question for the Court's adjudication was whether EAB had established that Norske's marks were confusing with its own (see para 25). In performing the required confusion analysis, the Court was guided by the factors set out in section 6 of the Act, including the length of time the parties' respective marks had been in use.

[160] In the course of considering that factor and concluding that it favoured EAB, Justice Locke reasoned as follows (at para 34):

Norske argues that the roots of its TRADE-A-BLADE mark date back to the 1970s, before the conception of EAB's EXCHANGE-A-BLADE mark. However, it would be inappropriate to take into account the early use of the TRADE-A-BLADE mark when considering the length of time the trade-marks have been in use. After use of the TRADE-A-BLADE mark in Canada for a few years, it was not used by anyone from 1982 to 2016. In my view, that clearly constitutes a complete and enduring disappearance of the mark from the Canadian market. For the purposes of this analysis, it is as if the TRADE-A-BLADE mark was never on the market until 2016.

[161] I find that this authority does not directly assist C-Tow, because Justice Locke was conducting analysis under an expressly prescribed statutory factor (length of time in use) relevant to the assessment of confusion. I appreciate that *EAB*, and indeed that statutory factor, are consistent with C-Tow's position that there is a general principle permeating the Act that parties cannot rely on disused or abandoned marks to establish trademark rights. However, other than providing support in that more general manner, *EAB* is not on point.

[162] C-Tow also relies on the decisions in *Philip Morris FCA* and *Marineland Inc v Marine Wonderland & Animal Park Ltd*, [1974] 2 FC 558, 1974 CanLII 2559 (FCTD) [*Marineland*].

[163] *Philip Morris FCA* addressed the concept of abandonment and (at para 29) relied on the explanation in *Marineland* that mere non-use of a trademark is not sufficient to create abandonment, as such non-use must also be accompanied by an intention to abandon. The FCA concluded (at para 31) that the trial judge in *Philip Morris FC* had not erred in concluding that the evidence demonstrated that the respondent in that matter had not abandoned or had any

intention of abandoning its mark. However, other than providing a helpful explanation of that test for abandonment, *Philip Morris FCA* does not directly assist C-Tow in establishing that the concept of abandonment must implicitly be taken into account in the application of section 3. One of the grounds of invalidity of the registration under consideration in *Philip Morris FCA* was, pursuant to subsection 18(1) of the Act, that the mark had been abandoned. As such, like in *EAB*, there was a statutory provision that expressly required consideration of abandonment.

[164] Whether *Marineland* provides more support for C-Tow's argument is more difficult to assess. That decision addressed an appeal from a decision of the Registrar, which had rejected opposition by the appellant, Marine Wonderland, to an application by the respondent, Marineland, for registration of the word "Marineland" as a trademark. Among the reasons given by the Court for dismissing the appeal was its conclusion (at pp 574-575) that the appellant had abandoned its trademark in Canada following a long period of disuse.

[165] In *Marineland*, the grounds of opposition included a ground similar to that under consideration in the case at hand, that (pursuant to paragraph 16(1)(a) of the Act as in force at the relevant time) Marineland was not entitled to registration of its mark, because it was confusing with a mark that had previously been used by Marine Wonderland. In its effort to demonstrate prior use, Marine Wonderland introduced evidence of the production and broadcast of a series of films with which its mark was associated between 1958 and 1964. In considering that evidence, the Court noted that that Marine Wonderland bore the burden of establishing that it had not abandoned its mark (at p 574). Following analysis of the evidence and the long period of disuse

of the marks following the last film production in 1958 and the last distribution in 1964, the Court concluded that Marine Wonderland had not discharged that burden (at p 575).

[166] My analysis of the extent to which *Marineland* supports C-Tow's interpretation of section 3 is hampered by the absence of any submissions from either party as to the version of the Act that was being applied in that case. As previously noted, the version of section 16 that applies in the case at hand included provisions expressly precluding opposition to a trademark based on an abandoned mark. To the extent that *Marineland's* conclusion, that Marine Wonderland bore the burden of establishing that it had not abandoned its mark, was based on similar provisions in section 16 or elsewhere in the Act then, as in EAB, there was a statutory basis for the Court's consideration of the question of abandonment. In the absence of such provisions enacted at that stage of the legislative history, the *Marineland* analysis reads more, as C-Tow submits, as a general principle to be taken into account in the application of the Act.

[167] In the absence of meaningful submissions from the parties on that point with respect to *Marineland*, I decline to decide it. However, I do accept C-Tow's position that the authorities upon which it relies, and indeed provisions of the Act supporting those authorities, are representative of the fact that the Act creates what is fundamentally a use-based regime. This conclusion is consistent with my analysis and conclusion on the first aspect of the interpretation of section 3. Just as it is inconsistent with the purpose of the Act to conclude that it affords rights based on an abandoned application that does not necessarily reflect any use of the relevant mark, it is inconsistent with such purpose to conclude that the Act affords rights based on use that has been abandoned.

[168] In so concluding, I have considered Sea Tow's argument that such an interpretation of section 3 cannot be supported by its language. However, I note that, while section 3 does not expressly reference abandonment, Parliament has chosen the words "commenced to use it in Canada" for the relevant portion of section 3. In my view, it is not inconsistent with the statutory language to read the word "commenced" as connoting the beginning of a use that has continued.

[169] Finally, applying the test for abandonment as identified in *Marineland* and *Philip Morris FC*, I am satisfied, based on not only Sea Tow's non-use of its marks in Canada following the Leamington franchise but also on the lengthy period of ensuing disuse, that it had at that stage abandoned its marks in Canada. As such, and based on the above statutory analysis, I find that the operation of the Leamington franchise does not support a conclusion that Sea Tow adopted the Sea Tow Marks in the 1987 to 1989 time frame.

(viii) Conclusion

[170] In conclusion on this portion of the analysis, I am satisfied that Sea Tow is deemed to have adopted the Sea Tow Marks on September 9, 2010. As such, the use of the C-Tow Marks by C-Tow and its predecessors in title predated Sea Tow's adoption of the Sea Tow Marks.

- (2) Did Sea Tow adopt the Sea Tow Marks with knowledge of C-Tow's previous use of the C-Tow Marks?

[171] Having arrived at the above conclusion, it remains necessary to determine whether, when Sea Tow adopted its marks on September 9, 2010, it had knowledge of the C-Tow Marks. To establish such knowledge, C-Tow relies on three pieces of evidence: (a) a letter dated December

7, 1992, from Mr. MacDonald to Capt. Frohnhoefer's father [the 1992 Letter]; (b) calls between Sea Tow and C-Tow in or around 2006, related to rescue of a Sea Tow member in Canadian waters; and (c) a conversation between Capt. Frohnhoefer's father and Mr. Cardiff in 2009.

[172] The 1992 Letter was introduced into evidence by Capt. Frohnhoefer. It appears as an exhibit to his affidavit, and he describes it as enclosing some older brochures and telling his father that many of the marine assistance operators that Mr. MacDonald had been working with had "abandoned making a living on the water". The letter appears to bear a stamp with the name "C-Tow Assistance" and an address on Bowen Island, BC at the top of the page.

[173] In cross-examination, Capt. Frohnhoefer confirmed that, as of December 7, 1992, his father was aware of C-Tow, and I do not understand Sea Tow to be arguing that this letter does not evidence knowledge by Sea Tow of use of the C-Tow Marks. (Rather, its position, as addressed earlier in these Reasons, is that that the user was not a predecessor in title to C-Tow.) I agree with C-Tow's position that this letter establishes that, as early as December 1992, Sea Tow had knowledge of previous use of the C-Tow Marks by C-Tow's predecessor in title.

[174] For the sake of good order, I will also consider the other evidence of Sea Tow's knowledge. The 2006 communications are evidenced by the First Skinner Affidavit, in which Mr. Skinner describes the following:

I remember one specific incident after I bought the business some time in or around 2006. Sea-Tow called our dispatchers from the United States because one of their members was in Canadian waters around Desolation Sound BC and they couldn't cross the border. They called C-Tow and requested that C-Tow assist their member. I was directly involved in this incident as I was contact

with both Sea-Tow dispatch and C-Tow dispatch to make sure that C-Tow's rescue of the Sea-Tow member went smoothly.

[175] Again, I do not understand Sea Tow to be arguing that these communications do not evidence the requisite knowledge by Sea Tow, and I accept C-Tow's position that they do.

[176] Finally, the 2009 conversation between Capt. Frohnhoefer's father and Mr. Cardiff in 2009 is evidenced by the First Cardiff Affidavit, in which Mr. Cardiff explains that his first encounter with Sea Tow resulted from Capt. Frohnhoefer's father telephoning C-Tow's public dispatch number in 2009. Mr. Cardiff explains that, at that time, he handled all of the dispatch calls. He had a short general conversation about C-Tow's business and the industry with Capt. Frohnhoefer's father, who expressed interest in meeting in person.

[177] Mr. Cardiff also explains that, in or around 2010, Capt. Frohnhoefer reached out over email to informally explore negotiations over the C-Tow business and again expressed interest in meeting. Communications concerning Sea Tow's potential acquisition of C-Tow continued throughout 2011 and into 2012, but the visit did not occur and the negotiations did not materialize into a deal. Mr. Cardiff attaches to his affidavit what he describes as a continuation of an email thread between him and Capt. Frohnhoefer beginning in 2011.

[178] Again, Sea Tow does not argue that these communications do not evidence knowledge by Sea Tow. However, as for the timing of these communications, I note that Capt. Frohnhoefer states in his affidavit that, beginning in 2011, Mr. Cardiff and he had several discussions about C-Tow becoming part of the Sea Tow network of franchisees. This evidence is consistent with

that of Mr. Cardiff, except that Capt. Frohnhoefer describes these discussions as beginning in 2011 (which I note is after that the date in 2010 on which I found that Sea Tow adopted the Sea Tow marks), while Mr. Cardiff stated that it was “in or around 2010” when Capt. Frohnhoefer first contacted him.

[179] Given Mr. Cardiff’s lack of specificity as to the date of that first contact from Capt. Frohnhoefer, I prefer Capt. Frohnhoefer’s evidence that the contact began in 2011. However, this conclusion does not detract from (and Capt. Frohnhoefer’s evidence does not contradict) Mr. Cardiff’s evidence that the first contact in this sequence of events came from Capt. Frohnhoefer’s father and that this occurred in 2009. I accept that those communications evidence the requisite knowledge by Sea Tow in 2009, which precedes Sea Tow’s 2010 adoption of the Sea Tow Marks.

[180] Based on these findings as to Sea Tow’s knowledge, C-Tow has met its burden to establish that Sea Tow was not the person entitled to secure the Registrations of the Sea Tow Marks. C-Tow is therefore entitled to the requested declaration that the Registrations are invalid.

[181] Before leaving this ground of invalidity, I note that, given my finding that Sea Tow did not adopt its marks until 2010, the above conclusion that it had knowledge of the C-Tow Marks in 2009 would result in C-Tow’s success in the Application, even if C-Tow had been unable to establish that it was a successor in title to any of the users of the C-Tow Marks marks prior to C-Tow’s 2006 incorporation.

(3) Were Sea Tow's applications for the Registrations filed in bad faith?

[182] While the above findings are dispositive of the Application, I will nevertheless consider C-Tow's other grounds of invalidity, the first of which asserts, based on paragraph 18(1)(e) of the Act, that Sea Tow's applications for the Registrations were filed in bad faith.

[183] C-Tow has provided limited submissions in support of this ground of invalidity. It argues that, for purposes of paragraph 18(1)(e), bad faith is a flexible concept but is generally characterized as a breach of a legal or moral obligation on the part of a trademark applicant towards a third party (see *Beijing Judian Restaurant Co Ltd v Meng*, 2022 *DesFC 743 [*Beijing Judian*] at para 36; *Blossman Gas, Inc v. Alliance Autopropane Inc*, 2022 FC 1794 at para 120). C-Tow notes that bad faith has been made out where the registered trademark owner was explicitly aware of the third party's rights, and aware that they were both targeting the same consumer, yet ignored those facts when applying for its trademark (see *Cheung's Bakery Products Ltd v Easywin Ltd*, 2023 FC 190 at paras 88-90).

[184] Against the backdrop of that jurisprudence, C-Tow submits that Sea Tow knew that C-Tow had been operating in Canada for decades and knew that both companies targeted the same consumers in the same field of business. Despite knowing that the two companies' marks sounded identical and would therefore cause confusion, Sea Tow applied for and obtained its Registrations. Arguing that Sea Tow could not have believed that it was entitled to use the Sea Tow Marks in Canada, C-Tow submits that Sea Tow's conduct amounts to bad faith.

[185] I am not convinced by C-Tow's submissions. While Sea Tow has not prevailed in its arguments intended to establish use of its marks in Canada at early stages in the company's history, those arguments were not frivolous. Sea Tow has been in business, and appears to have been using its marks in the US, for decades. While the limited connections of its business with Canada have not, with the benefit of rigorous analysis, been sufficient for it to sustain the validity of its marks, they are, in my view, sufficient to preclude a finding that Sea Tow acted in bad faith in filing its applications in 2010. Certainly, these facts are far from circumstances of the sort that, for instance, were identified in *Beijing Judian* as constituting bad faith, where the evidence pointed to the respondent's intention of using the relevant mark to extort money from the applicant or to obtain money from others (see para 50).

[186] C-Tow's assertion that the Registrations are invalid, because the applications for them were filed in bad faith, therefore fails.

- (4) As of the date of commencement of the Application, were the Sea Tow Marks distinctive of Sea Tow's services?

[187] C-Tow's remaining invalidity argument, pursuant to paragraph 18(1)(b) of the Act, is that the Sea Tow Marks were not distinctive when C-Tow commenced the Application on April 21, 2022. Section 2 provides that "distinctive" means a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so as to distinguish them. The three conditions for distinctiveness are: (a) the mark and the goods or services must be associated; (b) the owner of the mark must use this association in manufacturing and selling the goods or services; and (c) the association must

enable the owner of the mark to distinguish its goods or services from those of others (see, e.g., *Yiwu Thousand Shores E-Commerce Co Ltd v Lin*, 2021 FC 1040 [*Yiwu*] at para 29).

[188] A trademark's distinctiveness resides in its ability to indicate the source of a particular product, process, or service in a distinctive manner, so that, ideally, consumers know what they are buying and from whom. In other words, a trademark must be distinctive of a single source. It cannot lead to confusion as to the source of the goods and services associated with it (see *Yiwu* at para 32).

[189] In relation to confusion, while Sea Tow acknowledges (as is inherent in its infringement allegations in the Action) that the Sea Tow Marks and the C-Tow Marks are confusing, it argues that the Sea Tow Marks nevertheless retain distinctiveness. While the marks are identical when pronounced, Sea Tow submits that the word marks are visually quite different, and the design marks even more so. Sea Tow notes that, in some cases, the first word in a mark may be the most important for purposes of distinctiveness (*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paras 63-64).

[190] In contrast, C-Tow submits that the words "SEA TOW" are highly suggestive, if not entirely descriptive, of the services core to Sea Tow's business, such that the Sea Tow Marks are weak marks with a low degree of inherent distinctiveness (*Prince Edward Island Mutual Insurance Co v Insurance Co of Prince Edward Island*, 1999 CarswellNat 307 at para 32, 1999 CanLII 7462 (FCTD), aff'd [2000] FCJ No. 2154, 2000 CarswellNat 3576 (FCA)). C-Tow further argues that Sea Tow has not improved its inherently weak marks by showing acquired

distinctiveness in Canada, which requires continual use in the marketplace (*Reynolds Presto Products Inc v PRS Mediterranean Ltd*, 2013 FCA 119 at para 22).

[191] However, the submissions of both parties focus significantly upon the question whether the presence of the C-Tow Marks in the marketplace has negated any distinctiveness of the Sea Tow Marks as of April 21, 2022, so as to render them invalid. The parties disagree on the test applicable to that analysis, as informed by jurisprudence from this Court and the FCA. I will turn to that point shortly. However, I accept that, in the circumstances of the case at hand, undertaking that analysis (which will examine the parties' relative market presence) is the appropriate method for assessing the distinctiveness of the Sea Tow Marks that, as C-Tow submits, are not inherently distinctive.

[192] I agree with Sea Tow's position that the Sea Tow Marks may remain distinctive, notwithstanding that they are confusing with the C-Tow Marks. As Sea Tow notes, while widespread use by rival traders may cause a mark to lose its distinctiveness, this does not automatically happen just because someone infringes the mark (*Mr. P's Mastertune Ignition Services Ltd v Tune Masters Inc* (1984), 82 CPR (2d) 128 at para 104, [1984] FCJ No. 536 (FCTD)). As such, while it is inherent in both parties' positions in this litigation that their respective marks are confusing, that fact is not determinative of the distinctiveness analysis. Rather, examination of the parties' relative market presence will inform an assessment of the acquired distinctiveness of the Sea Tow Marks resulting from their use by Sea Tow, and its possible negation by C-Tow's use of the C-Tow Marks.

[193] As previously noted, the parties disagree on the test or standard to be applied in conducting this analysis. C-Tow submits that, in considering whether C-Tow has established that the C-Tow Marks are sufficiently well-known to negate the distinctiveness of the Sea Tow Marks, the Court should apply the standard set out as follows in *Bojangles' International LLC v Bojangles Café Ltd*, 2006 FC 657 [*Bojangles'*] at paragraph 34:

A mark must be known to some extent at least to negate the established distinctiveness of another mark, and its reputation in Canada should be substantial, significant or sufficient. This is consistent with the jurisprudence. ...

[194] Sea Tow disagrees and instead urges the Court to rely on *A & W Food Services of Canada Inc v McDonald's Restaurants of Canada Ltd*, 2005 FC 406 [*A & W*] at paragraph 99 that, in Sea Tow's submission, requires the party challenging the validity of a mark based on its use of a competing mark to establish that the impugned mark is so "devoid of distinctiveness that it fails to distinguish the trademark owner's products or services from those of others." Sea Tow also relies on *Miranda Aluminum Inc v Miranda Windows & Doors Inc*, 2010 FCA 104 [*Miranda FCA*] at paragraph 29, in which the FCA upheld the trial judge's conclusion that the appellant's use of the name "Miranda" had not "destroyed" its distinctiveness as used by the respondent, by establishing in the minds of consumers that there was a competing source for the relevant products and services.

[195] Based on these authorities, Sea Tow argues that the applicable standard requires the Court to assess whether C-Tow's use of the C-Tow Marks caused the Sea Tow Marks to be devoid of distinctiveness or, otherwise put, destroyed the distinctiveness of the Sea Tow Marks.

[196] I adopt C-Tow's position on this question. *A & W* did not involve circumstances in which one party argued that its use of its own mark negated the distinctiveness of the mark of the other party. Moreover, I note that arguments similar to those advanced by Sea Tow were raised before this Court in *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2018 FC 42 [*Sadhu Singh FC*], in which I held as follows (at paras 30-31):

[30] I disagree with the Trust's position that *Miranda FCA* prescribes a test for determining when the use of a mark by one party has destroyed the distinctiveness of the mark of another. Rather, the statement by the Federal Court of Appeal on which the Trust relies is a description of a factual finding of the trial judge with which the appellate court found no error. The relevant analysis in the trial decision is found at paras 38-42 of *Miranda Aluminum Inc. v Miranda Windows & Doors Inc.*, 2009 FC 669 [*Miranda FC*], in which Justice Simpson found that the applicant's use of the name *Miranda* was not intended to present the applicant as a distinct company and concluded that the distinctiveness of the respondent's mark was not affected.

[31] I find no basis to conclude that *Miranda FCA* detracts from the law as stated in *Bojangles*, in which Justice Noël canvassed the jurisprudence surrounding the evidential standard that has to be satisfied in order to prove that a trademark is sufficiently known to negate another trademark's distinctiveness and described that standard in the manner quoted by the Board in the case at hand. I find no error of law in the Board's reliance on *Bojangles*.

[197] On appeal, the FCA confirmed at paragraph 12 that the test for distinctiveness is that expressed in *Bojangles*' (see *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 10 [*Sadhu Singh FCA*], leave to appeal to SCC refused, 2019 CanLII 62558 (SCC)).

[198] Sea Tow argues that this jurisprudence is distinguishable, because it relates to opposition proceedings. In contrast, as in the case at hand, *Miranda FCA* involved an expungement proceeding. Sea Tow emphasizes that the burden is different in an expungement matter. As

explained in *Remo Imports Ltd v Jaguar Cars Ltd*, 2007 FCA 258 [*Remo*], while the burden in an opposition matter is on the party seeking registration of a mark, in an expungement proceeding the party seeking expungement of a registered mark bears the burden.

[199] I accept *Remo's* explanation of where the burden resides in these different types of proceedings, but I do not find that difference to suggest any basis to conclude that the *Bojangles'* test is not equally applicable to both types of proceedings. I also note that this Court applied the *Bojangles'* standard in *Loblaws*, in the context of an expungement proceeding (at para 30). (While *Loblaws* was affirmed on appeal (2021 FCA 29), the Federal Court of Appeal did not address that particular point.)

[200] As such, I will apply the *Bojangles'* standard in the case at hand. That said, I also recognize and accept Sea Tow's submission that it is rare when one party is in a position to cause a mark to lose its distinctiveness (*Auld Phillips Ltd v Suzanne's Inc*, 2005 FCA 429 [*Auld Phillips*]). However, such a result remains a possibility, as was the case in *Auld Phillips* (see paras 6-7) and in *Sadhu Singh FC*.

[201] Applying these principles, I will examine the parties' evidence and submissions, focusing upon the more recent history of their respective operations leading to the relevant date of April 21, 2022. In doing so, I note that distinctiveness can be acquired only by use in Canada. Therefore, it is to the Canadian market alone that the Court must have regard (*Sadhu Singh FC* at paras 40-44, aff'd *Sadhu Singh FCA* at paras 9-10).

[202] I accept the parties' submissions that their respective members would be exposed to their respective marks. For instance, Mr. Cardiff explains that, until in or around 2012, memberships and renewals were handled by the member filling out a physical form displaying the C-Tow Marks. More recently, members can join and renew online at C-Tow's website. Membership packages are shipped to each new member and contain a membership card, confirmation letter, and stickers, all bearing the C-Tow Marks. Similarly, Capt. Frohnhoefer explains that Sea Tow regularly sends membership packages and renewal letters to its Canadian members, as well as emails and monthly newsletters, which display the Sea Tow Marks.

[203] Mr. Cardiff also explains that C-Tow provides services to non-members on a per use basis, in which case invoices bearing the C-Tow Marks are issued. In those cases, and in circumstances where C-Tow provides on-water assistance to its members, the boater is exposed to the C-Tow Marks in that the captains providing the service are contractually obliged to place the marks on their vessels. They are also provided with branded clothing, which the captains often wear when on duty for C-Tow.

[204] Based on its membership list attached to the First Cardiff Affidavit, C-Tow identifies over [REDACTED] members as of 2022, based in locations from British Columbia to Newfoundland. Mr. Cardiff explains that, while the current database only records memberships back to the year 2000, some members have held their membership since the 1980s and 1990s. In contrast, the Frohnhoefer Affidavit states that, as of December 2022, Sea Tow's records list over [REDACTED] active members with addresses across Canada. Sea Tow's database shows over

[REDACTED] members before 2000, when the database was reset due to the implementation of new software.

[205] As such, it is apparent that C-Tow's membership is more than an order of magnitude larger than Sea Tow's list of Canadian members.

[206] Turning to the parties' respective revenues, C-Tow states that it has increased its revenues by more than 25 fold since 2007. Supported by financial statements attached to the First Cardiff Affidavit, it describes revenue in the range of \$[REDACTED] in 2007, \$[REDACTED] in 2014, \$[REDACTED] in 2021, and \$[REDACTED] in 2022. These figures are composed principally of membership sales and revenue from towing services, weighted somewhat more in favour of the latter. In contrast, Sea Tow submits based on the Frohnhoefer Affidavit that, as of December 2022, Canadian membership purchases generated in excess of US \$35,000 in revenue each year. Sea Tow has not offered evidence of revenues generated by the provision of on-water services in Canada in the recent history of the company.

[207] Again, there is more than an order of magnitude difference between the parties' figures.

[208] C-Tow also references its advertising in which the C-Tow Marks are displayed. This includes use of placards, brochures, and business cards, attendance at boat shows at which it distributes branded merchandise, advertisement in magazines and circulars aimed at Canadian and West Coast boaters, the operation of its website since at least the year 2000, a mobile application that provides weather conditions and related information, and an active social media

presence. Mr. Cardiff provides advertising expenditure figures since 2007, which have been in the range of \$[REDACTED] annually in recent years.

[209] Sea Tow's evidence also refers to attendance at boat shows, in Canada and the US including border cities, as well as advertisements for and news reports of its attendance at such show having been published in Canada. However, this evidence appears to relate to events in the 1980s and 1990s. I do note that Sea Tow's evidence, as referenced earlier in these Reasons, includes a couple of somewhat more recent, but isolated, advertisements in Canadian publications: (a) an advertisement for Sea Tow in a June 2019 publication of *Island Angler*; and (b) an April 2015 copy of *Canadian Yachtings*, in which an article references Sea Tow.

[210] As also noted earlier in these Reasons, Sea Tow also relies on its website being accessible from Canada by Canadians, including an October 2015 article entitled "Tips for Snowbird Boaters Navigating Unfamiliar Waters", and it references the Sea Tow mobile application, which includes weather and location information for Canada

[211] C-Tow cross-examined Capt. Frohnhoefer on the advertising evidence. He confirmed that Sea Tow had not provided any metrics showing the number of individuals located in Canada who accessed its website at any time. Nor had he provided any metrics showing the number of individuals located in Canada who made use of any online services, such as discount services. Capt. Frohnhoefer also confirmed that Sea Tow did not provide any metrics showing how many individuals in Canada downloaded the Sea Tow app. C-Tow refers the Court to the explanation in *Miller Thompson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at paras 147-148, that

website metrics, such as the number of times that a website displaying a mark has been accessed by people in Canada, may assist a foreign party who seeks to rely on website advertising.

[212] In my view, the evidence does not support the conclusion that Sea Tow has achieved any material acquired distinctiveness for its marks in Canada and, perhaps more significantly, I find that any such distinctiveness has been negated by the substantially larger market presence of the C-Tow Marks. I have no difficulty concluding that the C-Tow Marks have become sufficiently known in Canada to negate the distinctiveness of the Sea Tow Marks.

[213] In arriving at that conclusion, I note that I have not considered it necessary to engage with the parties' competing interpretations of the circumstances in which Sea Tow members contacted C-Tow for assistance in Canada and whether those events demonstrate actual confusion. As previously explained, the question as to whether the parties' respective marks are confusing is not the issue that requires adjudication in this particular case.

[214] I also note that I have considered an argument advanced by Sea Tow arising from the fact that, in 2015 and 2017, C-Tow registered the domain names <seatowcanada.com> and <seatow.ca>, respectively, and redirected those domain names to C-Tow's website. Sea Tow argues that those initiatives represent recognition by C-Tow that the trademark SEA TOW is distinctive in Canada. I am not particularly convinced of the logic of the argument. More importantly, regardless of any potential logic, I am not convinced that it materially alters the above distinctiveness analysis.

[215] Finally, I have considered Sea Tow's argument that exclusive national distinctiveness is not required to maintain the registration of the mark (see sections 21 and 32(2) of the Act). I accept this point as a matter of principle. *Alibi Roadhouse Inc v Grandma Lee's International Holdings Ltd* (1997), 136 FTR 66, 1997 CanLII 5565 (FCTD), explained that, as long as a trademark remains distinctive in an identifiable geographic segment of the relevant market, it remains distinctive. However, as in *Sadhu Singh FC* (see para 72), the Court has not been presented with evidence that would support a conclusion that the Sea Tow Marks have a local distinctiveness in a particular geographic segment of the Canadian market.

[216] In conclusion, I find that C-Tow has met its burden to establish that the Sea Tow Marks were not distinctive of Sea Tow's services at the time the Application was commenced. C-Tow is therefore entitled to the requested declaration that the Registrations are invalid on this basis.

(5) Conclusion on Application

[217] As a result of the foregoing analyses, the Registrations are invalid based on paragraphs 18(1)(b) and 18(1)(d) of the Act, and C-Tow is entitled to an order pursuant to section 57 of the Act that the Registrations be struck from the Register. My Judgment will so provide, substantially in the form requested by C-Tow in its Notice of Application and its Memorandum of Fact and Law filed in this Application.

B. *Motion (Court File No. T-877-22)*

- (1) Is summary judgment appropriate, either in favour of Sea Tow or in favour of C-Tow, for the issues raised in the Motion?

[218] Rule 213(1) provides that a party may bring a motion for summary judgment on some or all of the issues raised in the pleadings of an action. Rule 215(1) further provides that, if on such a motion the Court is satisfied that there is no genuine issue for trial with respect to a claim or defence, the Court shall grant summary judgment accordingly. As explained by Justice McTavish in *Milano Pizza v 6034799 Canada Inc*, 2018 FC 1112 [*Milano Pizza*] at paragraph 25, the purpose of summary judgment is to allow the Court to summarily dispense with actions that ought not to proceed to trial because they do not raise a genuine issue to be tried, thereby conserving scarce judicial resources and improving access to justice.

[219] In the case at hand, the parties agree that the issues raised in the Motion are appropriate for summary judgment. Indeed, C-Tow takes the position that the Court should grant summary judgment, but in C-Tow's favour. It notes the explanation in *Milano Pizza* that it is within the Court's power to grant summary judgment in favour of the party responding to a summary judgement motion, where the order sought is within the scope of the motion (at paras 110-112). I do not understand Sea Tow to disagree with C-Tow's position that the issue raised in the Motion is suitable for summary judgment in favour of whichever party's arguments prevail.

[220] The Motion raises the question whether the Registrations are incontestable as against C-Tow's earliest possible use of the C-Tow Marks, based on which Sea Tow asks that the Court

declare that C-Tow's Defence and Counterclaim positions that the Sea Tow Marks are invalid based on paragraph 18(1)(d) of the Act are barred. Similarly, C-Tow asks that the Court declare that the Registrations are invalid based on paragraph 18(1)(d). As such, both parties are seeking adjudication of the same issue that the Court decided above in connection with the Application.

[221] The jurisprudence is clear that issues of credibility ought not to be decided on motions for summary judgment (*Milano Pizza* at para 37). However, my adjudication of the parties' arguments surrounding invalidity under paragraph 18(1)(d), in the context of the Application, turned on sufficiency of evidence and statutory interpretation, without the necessity to engage with any material issues of credibility. As such, I see no impediment to granting summary judgment on the Motion. Indeed, it would be an unusual result if, following adjudication of the relevant issue in the Application, the same issue were to go to trial in the Action.

[222] For the same reasons, I see no impediment to granting summary judgment in C-Tow's favour, notwithstanding that it did not bring a formal cross motion.

- (2) Did C-Tow's use of the C-Tow Marks predate Sea Tow's adoption of the Sea Tow Marks?

[223] My conclusions on this issue in the context of the Application are determinative of this issue in the Motion. Use of the C-Tow Marks by C-Tow and its predecessors in title did predate Sea Tow's adoption of the Sea Tow Marks.

- (3) If so, did Sea Tow adopt the Sea Tow Marks with knowledge of C-Tow's previous use of the C-Tow Marks?

[224] Again, my conclusions on this issue in the context of the Application are determinative of this issue in the Motion. Sea Tow did adopt the Sea Tow Marks with knowledge of previous use of the C-Tow Marks by C-Tow and its predecessors in title.

- (4) Conclusion on Motion

[225] As a result, the Registrations are invalid based on paragraph 18(1)(d) of the Act, and C-Tow's allegations to that effect in its Defence and Counterclaim in the Action are meritorious. My Judgment will therefore grant the relief related to this issue in the form sought by C-Tow in its Memorandum of Fact and Law filed on the Motion.

[226] As noted earlier in these Reasons, the Motion also sought to strike portions of the Defence and Counterclaim that asserted non-distinctiveness as a ground of invalidity. However, Sea Tow did not advance submissions in support of that request for relief. Nor did C-Tow seek relief in its favour on this issue in the Motion, *i.e.*, a declaration that the Registrations are invalid based on paragraph 18(1)(b) of the Act or that C-Tow's allegations to that effect in its Defence and Counterclaim in the Action are meritorious. As such, I will not address that issue in the Motion.

V. Costs

[227] At the CMC held in the weeks before the hearing of these proceedings, it was decided that both parties would argue their positions on costs, related to both proceedings, at the conclusion of the hearing, with written submissions and any supporting material to be filed by the day before the commencement of the hearing. Both parties provided written submissions in support of the adjudication of costs on a lump sum basis, calculated as a percentage of their actual solicitor-client costs. At the conclusion of the hearing, the parties also provided materials intended to establish that those actual costs. Although those materials were filed later than contemplated by the decision at the CMC, the Court permitted those filings as both parties were in the same position.

[228] One of the arguments advanced by C-Tow in its oral costs submissions was that, in the event that the Court granted relief in its favour in the Motion, this would effectively bring the Action to an end, such that it should be awarded costs related to the Action as a whole. As the parties had not otherwise spoken to the question whether there were components of the Action that would survive such a decision, I sought Sea Tow's position on this aspect of C-Tow's costs submissions. Sea Tow's counsel argued that it was difficult to answer that question, without knowing the details of the Court's decision on the merits of the Motion. Sea Tow therefore suggested that, in the event the Court decided (and granted relief) in C-Tow's favour on the Motion, the parties be afforded an opportunity to make further but limited written submissions on the effect of that decision upon the Action and costs consequences thereof.

[229] I agree with this suggestion. I prefer to have the benefit of such further submissions before addressing C-Tow's submission that the Court should now adjudicate costs on the Action itself. My Judgment will therefore afford the parties that opportunity, first to Sea Tow as the Plaintiff in the Action and then to C-Tow. As I am reserving my decision on that aspect of costs, I will also reserve my decision on costs of the Application and the Motion and, with the benefit of the submissions and materials already received and the further written submissions that the parties will provide pursuant to the Judgment, I will then render a supplementary decision on costs in relation to both proceedings.

[230] I also observe that, even if the outcome of the Motion does not technically bring the Action to a conclusion, the Motion's outcome as well as the outcome of the Application may provide the parties with information that would assist a negotiated resolution of the Action and possibly a negotiated overall result on costs. The deadlines that my Judgment will impose for the provision of further costs submissions will not commence until 30 days following the Judgment, to afford the parties an opportunity to pursue any such negotiations that might prove productive.

JUDGMENT IN T-877-22

THIS COURT'S JUDGMENT is that:

1. Pursuant to the Motion filed by the Plaintiff and Defendant by Counterclaim, Sea Tow, summary judgment is granted in favour of the Defendant and Plaintiff by Counterclaim, C-Tow, and the Court hereby declares as follows:
 - a. in respect of Sea Tow's Canadian Trademark Registration Nos. TMA870,561 and TMA870,562, the Defendant C-Tow is a previous user of the confusingly similar C-Tow Marks within the meaning of section 17(1) of the Act and section 16 of the Act in force as of September 9, 2010;
 - b. the Plaintiff Sea Tow had knowledge of the Defendant C-Tow's previous use of the confusingly similar C-Tow Marks within the meaning of section 17(2) of the Act, and the Sea Tow Marks are therefore not incontestable; and
 - c. C-Tow's defence and counterclaim, that Canadian Trademark Registration Nos. TMA870,561 and TMA870,562 are invalid owing to C-Tow's previous use of the C-Tow Marks, are therefore valid.
2. The Court's decision on costs of the Motion, and on whether the Court should now adjudicate costs of the Action, is reserved pending the following:
 - a. within 30 days of the date of this Judgment, the Plaintiff shall serve and file written submissions, limited to three pages in length, addressing: (a) the effect of the Court's decision on the Motion upon the Action and whether the Court should therefore now adjudicate costs of the Action; and (b) the Plaintiff's

position on what any such adjudication should be [together, the Action Costs Issues]; and

- b. within 10 days of service of the Plaintiff's submissions on the Action Costs Issues, the Defendant shall serve and file written submissions, limited to three pages in length, on the Action Costs Issues.

JUDGMENT IN T-901-22

THIS COURT'S JUDGMENT is that:

1. The Application by the Applicant C-Tow is granted in part.
2. The Court hereby declares that Canadian Trademark Registration Nos. TMA870,561 and TMA870,562 are invalid pursuant to paragraphs 18(1)(b) and 18(1)(d) of the Act.
3. The Applicant's allegations of invalidity pursuant to paragraph 18(1)(e) of the Act are dismissed.
4. Canadian Trademark Registration Nos. TMA870,561 and TMA870,562 are ordered to be struck from the Register.
5. The Court's decision on costs of the Application is reserved, pending the receipt of the parties' further written submissions on costs pursuant to the Judgment of even date herewith issued in Court File No. T-877-22.

"Richard F. Southcott"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-877-22

STYLE OF CAUSE: SEA TOW SERVICES INTERNATIONAL, INC. v C-TOW MARINE ASSISTANCE LTD.

DOCKET: T-901-22

STYLE OF CAUSE: C-TOW MARINE ASSISTANCE LTD. v SEA TOW SERVICES INTERNATIONAL, INC.

PLACE OF HEARING: TORONTO, ON.

DATE OF HEARING: JULY 9 and 10, 2024

JUDGMENT AND REASONS: SOUTHCOTT J.

DATED: JANUARY 6, 2025

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