

Federal Court



Cour fédérale

Date: 20250131

Docket: T-2059-24

Citation: 2025 FC 210

Ottawa, Ontario, January 31, 2025

PRESENT: The Honourable Justice Fuhrer

BETWEEN:

**HON CHUNG YOUNG, SUI KEUNG LAW, 2779818
ONTARIO INC., DAHU HOTPOT INC., 14799674
CANADA INC., and DAHU HOLDINGS INC.**

Applicants

and

**YUK MING LI, WEI ZHAO SU, BO-HIN YEUNG,
MIAOWEN LIANG, KAI YING LIN, 3838
MIDLAND INC., 1000237903 ONTARIO INC., and
1000678575 ONTARIO INC.**

Respondents

JUDGMENT AND REASONS

I. Overview

[1] A business relationship among restaurateurs and investors fell apart resulting in this undefended application for infringement, passing off and depreciation of goodwill regarding the trademarks DAHU HOTPOT and DAHU HOTPOT & Design.

[2] Having considered the Applicants' materials, including their supporting affidavit, and written and oral submissions, I find that they have met the tests for infringement, passing off and depreciation of goodwill, thus warranting judgment in their favour, but only as against the Respondent 1000237903 Ontario Inc., on the terms outlined below

[3] I provide an outline of background facts, followed by an analysis of the infringement, passing off and depreciation of goodwill claims. I then consider the issues of personal liability of the Respondent Miaowen Liang, and the remedies and costs to which the Applicants are entitled in the circumstances.

II. Background

[4] The factual findings below are based only on the Applicants' supporting evidence, namely, the affidavit of the Applicant Hon Chung Young [Young Affidavit]. I note that the Respondents were served with the Applicants' Notice of Application but have failed to appear in this matter.

A. *Applicants*

[5] Mr. Young is the founder of the restaurant Dahu Hotpot presently located on Baldwin Street in downtown Toronto. He is the sole director of 2779818 Ontario Inc. [818 Ontario] which is the owner of trademark registration Nos. TMA1,219,951 for DAHU HOTPOT and TMA1,219,952 for DAHU HOTPOT & Design [DAHU HOTPOT Marks], both for a variety of foods and beverages, as well as restaurant and related services. DA HU HOTPOT is registered as

a business name for this corporation. A representation of the registered design mark is reproduced below:



[6] Mr. Young also is the sole remaining director of Dahu Hotpot Inc., while Sui Keung Law is a director of 14799674 Canada Inc. and Dahu Holdings Inc.. 818 Ontario has permitted Dahu Hotpot Inc., 14799674 Canada Inc. and Dahu Holdings Inc. to use the DAHU HOTPOT Marks. The Young Affidavit does not state when such permission was extended to the three companies.

B. *DAHU HOTPOT Marks and Richmond Hill restaurant*

[7] 818 Ontario adopted the DAHU HOTPOT Marks in 2020 in connection with the launch and operation of the first Dahu Hotpot restaurant in Canada located in the Times Square shopping centre on Highway 7 in Richmond Hill. 818 Ontario leased the space from the building landlord 3838 Midland Inc. [Midland] under a commercial office lease. The Richmond Hill restaurant, which opened in December 2020, specialized in regional cuisine known as “Chongqing hot pot.” The Baldwin Street restaurant, which opened in November 2023, specializes in the same type of cuisine.

[8] The term DAHU or DA HU is based on the Chinese language characters for “big” (大 or Dà) and “tiger” (虎 or Hǔ).

[9] 818 Ontario applied to register the DAHU HOTPOT Marks in April 2022 and the trademark applications issued to registration in January 2024. The Applicants' evidence includes certified copies of the trademark registrations for the DAHU HOTPOT Marks.

C. *Respondents*

[10] Not much is known about the Respondents, except what can be gleaned from the Young Affidavit. The Applicants' counsel explained at the oral hearing that their efforts to collect information about the Respondents were hampered by the Respondents' lack of participation at all in the proceeding, including a lack of response to cease and desist correspondence sent initially in December 2022 with a follow up enquiry sent in June 2024.

[11] In any event, when Dahu Hotpot Inc. was incorporated in May 2021 to bring in investors and to help oversee the operation of the restaurant, there were five directors, one of whom, Bo-Hin Yeung is named as one of the Respondents. While Mr. Law remains a business partner or associate of Mr. Young and is one of the named Applicants, it is not known what happened to the other two directors. Nor does the Young Affidavit describe when or how Mr. Young became the only remaining director, following events in October 2022.

[12] Mr. Young deposes that, in early October 2022, he was told he no longer was involved with the restaurant. He states that the building's landlord (i.e. Midland), through its representative Bo-Hin Yeung, asserted control of the restaurant by claiming it had been transferred from Dahu Hotpot Inc. The Young Affidavit does not confirm or explain, however,

how such transfer occurred, whether it was made to Midland, or what happened to the commercial lease.

[13] Mr. Young continues to describe that soon after, it appears the restaurant was operated by Miaowen Liang, the sole director of 1000237903 Ontario Inc. [903 Ontario]; both are named as Respondents. 903 Ontario also registered DAHU HOTPOT, DAHU DIM SUM & HOTPOT and DAHU HOTPOT & DIM SUM as business names, and later was doing business as DAHU HOTPOT & DIM SUM. The Ontario corporation profile report in evidence for 903 Ontario dated December 24, 2023 indicates that the registered business names are active.

[14] Mr. Young further details that yet another company, 1000678575 Ontario Inc. [575 Ontario] was incorporated in October 2023 with Kai Ying Lin as a director; both also are named as Respondents. The latter corporation has the registered business name DAHU DIMSUM & HOTPOT. According to Mr. Young, this corporation now may be operating the Richmond Hill restaurant.

[15] Mr. Young attests that none of the Respondents has been authorized at any time to use the DAHU HOTPOT Marks.

D. *Baldwin Street restaurant*

[16] Shocked and unhappy about the October 2022 turn of events, Mr. Young states that he and Mr. Law believed nothing could be done about the situation (without explaining, however, why they held this belief); so, they started looking for another location to set up a new DAHU

HOTPOT restaurant. They also expected that the Richmond Hill restaurant would choose a new name because that is what Mr. Young did when he leased the premises for the Richmond Hill restaurant in 2020. This did not occur, however.

[17] Mr. Young states that while scouting for a new location, they posted a notice on social media and on their website at dahuhotpot.ca confirming that DAHU HOTPOT was not affiliated or related with the business operating at the Richmond Hill location.

[18] According to Mr. Young, by June 2023 they had secured a new location on Baldwin Street and were in the process of getting it ready for launch. This process included registering DAHU HOPOT as a business name of 14799674 Canada Inc. in July 2023 and incorporating Dahu Holdings Inc. in July 2024 to assist with the restaurant's operations, both of which have been permitted to use the DAHU HOTPOT Marks. The Baldwin Street restaurant opened in November 2023.

III. The Applicants have established trademark infringement

[19] I am satisfied that the Applicants have met the test for trademark infringement of the DAHU HOTPOT Marks.

A. *Applicable Legal Principles*

[20] Because this proceeding is undefended, I mention in passing that it is settled law that a party asserting trademark infringement, passing off and deprecation of goodwill can proceed by

way of application, as the Applicants here have done, or by way of action: *BBM Canada v Research In Motion Limited*, 2011 FCA 151 at paras 32-35. See also *Trans-High Corporation v Hightimes Smokeshop and Gifts Inc*, 2013 FC 1190 [*Trans-High*] at para 11.

[21] Section 19 of the *Trademarks Act*, RSC 1985, c T-13 [*TMA*], provides that a trademark owner has the exclusive right to use its registered trademark throughout Canada in respect of the goods and services listed in the registration. The unauthorized use of the identical trademark by a third party infringes the owner's exclusive right. According to section 20, that right also is infringed by a person who sells, distributes, or advertises goods or services in association with a confusing trademark or trade name.

[22] Pursuant to subsections 6(2) and 6(4) of the *TMA*, confusion between two trademarks, or confusion between a trademark and a trade name, occurs if the use of both in the same area would be likely to lead to the inference that the goods or services associated with the business carried on under the trademark, or the trade name as the case may be, and those associated with the trademark are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

[23] More specifically, subsection 6(5) of the *TMA* prescribes that confusion is assessed with reference to the following five non-exhaustive factors, in the context of "all the surrounding circumstances": (a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known; (b) the length of time the trademarks or trade names have

been in use; (c) the nature of the goods, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trademarks or trade names in appearance or sound or in the ideas suggested by them.

[24] See Annex “A” below for relevant legislative provisions.

[25] The test to be applied in the assessment of these factors, on a balance of probabilities, is one of first impression in the mind of a casual consumer somewhat in a hurry who has no more than an imperfect recollection of the prior trademark and who does not stop to consider the differences and similarities between the marks or names in issue. The Supreme Court further guides that the confusion analysis exercise is fact- and context-specific in each situation: *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23 [*Veuve*] at para 20.

B. *TMA Section 4 “Use”*

[26] Before embarking on an analysis of the subsection 6(5) factors, it is necessary for the Court to consider which of the Respondents have used the marks and names in issue, with reference to section 4 of the *TMA*. Both grounds of infringement under sections 19 and 20 of the *TMA* require a showing of “use.”

[27] I appreciate that the Respondents’ lack of participation in the proceeding has made it difficult for the Applicants to address this issue. I find, however, that the Applicants have not shown how Midland, the building landlord with whom 818 Ontario entered into a commercial

lease for the Richmond Hill restaurant, made the necessary use, notwithstanding the asserted transfer of the restaurant.

[28] The entire commercial lease is not in evidence, only the first page and the signature page. The lease was signed on behalf of Midland by Yuk Ming Li, a director (according to the Ontario corporation profile report for Midland in evidence). I find the Applicants' evidence about the possible role of Yuk Ming Li regarding their exclusion from the Richmond Hill restaurant is speculative. The Applicants' allegations of past and, hence, possibly more recent criminal impropriety on the part of Yuk Ming Li are based on a media article, the facts of which have not been proven, and in any event, do not assist the Court in establishing "use" as a statutory requirement under the *TMA*.

[29] The Applicants also have not demonstrated how the fact of Bo-Hin Yeung, ostensibly Midland's representative, serving as a director of Dahu Hotpot Inc., demonstrates the necessary use. While the Applicants point to Mr. Yeung's involvement in the distressing events around their exclusion from the initial Dahu Hotpot restaurant, there is no evidence to show that Midland itself operated the restaurant and, hence, used the DAHU HOTPOT Marks and the asserted confusing variations. Nor, in my view, is there sufficient evidence on which to make an inference of use by Midland on a balance of probabilities.

[30] I find, on the other hand, that, although thin, there is sufficient evidence to infer that 903 Ontario has been using the DAHU HOTPOT Marks and close variations. The Applicants' evidence shows that the Dahu Hotpot restaurant in Richmond Hill is still operational. The

evidence of record includes two receipts issued by the restaurant, one in August 2023 and the other in June 2024, with the name “Da Hu Hotpot” printed at the top beside what appear to be Chinese language characters; the restaurant’s address is printed underneath the name. There is no evidence about the translation or transliteration of the Chinese language characters on the receipts.

[31] The evidence also includes an Ontario corporation profile report for 903 Ontario, showing that, as of December 24, 2023, the corporation was active, with one director, Miaowen Liang who also is a named Respondent, and with three active business names, DAHU HOTPOT, DAHU DIM SUM & HOTPOT and DAHU HOTPOT & DIMSUM. In addition, there is evidence of online promotion for the Richmond Hill restaurant involving the names “Da Hu Hotpot & Dimsum” and “DAHU Dim Sum and Hot Pot.”

[32] No similar evidence has been provided, however, regarding 575 Ontario. There is no Ontario corporation profile report attached to the Young Affidavit as an exhibit, nor does Mr. Young describe in his affidavit why he believes 575 Ontario now may be operating the Dahu Hotpot restaurant in Richmond Hill. Similar to my conclusion regarding Midland, there is insufficient evidence, in my view, on which to make an inference of use by 575 Ontario on a balance of probabilities.

C. *TMA Subsection 6(5) Factors*

[33] With the above principles and findings of use in mind, I turn to a consideration of the subsection 6(5) factors.

(1) Paragraph 6(5)(e) – Degree of Resemblance

[34] I find that this factor favours the Applicants.

[35] It generally is appropriate to begin the confusion analysis with the degree of resemblance factor because if the marks or names do not resemble one another, it is unlikely that even a strong finding on other factors would lead to a determination of likelihood of confusion. In other words, the other factors have greater significance where the marks are identical or very similar: *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 49; *1196278 Ontario Inc (Sassafras) v 815470 Ontario Ltd (Sassafras Coastal Kitchen & Bar)*, 2022 FC 116 at para 30.

[36] Here, the Applicants commenced use in December 2020 of the very DAHU HOTPOT Marks that the still operational Richmond Hill restaurant continues to display on exterior and inside signage, representative photos of which are shown below (as reproduced from the Young Affidavit):





[37] All three photos show the words DAHU HOTPOT which comprise the word mark registered under registration No. TMA1,219,951. While the first photo shows all the elements which comprise the design mark DAHU HOTPOT & Design registered under registration No. TMA1,219,952, the exact design mark as registered is displayed on a sign inside Times Square leading to the restaurant and on the mat (although a little cut off on the left) at the entrance to the restaurant. The Young Affidavit includes other signage not reproduced here showing the word mark DAHU HOTPOT and design mark DAHU HOTPOT & Design as registered.

[38] This photographic evidence means that upon the Applicants' exclusion from the Richmond Hill restaurant and the assumption of its operation by 903 Ontario, the latter company has used the identical trademarks as the DAHU HOTPOT Marks, resulting in exact resemblance or no difference in terms of appearance, sound and the ideas suggested. This applies to the business name DAHU HOTPOT as well.

[39] I further find that there is a strong degree of resemblance between the business names DAHU HOTPOT, DAHU DIM SUM & HOTPOT and DAHU HOTPOT & DIMSUM, on the one hand, and the DAHU HOTPOT Marks, on the other, in terms of appearance, sound and the ideas suggested. In my view, the term DIM SUM (whether spelled as two words or one) does not add any appreciable difference. The striking element of all the marks and names in issue is DAHU.

[40] The Young Affidavit attaches as an exhibit what appears to be a printout of a Google business page promoting the "Da Hu Hotpot & Dimsum" restaurant at Times Square Richmond Hill.

[41] Mr. Young also deposes to being shown by his lawyer the following design version of the name DAHU DIM SUM & HOTPOT which apparently appears on a website for "MRSDigi food delivery":



[42] I give the evidence of the above design version little weight, however, because there is no printout from the website or any other context for this image. That said, I note that there is a reference to “mrsdigi.com” on the Google business page for Da Hu Hotpot & Dimsum. In any event, the above analysis regarding the business names DAHU HOTPOT, DAHU DIM SUM & HOTPOT and DAHU HOTPOT & DIMSUM is equally applicable, in my view, to the design version of the name DAHU DIM SUM & HOTPOT. The Chinese characters appear to be stacked, rather than side by side, images of the Chinese characters that represent DA and HU in the DAHU HOTPOT Marks.

[43] I note that the Applicants continue to use the DAHU HOTPOT Marks in connection with the operation and promotion of the Baldwin Street restaurant that opened in November 2023. A representative photo of exterior signage and a screenshot of the Facebook account for the Baldwin Street restaurant are reproduced below.



[44] I add that the Applicants also have operated a website at dahuhotpot.ca since 2020 which displays the DAHU HOTPOT Marks and variations.

(2) Paragraphs 6(5)(a) and (b) – Inherent Distinctiveness, Extent to which Known, and Length of Time in Use

[45] I find these factors also favour the Applicants, with a caveat regarding the extent to which the DAHU HOTPOT Marks are known or have acquired distinctiveness.

[46] The inherent distinctiveness of the DAHU HOTPOT Marks rests in the word DAHU, which, as mentioned above, is the striking element of all the marks and names in issue. According to Mr. Young, the words DA and HU respectively mean “big” and “tiger” in English. There is no evidence that the words “big tiger” have any significance in relation to the goods and services listed in the registrations for the DAHU HOTPOT Marks

[47] The trademark registration for the design mark DAHU HOTPOT & Design indicates that the transliteration of the Chinese characters which comprise the circle design, as well as the Chinese characters above the words DAHU HOTPOT, is DA and HU. The transliteration of the four vertically stacked Chinese characters, from top to bottom, is CHONG QING HUO GUO. These four characters translate to CHONGQUING HOTPOT. The translated words have, respectively, geographic connotation and descriptive significance in relation to the type of cuisine featured at the Richmond Hill restaurant (at least until the Applicants were forced out in 2022) and at the Baldwin Street restaurant. The Chinese characters, however, would not have any such connotation, except to consumers and possible consumers who could read and understand the Chinese characters.

[48] The marks used in connection with the Richmond Hill restaurant, being identical to the DAHU HOTPOT Marks, have the same meanings, significance, and transliterations

[49] The extent to which the DAHU HOTPOT Marks have become known and their length of time in use relate to the opening of the Richmond Hill restaurant by 818 Ontario in 2020, which it operated until 2022, and the opening of the Baldwin Street restaurant in 2023 which is

ongoing. While the length of time in use favours the Applicants, the loss of control of the Richmond Hill restaurant, coupled with the use of the DAHU HOTPOT Marks in that location by someone other than 818 Ontario not under licence including the Google Business page for the Richmond Hill restaurant, diminishes the acquired distinctiveness of the DAHU HOTPOT Marks.

[50] That said, the evidence shows that the Applicants have operated the website at dahuhotpot.ca since 2020. In my view, this means, with reference to subsection 4(2) of the *TMA*, that the Applicants have used the DAHU HOTPOT Marks since that time. The website represents the advertisement of the services listed in the registrations but for the year-long break (when the Applicants were not performing the services) that was outside the Applicants' control because of the manner in which they were excluded from the Richmond Hill restaurant.

[51] Further, the Applicants have attempted to enforce their rights through cease and desist correspondence as early as December 2022 addressed to 903 Ontario and the director of that company, Miaowen Liang, while the Applicants secured and set up the Baldwin Street location and awaited the registration of the DAHU HOTPOT Marks that were applied-for in April 2022. According to the Young Affidavit, the December 3, 2022 cease and desist letter was served by a process server. Follow up correspondence was sent to Ms. Liang by email in June 2024 and the Applicants also attempted to contact the other Respondents at that time. Those unsuccessful enforcement efforts have culminated in the instant proceeding.

[52] I add that I have considered the Applicants' evidence (i.e. the Young Affidavit) for what it says, rather than what it does not. Notwithstanding Mr. Young's stated reluctance to share financial information, I am prepared to infer from the evidence on the whole that the Richmond Hill and Baldwin Street restaurants were moderately successful under the Applicants' stewardship which enabled them to employ kitchen staff, servers and management. I note that the statement about thousands of patrons in the Applicants' written submissions might have had a bearing on the analysis had it been included in the Young Affidavit.

(3) Paragraphs 6(5)(c) and (d) – Nature of Goods, Services or Business, and Channels of Trade

[53] There is no question in my mind that the nature of the goods, services, business and channels of trade of the parties are essentially the same. I therefore find that these factors clearly favour the Applicants.

[54] For the above reasons, I conclude that the unauthorized use of the DAHU HOTPOT Marks by 903 Ontario is infringing and contrary to both sections 19 and 20 of the *TMA*.

[55] Because the analysis of a passing off claim can include a consideration of the subsection 6(5) factors, I turn next to the passing off ground, followed by the asserted depreciation of goodwill.

IV. The Applicants have established passing off

[56] I find that the Applicants have met the test for passing off under paragraph 7(b) of the *TMA*. I add that I likely would have found passing off under paragraph 7(c) as well because of the circumstances surrounding the Applicants' exclusion from, and the ongoing operation of, the Richmond Hill restaurant by a third party or parties without authorization to use the very DAHU HOTPOT Marks at issue. The Applicants, however, specifically did not claim it, as confirmed at the oral hearing for this matter.

A. *Applicable Legal Principles*

[57] Paragraph 7(b) of the *TMA* is often described as the statutory embodiment of the common law tort of passing off: *Cheung v Target Event Production Ltd*, 2010 FCA 255 [*Cheung*] at para 20.

[58] There are three essential elements of a passing off claim: (1) the existence of goodwill or reputation attached to a plaintiff's goods or services, (2) a misrepresentation to the public by the defendant resulting in deception, and (3) damage or likely damage suffered by the plaintiff: *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2021 FC 602 at para 48 [*Hamdard Trust*], citing *Ciba-Geigy Canada Ltd v Apotex Inc*, 1992 CanLII 33 (SCC), [1992] 3 SCR 120 at 132.

[59] A fundamental or minimum threshold to establishing goodwill or reputation, and hence passing off, is the existence of enforceable trademark rights, whether registered or unregistered:

Hamdard Trust, above at para 49, citing *Sandhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 at para 39. See also *Cheung*, above at para 20.

[60] Further, the determination of deception to the public involves consideration of the likelihood of confusion under section 6 of the *TMA*: *Hamdard Trust*, above at para 51.

[61] According to paragraph 7(b), the relevant date for assessing whether passing off has occurred is the time when 903 Ontario began to direct attention to its goods, services or business in a manner likely to cause confusion in Canada. Because the Applicants' evidence is that 903 Ontario began operating the Richmond Hill restaurant soon after they were forced out in October 2022, I consider October 2022 to be the relevant timeframe for the purpose of the paragraph 7(b) analysis.

B. *Ownership Threshold*

[62] I find that the Applicants have established the requisite ownership of the DAHU HOTPOT Marks by reason of the certified copies of trademark registration Nos. TMA1,219,951 and TMA1,219,952 in the name of 818 Ontario contained in the Applicants' Record, and by the operation of subsection 54(3) of the *TMA*.

C. *Goodwill/Reputation*

[63] For the reasons given above, I am satisfied that the Applicants have established sufficient reputation, if somewhat diminished by the circumstances involving their exclusion from the

Richmond Hill restaurant which continues to operate with the DAHU HOTPOT Marks, albeit without authorization, to succeed in their passing off claim.

[64] I find that the Applicants' situation is distinguishable from *Cheung* where distinctiveness was lost after a two-year period of non-use. Here, the period of non-use was about one year. Further, during that time, the Applicants continued to operate the website at dahuhotpot.ca, while making efforts to secure and enforce their trademark rights, as well as to re-establish their Dahu Hotpot restaurant at a different location.

D. *Misrepresentation/Likelihood of Confusion*

[65] With reference to the subsection 6(5) factors discussed above, I also am satisfied that the Applicants have shown a likelihood of confusion, and hence misrepresentation on the part of 903 Ontario.

E. *Damage*

[66] Finally, I find that the Applicants' loss of control over the DAHU HOTPOT Marks in connection with the Richmond Hill restaurant satisfies the damage element of the passing off test: *Cheung*, above at para 26, citing *2 For 1 Subs Ltd v Ventresca*, 2006 CanLII 12305 (ONSC) at para 55. See also *Subway IP LLC v Budway, Cannabis & Wellness Store*, 2021 FC 583 at para 34.

V. The Applicants have established depreciation of goodwill

[67] I find the Applicants have shown that the activities of 903 Ontario likely, if not actually, depreciate the value of the goodwill attached to the DAHU HOTPOT Marks.

[68] Noting that there is no requirement for the DAHU HOTPOT Marks to be well known or famous, I am satisfied that the Applicants meet the test for depreciation of goodwill described by the Supreme Court of Canada in *Veuve*, above at para 46.

[69] First, 903 Ontario is using the identical marks for essentially the same goods, services and business as those of the Applicants. Second, I find the goodwill attached to the inherently distinctive DAHU HOTPOT Marks, that the Applicants have used since 2020, save the one year when the Applicants were forced out of the Richmond Hill restaurant, is sufficiently significant. In other words, this is not a case, in my view, where goodwill does not exist. Third, the Applicants have shown, through evidence of negative online reviews, that 903 Ontario's manner of use of the identical marks for essentially the same goods and services is likely to have an effect on goodwill, especially with both restaurants operating in the Greater Toronto Area. Fourth, the likely, if not actual, effect is to depreciate or damage the goodwill in, given the Applicants' loss of control over, the DAHU HOTPOT Marks in connection with the Richmond Hill restaurant, as well as the Google business page associated with the latter restaurant.

VI. The Applicants have not shown personal liability of Miaowen Liang

[70] Contrary to the Applicants' arguments, I am not persuaded that the conduct of 903 Ontario's director Miaowen Liang rises to a level that warrants lifting the corporate veil to find her personally liable.

A. *Applicable Legal Principles*

[71] For personal liability to arise in the context of intellectual property infringement, "there must be circumstances showing that the individual's purpose was not just ordinary course business activity 'but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it'": *Vachon Bakery Inc v Racioppo*, 2021 FC 308 [*Vachon*] at para 120, citing *Mentmore Manufacturing Co, Ltd et al v National Merchandising Manufacturing Co Inc et al*, 1978 CanLII 2037 (FCA), 89 DLR (3d) 195 [*Mentmore*] at 204-205.

[72] The kind acts of that would give rise to personal liability involve a "degree and kind of personal involvement by which the director or officer makes the [corporation's] tortious act his own": *Petrillo v Allmax Nutrition Inc*, 2006 FC 1199 [*Petrillo*] at para 30, citing *Mentmore*, above. This principle applies to large corporations and small, closely held companies alike: *Petrillo*, at para 31. As observed in *Mentmore* (at 202), "[t]here is no reason why the small, one-man or two-man corporation should not have the benefit of the same approach to personal liability merely because there is generally and necessarily a greater degree of direct and personal involvement in management on the part of its shareholders and directors."

[73] The Court of Appeal for Ontario explains that there must be “some conduct on the part of those directing minds that is either tortious in itself or exhibits a separate identity or interest from that of the corporations such as to make the acts or conduct complained of those of the directing minds”: *Petrillo*, above at para 29, citing *Normart Management Ltd v West Hill Redevelopment Co Ltd*, 1998 CanLII 2447 (ONCA), 155 DLR (4th) 627. This Court more recently held that personal liability on the part of an individual who owns or controls a company will not arise even if the individual was the one who decided the company would undertake the alleged misconduct: *Vachon*, above at paras 120-122. See also *Zero Spill Systems (Int’l) Inc v 614248 Alberta Ltd*, 2009 FC 70 [*Zero Spill*] at para 19.

[74] In addition, it is not enough for a plaintiff or applicant to plead personal liability on the part of an officer or director in a claim in the hope that evidence to support the allegation will be uncovered during discovery or cross-examination: *Zero Spill*, above at para 20.

B. *Analysis*

[75] I find that there is insufficient evidence here on which to conclude that Miaowen Liang is personally liable for the acts of 903 Ontario.

[76] There is no evidence that 903 Ontario and its director were involved in the exclusion of the Applicants from the Richmond Hill restaurant, as opposed to the landlord, Midland. Nor is there any evidence about the circumstances under which 903 Ontario assumed the operation of the restaurant.

[77] Notwithstanding the Applicants' service of the December 2022 cease and desist letter on 903 Ontario, the asserted trademarks were not registered at that time. By the time the DAHU HOTPOT Marks were registered in January 2024, several months before the follow up cease and desist letter was sent in June 2024, the Richmond Hill restaurant may have been operated by another company, 575 Ontario, according to the Applicants. As mentioned above, however, there is insufficient evidence to establish the asserted change in operation.

[78] In the circumstances, I am unable to conclude that company director Miaowen Liang has acted in a manner that justifies lifting the corporate veil and finding her personally liable for the acts of 903 Ontario.

VII. The Applicants are entitled to some relief

[79] The Applicants seek declaratory and injunctive relief, as well as compensatory and punitive damages. Having regard to my findings in this matter, I am satisfied that the Applicants are entitled to some, but not all, the relief they have requested.

[80] The Applicants are entitled, in my view, to declarations that 903 Ontario has infringed the registered DAHU HOTPOT Marks under sections 19 and 20 of the *TMA*, directed public attention to its goods, services and business in a manner likely to cause confusion, contrary to paragraph 7(b), and depreciated the value of the goodwill attached to the DAHU HOTPOT Marks under section 22. Further, I determine that permanent injunctive relief flows from these findings. In addition, 903 Ontario will be required to withdraw or cancel the business name

registrations for DAHU HOTPOT, DAHU DIM SUM & HOTPOT and DAHU HOTPOT & DIM SUM.

[81] The Court also will order delivery-up or destruction of materials that bear the DAHU HOTPOT Marks in any form: *Toys “R” Us (Canada) Ltd v Herbs “R” Us Wellness Society*, 2020 FC 682 [*Toys*] at para 66. Although none of the Respondents, including 903 Ontario, has participated in the proceeding presently before the Court, service of the notice of application (which has occurred here) is sufficient to meet the notice requirement in subsection 53.2(2) of the *TMA* (*Toys*, at para 66).

[82] Regarding compensatory damages, and having regard not only to the Applicants’ partial success in this matter but also the failure of 903 Ontario to participate in the process at all, I determine that the Applicants are entitled to nominal damages in the amount of \$10,000, payable by 903 Ontario, for similar reasons articulated by Justice McHaffie in *Toys* (above at para 68). In my view, the Applicants have not provided sufficient evidence of the sort described by Justice Manson in *Trans-High* (above, at para 25) to warrant damages at the high, rather than the low, end of the \$10,000 to \$25,000 range awarded by this Court in other matters, as described by the Applicants in their written submissions.

[83] Finally, regarding their request for punitive damages, the Applicants have failed to convince me the conduct of 903 Ontario was malicious, oppressive or high-handed, notwithstanding the circumstances surrounding the Applicants’ painful experience of being excluded from, or forced out of, the Richmond Hill restaurant: *Whiten v Pilot Insurance Co*,

2002 SCC 18 at para 36. In my view, there simply is insufficient evidence to permit the Court to draw any conclusions or to make any inferences on a balance of probabilities regarding the factors to consider in a punitive damages assessment, as identified in *Louis Vuitton Malletier SA v Yang*, 2007 FC 1179 at para 47.

VIII. Conclusion

[84] For the above reasons, I conclude that the Applicants have met the applicable tests for trademark infringement, passing off and depreciation of goodwill in respect of the DAHU HOTPOT Marks by 903 Ontario. The Applicants' application before this Court, thus, will be granted in part as against 903 Ontario but dismissed as against the other Respondents.

[85] The Applicants have requested lump sum costs in the amount of \$10,000. Given the Applicants' partial success in this matter, and the fact that the matter was undefended, I find that a more reasonable costs award is \$3,000 payable by 903 Ontario.

JUDGMENT in T-2059-24

THIS COURT'S JUDGMENT is that:

1. As against the Respondent 1000237903 Ontario Inc. [903 Ontario], the Court declares that 903 Ontario has:
 - a. infringed Applicant 2779818 Ontario Inc.'s [818 Ontario] registered trademarks DAHU HOTPOT, registration No. TMA1,219,951, and DAHU HOTPOT & Design, registration No. TMA1,219,952 [DAHU HOTPOT Marks], contrary to sections 19 and 20 of the *Trademarks Act*, RSC 1985, c T-13 [TMA];
 - b. directed public attention to 903 Ontario's goods, services, or business, in such a way as to cause or be likely to cause confusion in Canada between 903 Ontario's goods, services, or business, and the goods, services, or business of the Applicants, contrary to paragraph 7(b) of the *TMA*;
 - c. used 818 Ontario's registered DAHU HOTPOT Marks in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to subsection 22(1) of the *TMA*,as a result of 903 Ontario's use of the DAHU HOTPOT Marks and other confusingly similar marks and names, in association with the operation, advertising, and promotion of the restaurant located at 550 Highway 7 East, Unit 280, Richmond Hill, Ontario, L4B 3Z4, without the consent, license, or permission of 818 Ontario.
2. 903 Ontario, along with any parent, affiliate, subsidiary and all other related companies and businesses, and their respective and collective officers, directors, employees, agents, partners, consultants, licensees, franchisees, successors, and

assigns, and all others over whom any of the foregoing by themselves or through any companies or other businesses any of them now or in the future directly or indirectly exercises control or operates, are permanently enjoined from:

- a. using the DAHU HOTPOT Marks, or any confusingly similar mark or name in association with goods or services, or any overlapping goods or services, as those listed in trademark registration Nos. TMA1,219,951 and TMA1,219,951 [DAHU HOTPOT Registrations], contrary to sections 19 and 20 of the *TMA*;
- b. directing public attention to their goods, services, or business, in such a way as to cause or be likely to cause confusion in Canada between their goods, services, or business, and the goods, services, or business of the Applicants, contrary to paragraph 7(b) of the *TMA*;
- c. using 818 Ontario's registered DAHU HOTPOT Marks in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to subsection 22(1) of the *TMA*,

including without limitation by adopting or using any mark or name confusing with the DAHU HOTPOT Marks, as or as part of any trademark, trade name, corporate name, business name, domain name, or social media account name, in association with restaurant and food-related goods and service.

3. 903 Ontario shall deliver-up or destroy under oath any goods, packages, labels, and advertising and promotional materials in their possession, power or control that bear the DAHU HOTPOT Marks, or anything confusingly similar to the DAHU HOTPOT Marks, or that are or that would be contrary to this Judgment, in accordance with section 53.2 of the *TMA*.

4. 903 Ontario shall take all steps necessary to irrevocably withdraw, abandon, or amend any corporate name or business name registration consisting of DAHU HOTPOT or any confusingly similar name, including without limitation DAHU DIM SUM & HOTPOT and DAHU HOTPOT & DIM SUM, with any applicable federal or provincial government or authority.
5. 903 Ontario shall transfer ownership of, and all rights of access, administration, control over and to, any domain name or third party website account name owned and/or controlled by 903 Ontario, be it directly or indirectly, that contains, is comprised of, or is confusing with the DAHU HOTPOT Marks, including without limitation, if applicable, the account at www.instagram.com/dahucanada, to the Applicants, and shall to the extent necessary direct the applicable domain name registrars or social media platforms to transfer ownership and all rights of access, administration, and control for and over such domain names and social media accounts to the Applicants.
6. 903 Ontario shall pay to the Applicants forthwith compensatory damages in the amount of \$10,000 for their violations of the *TMA*.
7. The Applicants are awarded lump sum costs in the amount of \$3,000, payable forthwith by 903 Ontario.
8. 903 Ontario shall pay to the Applicants post-judgment interest on all amounts owed to them pursuant to this Judgment at the rate of 5% per annum from the date of this Judgment.

9. As against the remaining Respondents, the Applicants' application is dismissed.

"Janet M. Fuhrer"

Judge

Annex “A”: Relevant Provisions

Trademarks Act, RSC 1985, c T-13.
Loi sur les marques de commerce, LRC 1985, ch T-13.

<p>When deemed to be used</p> <p>4 (1) A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.</p> <p>Idem</p> <p>(2) A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.</p>	<p>Quand une marque de commerce est réputée employée</p> <p>4 (1) Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.</p> <p>Idem</p> <p>(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l’exécution ou l’annonce de ces services.</p>
<p>Confusion — trademark with other trademark</p> <p>6 (2) The use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.</p> <p>[...]</p> <p>Confusion — trade name with trademark</p>	<p>Marque de commerce créant de la confusion avec une autre</p> <p>6 (2) L’emploi d’une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l’emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les produits liés à ces marques de commerce sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.</p> <p>[...]</p> <p>Nom commercial créant de la confusion avec une marque de commerce</p>

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

What to be considered

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

- (a)** the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;
- (b)** the length of time the trademarks or trade names have been in use;
- (c)** the nature of the goods, services or business;
- (d)** the nature of the trade; and
- (e)** the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.

Prohibitions

7 No person shall

- [...]
- (b)** direct public attention to his goods, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his goods,

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

Éléments d'appréciation

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

- a)** le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
- b)** la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
- c)** le genre de produits, services ou entreprises;
- d)** la nature du commerce;
- e)** le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

Interdictions

7 Nul ne peut :

- [...]
- b)** appeler l'attention du public sur ses produits, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention,

<p>services or business and the goods, services or business of another;</p>	<p>entre ses produits, ses services ou son entreprise et ceux d'un autre;</p>
<p>Rights conferred by registration</p> <p>19 Subject to sections 21, 32 and 67, the registration of a trademark in respect of any goods or services, unless shown to be invalid, gives to the owner of the trademark the exclusive right to the use throughout Canada of the trademark in respect of those goods or services.</p> <p>Infringement</p> <p>20 (1) The right of the owner of a registered trademark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who</p> <p>(a) sells, distributes or advertises any goods or services in association with a confusing trademark or trade name;</p> <p>(b) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any goods in association with a confusing trademark or trade name, for the purpose of their sale or distribution;</p> <p>(c) sells, offers for sale or distributes any label or packaging, in any form, bearing a trademark or trade name, if</p> <p>(i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trademark, and</p> <p>(ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trademark or trade name; or</p>	<p>Droits conférés par l'enregistrement</p> <p>19 Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de produits ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces produits ou services.</p> <p>Violation</p> <p>20 (1) Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne qui est non admise à l'employer selon la présente loi et qui :</p> <p>a) soit vend, distribue ou annonce des produits ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion;</p> <p>b) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des produits, en vue de leur vente ou de leur distribution et en liaison avec une marque de commerce ou un nom commercial créant de la confusion;</p> <p>c) soit vend, offre en vente ou distribue des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial alors que :</p> <p>(i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,</p> <p>(ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion;</p>

(d) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any label or packaging, in any form, bearing a trademark or trade name, for the purpose of its sale or distribution or for the purpose of the sale, distribution or advertisement of goods or services in association with it, if

(i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trademark, and

(ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trademark or trade name.

Depreciation of goodwill

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

d) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial, en vue de leur vente ou de leur distribution ou en vue de la vente, de la distribution ou de l'annonce de produits ou services en liaison avec ceux-ci, alors que :

(i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,

(ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion.

Dépréciation de l'achalandage

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

Power of court to grant relief

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

Pouvoir du tribunal d'accorder une réparation

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

Notice to interested persons

(2) Before making an order for destruction or other disposition, the court shall direct that notice be given to any person who has an interest or right in the item to be destroyed or otherwise disposed of, unless the court is of the opinion that the interests of justice do not require that notice be given.

Autres personnes intéressées

(2) Sauf s'il estime que l'intérêt de la justice ne l'exige pas, le tribunal, avant d'ordonner la disposition des biens en cause, exige qu'un préavis soit donné aux personnes qui ont un droit ou intérêt sur ceux-ci.

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-2059-24

STYLE OF CAUSE: HON CHUNG YOUNG, SUI KEUNG LAW, 2779818 ONTARIO INC., DAHU HOTPOT INC., 14799674 CANADA INC., and DAHU HOLDINGS INC. v YUK MING LI, WEI ZHAO SU, BO-HIN YEUNG, MIAOWEN LIANG, KAI YING LIN, 3838 MIDLAND INC., 1000237903 ONTARIO INC., and 1000678575 ONTARIO INC.

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: DECEMBER 16, 2024

JUDGMENT AND REASONS: FUHRER J.

DATED: JANUARY 31, 2025

APPEARANCES:

Roland Battistini

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