

Federal Court



Cour fédérale

**Date: 20250618**

**Docket: T-627-23**

**Citation: 2025 FC 1105**

**Ottawa, Ontario, June 18, 2025**

**PRESENT: The Honourable Justice Fuhrer**

**BETWEEN:**

**TOYOTA JIDOSHA KABUSHIKI KAISHA  
trading as TOYOTA MOTOR  
CORPORATION and TOYOTA CANADA  
INC.**

**Plaintiffs**

**and**

**MARRAND AUTO INC.**

**Defendant**

**ORDER AND REASONS**

**I. Overview**

[1] When is a TOYOTA bumper no longer a TOYOTA brand product? When it is damaged during shipment by a grey marketer, according to the Plaintiffs. Not so fast, says the Defendant.

[2] The Defendant Marrand Auto Inc. [Marrand or Defendant] appeals the November 7, 2024 order of Associate Judge Horne, striking the Amended Statement of Claim, with leave to amend in accordance with the reasons, as reported in *Toyota Jidosha Kabushiki Kaisha (Toyota Motor Corporation) v Marrand Auto Inc*, 2024 FC 1776 [Order]. The appeal is brought by way of motion under rule 51 of the *Federal Courts Rules*, SOR/98-106 [Rules].

[3] The Plaintiffs, Toyota Jidosha Kabushiki Kaisha trading as Toyota Motor Corporation and Toyota Canada Inc. [collectively, Toyota or Plaintiffs] assert that Marrand has failed to establish any error in law, or palpable and overriding error, in the Order warranting the Court's intervention. I agree that the Court's interference is not called for here.

[4] Having considered the parties' motion material and heard their oral submissions, I find that the Defendant's rule 51 motion will be dismissed for the reasons below.

## II. Background

[5] Briefly, the underlying facts, as summarized in the Order, are that Toyota received notice from the Canada Border Services Agency that a shipment of suspected counterfeit Toyota automotive parts had been detained, and that the Defendant was the owner and consignee of the shipment. After inspecting the detained goods that bore TOYOTA trademarks, the Plaintiffs did not claim that they were counterfeit. Marrand also contends generally that the goods were put into commerce with the consent of the trademark owner and lawfully acquired.

[6] Rather, Toyota asserts the detained goods were “unauthorized” because they did not come with the warranty that otherwise would be provided if acquired through an authorized dealer, and that the goods were not shipped or handled in an approved manner. In connection with the latter point, Associate Judge Horne observes that the claim does not contain material facts supporting Toyota’s expanded allegation (i.e. made at the hearing of the motion to strike) of damage to the shipped goods and the risk to public safety posed by the sale of damaged automotive parts.

[7] The Order strikes the entire Amended Statement of Claim, with leave for Toyota to file a Fresh as Amended Statement of Claim but limited to claims under paragraph 7(b) and section 22 of the *Trademarks Act*, RSC 1985, c T-13 [*TMA*]. Although Associate Judge Horne permits the amendment of the claims based on the latter provision, he has great difficulty seeing how a claim of implied warranty alone can be made under section 22 of the *TMA*, finding that whether a warranty is in place or not does not impact the quality of the good itself.

[8] The Order also strikes, but without leave to amend, all the claims based on the *Competition Act*, RSC 1985, c C-34, and those based on paragraph 7(c) of the *TMA*.

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

### III. Issues

[10] I determine that Marrand’s rule 51 motion raises the following issues about whether the Associate Judge erred by holding that:

- A. “use” of a trademark is not required to establish infringement of paragraph 7(b) of the *TMA*;
- B. the sale of the alleged damaged grey goods bearing the TOYOTA branding amounts to an implied representation of warranty constituting misrepresentation under paragraph 7(b) of the *TMA*, absent any false or misleading representations about such grey goods by the Defendant;
- C. the sale of alleged damaged grey goods is different from a simple resale, and constitutes “use” of a trademark that could depreciate the goodwill associated with a trademark contrary to subsection 22(1) of the *TMA*; and
- D. the Defendant’s evidence in respect of its claim for damages relating to detained goods under section 51.12 of the *TMA* was not clear, and whether the Defendant was entitled to an award in the sum of \$57,963.82 pursuant to section 51.12 of the *TMA*.

In the ensuing analysis, I deal with each issue in turn, beginning with a summary of the law applicable to rule 51 appeals.

#### IV. Analysis

##### *Applicable law on rule 51 appeals*

[11] Decisions on motions to strike are discretionary: *Davis v Canada (Royal Mounted Police)*, 2023 FC 280 [*Davis*] at para 40. The standard of review applicable to a rule 51 motion appealing a discretionary decision of an associate judge is the appellate standard described by the Supreme Court of Canada in *Housen v Nikolaisen*, 2002 SCC 33 [*Housen*] at paras 7-36. I rely in this regard on *Hospira Healthcare Corporation v Kennedy Institute of Rheumatology*, 2016 FCA 215 at paras 63-65, 79 and 83.

[12] The Federal Court of Appeal more recently summarizes the *Housen* standard as follows: “questions of fact and mixed questions of fact and law are subject to the palpable and overriding error standard while questions of law, and mixed questions where there is an extricable question of law, are subject to the standard of correctness”: *Worldspan Marine Inc v Sargeant III*, 2021 FCA 130 at para 48; see also *Canada (Attorney General) v Iris Technologies Inc*, 2021 FCA 244 at para 33; *Davis*, above at para 40.

[13] This Court describes the applicable review standard more plainly, stating “[l]egal questions are questions about what the correct legal test is; factual questions are questions about what actually took place between the parties; and, mixed questions are questions about whether the facts satisfy the legal tests, or, put otherwise, whether they involve applying a legal standard to a set of facts”: *Kostic v Canada*, 2023 FC 508 at para 80, citing *Teal Cedar Products Ltd v British Columbia*, 2017 SCC 32 at para 43.

[14] Further, the “palpable and overriding error” standard of review is highly deferential. Palpable means an obvious error, while an overriding error is one that affects the decision-maker’s conclusion: *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 [Mahjoub] at paras 61-64; see also *NCS Multistage Inc v Kobold Corporation*, 2021 FC 1395 at paras 32-33.

[15] Marrand contends that issues A, B, and C here (not to be confused with the *Housen* example of a legal error described below) all involve questions of law to which the correctness

standard applies, while issue D concerns a question of mixed fact and law attracting the palpable and overriding error standard.

[16] Toyota counters that because the decision to strike a pleading is discretionary, the Order should be reviewed for palpable and overriding error only. I disagree. If, on appeal from a discretionary decision, the appellate court detects an error in law or principle underlying the exercise of discretion by the first-instance trier, it can reverse the exercise of discretion because of the legal error: *Mahjoub*, above at para 74.

[17] I deal next with each issue in turn. I pause to add that there is no dispute regarding the Associate Judge's statement of the applicable law on a motion to strike. This rule 51 motion largely concerns the Associate Judge's consideration of applicable *TMA* provisions. Further, I must not take into account Toyota's Fresh as Amended Statement of Claim dated December 6, 2024 that was filed on the heels of the challenged Order, because the Court generally must determine appeals from orders of associate judges on the material that was before the associate judge: *Canjura v Canada (Attorney General)*, 2021 FC 1022 at para 12. To do otherwise, in my view, would risk the Court applying hindsight to the analysis of the issues on this appeal.

A. *Whether "use" of a trademark is not required to establish infringement of paragraph 7(b) of the TMA*

[18] If a legal test is comprised of elements A, B, C, and D but the decision-maker considers only elements A, B, and C, then, in so doing, the decision-maker commits an error of law: *Housen*, above at para 27, citing *Canada (Director of Investigation and Research) v Southam*

*Inc*, 1997 CanLII 385 at para 39 (SCC). A question I consider here is whether the Associate Judge’s statement, at paragraph 33 of the Order, that “[i]t is at least arguable that ‘use’ of a trademark is not required to establish infringement of section 7(b)” is the equivalent of failing to consider element D. As explained below, I find that it is, thus resulting in an error of law underpinning the Associate Judge’s exercise of discretion. That said, a related question is whether this error of law warrants the Court’s interference with the Order. In my view, it does not. I expand on this determination in the consideration of issue B.

[19] I start with the premise that “the sale in Canada of grey market goods does not, in itself, constitute passing off (citations omitted)”: *TFI Foods Ltd v Every Green International Inc*, 2021 FC 241 [*TFI Foods*] at para 50. See also *Consumers Distributing Co v Seiko*, 1984 CanLII 73 (SCC), [1984] 1 SCR 583 [*Seiko*] at 593 (“...the distribution of a trade marked product lawfully acquired is not, by itself, prohibited under the *Trade Marks Act* of Canada, or indeed at common law”).

[20] In *Kirkbi*, the Supreme Court of Canada confirms the constitutional validity of paragraph 7(b) on the basis that it “rounds-out” federal trademarks legislation. More specifically, the Supreme Court finds that “s. 7(b) is, in its pith and substance, directly connected to the enforcement of trade-marks and trade-names in Canada because it is directed to avoiding confusion through use of trade-marks” (emphasis added): *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 [*Kirkbi*] at para 33, citing *MacDonald et al v Vapor Canada Ltd*, 1976 CanLII 181 (SCC), [1977] 2 SCR 134, and *Asbjorn Horgard A/S v Gibbs/Nortac Industries Ltd* (1987), 38 DLR (4th) 544 [*Asbjorn*] (see 1987 CanLII 5269 for abridged version).

[21] Further, *Kirkbi* underscores (at para 35), “s. 7(b) is directly connected to the enforcement of trade-marks and trade-names in Canada: the civil remedy in s. 7(b) protects the goodwill associated with trade-marks and is directed to avoiding consumer confusion through use of trade-marks” (emphasis added).

[22] *Kirkbi* draws heavily on *Asbjorn*. In *Asbjorn* (at 556), the Federal Court of Appeal describes paragraph 7(b) as “a statutory statement of the common law action of passing off, which consisted of a misrepresentation to the effect that one's goods or services are someone else's, or sponsored by or associated with that other person. It is effectively a ‘piggybacking’ by misrepresentation.”

[23] The Federal Court of Appeal also pays due regard to the statutory language of paragraph 7(b), noting that its three elements provide “that no person shall (1) *direct public attention* to his wares, services or business (2) in such a way as to *cause* or be likely to cause *confusion* in Canada (3) at the *time he commenced so to direct attention* to them, between his wares, services or business and the wares, services or business of another. What is deemed to cause confusion is explained in s. 6, particularly in s-ss. (2), (3) and (5)...” (emphasis in original): *Asbjorn*, above at 558-59.

[24] In my view, the reference in *Asbjorn* to subsections 6(2), 6(3) and 6(5) of the *TMA* point squarely to trademark use. Both subsections 6(2) and 6(3) begin with the identical wording, “The use of a trademark causes confusion with...” (emphasis added). Further, paragraph 6(5)(b) specifically describes “the length of time the trademarks or trade names have been in use”



(emphasis added). In addition, “use” is defined in section 2 as meaning, “in relation to a trademark, ... any use that by section 4 is deemed to be a use in association with goods or services.”

[25] As the authors Kelly Gill and Scott Jolliffe note (cited in *Kirkbi* at para 35), “[n]o provision of s. 7 is more inextricably linked to the overall scheme of the *Trade-marks Act* than is s. 7(b).” That scheme was and still remains rooted in use, notwithstanding changes to the *TMA* in 2019 which included the elimination of the requirement to “declare” use in a newly-filed trademark application or upon allowance. See, for example, current paragraph 38(2)(e) of the *TMA*.

[26] While the Associate Judge relied on this Court’s decision in *TFI Foods* to support the view that use may not be required to establish a contravention of paragraph 7(b), I cannot agree, not only for the above reasons but also for the following additional reasons.

[27] The common law tort of passing off articulated in *Ciba-Geigy Canada Ltd v Apotex Inc*, 1992 CanLII 33 (SCC), [1992] 3 SCR 120 (i.e. the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage to the plaintiff), has been applied to paragraph 7(b) of the *TMA*. As *Kirkbi* notes (at para 23), paragraph 7(b) essentially codifies the common law tort and is sufficiently integrated into the scheme of the *TMA* that it is *intra vires* Parliament. *Kirkbi* cites (at para 25) the following observation attributed to authors Gill and Jolliffe (p 2-22): “The tort of passing off is in many respects the equivalent cause of action for unregistered trade-marks as infringement [s. 20 of the Act] is to registered trade-marks.”

[28] Further, paragraph 7(b) is limited by the provisions of the *TMA* and, thus, unlike paragraph 7(e) which was struck because of its lack of connection with trademark or trade name enforcement, paragraph 7(b) is limited in its application: *Kirkbi*, at para 26. This means, in my view, that when *Kirkbi* states (at para 68) “[t]he second component [of passing off] is misrepresentation creating confusion in the public,” section 6 of the *TMA* is implicated necessarily in the context of passing off under paragraph 7(b) having regard to the specific language of the latter provision (i.e. “to cause or be likely to cause confusion”). In criticizing the trial judge’s interpretation of the second component as too narrow, the Supreme Court refers, by implication in my view, to the trial judge’s finding that the claimant needed to prove the asserted confusion arose from an intentional (i.e. wilful) misrepresentation (when para 68 is read with para 9 of *Kirkbi*), in contrast to negligent or careless misrepresentation which also are covered by modern developments in the law of passing off.

[29] Support for the proposition that paragraph 7(b) implicates section 6 of the *TMA*, and hence necessitates use, can be found in the Federal Court of Appeal decision in *Positive Attitude Safety System Inc v Albian Sands Energy Inc*, 2005 FCA 332 [*Albian Sands*]. There, on a summary judgment motion, the Federal Court of Appeal assessed the issue of whether the defendant’s workplace safety system called Albian Sands Environment and Safety System (ASESS) passed off the plaintiff’s industrial safety system called Positive Attitude Safety System (PASS). It held (at para 33) that, “...confusion, for trade-marks purposes, is confusion between trade-marks and between trade-marks and trade-names. See subsections 6(2), (3) and (4). As a result, if the appellants were not trading in the PASS system, and if no issue of confusion arises

with respect to ASESS considered as a trade-mark, there can be no confusion and no contravention of paragraph 7(b).”

[30] I also refer to this Court’s decision in *Quality Program Services Inc v Canada*, 2018 FC 971, aff’d 2020 FCA 53, leave to appeal refused, 2020 CanLII 74020 (SCC). There, Justice Southcott found (at para 61) that the plaintiff’s passing off action requires the same confusion analysis as an infringement action, except that the tort of passing off only protects goodwill within the geographic area in which it was acquired. Issues of whether this exception applies to registered and unregistered trademarks alike, and whether paragraph 7(b) seemingly is redundant in respect of or not applicable to registered trademarks, are not issues that, in my view, the Court must determine to dispose of this motion.

[31] I pause to note that the Federal Court of Appeal considers but does not determine the latter issue in *Group III International Ltd v Travelway Group International Ltd*, 2020 FCA 210 at paras 43-44. *Kirbi* states (at para 31), however, that “[t]here is no reason to believe that the registration regime under the *Trade-marks Act* was intended to create two separate enforcement regimes[; t]he scheme set out in the *Trade-marks Act* regulates both registered and unregistered trade-marks.”

[32] Returning to the issue of use in the context of statutory passing off, this Court more recently determined, citing *Albian Sands*, that “[u]se is an essential requirement in the passing off analysis under paragraph 7(b)”: *2K4 Inc (Indican Pictures) v Indiecan Entertainment Inc*, 2025 FC 20 at para 127. For the above reasons, I agree.

[33] I thus conclude it was an error of law for the Associate Judge to state “that ‘use’ of a trademark is not required to establish infringement of section 7(b).” What implications flow from the Associate Judge’s qualification that it is at least an arguable proposition, inform my consideration of issue B to which I turn next.

B. *Whether the sale of grey goods bearing the TOYOTA branding amounts to an implied representation of warranty constituting misrepresentation under paragraph 7(b) of the TMA, absent any false or misleading representations about such grey goods by the Defendant*

[34] In my view, this question is one that involves mixed fact and law to which the appellate standard of palpable and overriding error applies. While the Associate Judge made a palpable error, I am not persuaded that it is an overriding one.

[35] Although the Associate Judge’s finding regarding whether “use” is a requirement of paragraph 7(b) was qualified (i.e. “[i]t is at least arguable”), I am not persuaded that the qualification alone would be sufficient necessarily to avoid reversing his exercise of discretion. That said, the “use” finding was not made in a vacuum. Rather, it informs his non-final determination, at paragraph 33 of the Order, that “it is at least arguable that a damaged and unsafe car part bearing TOYOTA branding, being presented to a consumer expressly or by implication as being of the same quality as what would be sourced from a Toyota dealer, could constitute a misrepresentation that pertains to a trademark as well.” In the Associate Judge’s view, this is a novel but arguable claim that should proceed to trial. On this basis, the Associate Judge permitted the Plaintiffs to amend their otherwise struck claim to set out material facts

alleging that the TOYOTA products sold by the Defendant were damaged in shipment and unsafe.

[36] This Court previously has held that where, on a motion to strike under rule 221, an associate judge makes no final determination on the merit of the allegations (here, statutory passing off) made in a statement of claim, it is doubtful whether a pure question of law or extricable legal principle is truly at issue: *Elbit Systems Electro-optics Elop Ltd v Selex ES Ltd*, 2016 FC 1129 [*Elbit Systems*] at para 18. See also *Rovi Guides, Inc v Videotron Ltd*, 2022 FC 981 at paras 27-28, citing *Elbit Systems*.

[37] The Associate Judge refers to “pertains to a trademark” against the backdrop of his determination that it is at least arguable that “use” of a trademark is not required to establish infringement of section 7(b). In my view, the reference at worst is a palpable error but not an overriding one. I say this because Toyota maintains that the goods shipped/sold by Marrand are damaged and, thus, materially different from Toyota’s goods that are subject to quality control standards, resulting in the use of the trademark TOYOTA by Marrand. I am not convinced that this assertion would have changed the Associate Judge’s conclusion that the claim is novel but arguable. Whether Toyota has pleaded sufficient material facts in its Fresh as Amended Statement of Claim to support its claims around damage, an implied warranty and/or trademark use, is an issue not presently before me.

[38] Further, I find the Defendant’s reliance on *Arora v Whirlpool Canada LP*, 2013 ONCA 657 misplaced because the case involved a question about whether the manufacturer’s allegedly

poorly designed washing machines were subject to an implied warranty of fitness under the *Sale of Goods Act*, RSO 1990, c S.1. I therefore do not disagree with the Associate Judge that there does not appear to be any jurisprudence on whether an implied warranty can constitute misrepresentation for the purposes of paragraph 7(b) of the *TMA*. None was brought to my attention. It strikes me that the Defendant's sale of goods argument is an issue that should be dealt with at trial on a fuller evidentiary record.

[39] Further, *Seiko* differs factually from the dispute between Toyota and Marrand. In *Seiko*, grey market watches were distributed by the "diverter" Consumers Distributing with warranty cards that purported to bring the goods within the scope of Hattori's global warranty; by the time passing off was addressed, it was on an evidentiary record where the public was aware that the watches were not supported by an international guarantee, and that Consumers Distributing was not an authorized dealer. In light of these differences and the novelty of Toyota's claim, I am not persuaded that Associate Judge Horne erred palpably and overridingly by refusing to conclude this claim was doomed to fail. Arguments about the applicability of the Supreme Court's conclusions and determinations in *Seiko* in respect of the merits of the claim are better addressed at trial, in my view.

[40] I add that whether there in fact is an absence of any false or misleading representations by the Defendant about the grey goods, also is a matter for the trial judge to consider and determine based on a fuller evidentiary record.

C. *Whether the sale of alleged damaged grey goods is different from a simple resale, and constitutes "use" of a trademark that could depreciate the goodwill associated with a trademark contrary to subsection 22(1) of the TMA*

[41] Noting the high threshold to strike a claim (para 8 of the Order), and for similar reasons discussed in respect of issue B above, I am not persuaded that the Associate Judge made a reversible error on this issue.

[42] In my view, this question also is one that involves mixed fact and law to which the appellate standard of palpable and overriding error applies. Specifically, this issue relates to the Associate Judge's finding (at para 49 of the Order) that a cause of action under section 22 of the *TMA* could be sustained on the allegations pleaded by Toyota because "it is at least arguable that the sale of damaged merchandise could be treated differently than [sic] simple resale."

[43] I have at least two reasons for arriving at this determination. First, Marrand relies on *Coca-Cola Ltd v Pardhan*, 1999 CanLII 7852 [*Pardhan*] at paras XII-XIV, 85 CPR (3d) 489 (FCA), to support the position that reselling goods manufactured by a trademark owner cannot be considered "use" under the *TMA*, and therefore this claim cannot succeed. In my view, *Pardhan* is distinguishable because the decision involved COCA-COLA products that allegedly were packaged and labelled for use in the Canadian marketplace but were shipped to other countries for sale. There was not, however, any allegation that the products themselves differed in their material characteristics, as the Plaintiffs allege here. It is not outside the realm of possibility (i.e. in the sense of doomed to fail), in my view, that the sale of unsafe damaged goods, if proven, conceivably could sustain a claim for depreciation of goodwill.

[44] Second, this Court previously has held that goodwill "may be depreciated by a non-confusing use, where the fame and goodwill of the trademark transcends the wares or services

with which the mark is usually associated or used”: *Trans-High Corporation v Conscious Consumption Inc*, 2016 FC 949 at para 35. Here, the fame and goodwill of the Plaintiffs’ marks, if established, may be indicative of a degree of recognition of the marks within the relevant universe of consumers, and hence, a likelihood of depreciation of the goodwill attaching to the marks. That, however, remains to be determined at trial on a fuller evidentiary record.

D. *Whether the Defendant’s evidence in respect of its claim for damages relating to detained goods under section 51.12 of the TMA was not clear, and whether the Defendant was entitled to an award in the sum of \$57,963.82 pursuant to section 51.12 of the TMA*

[45] I find that the Associate Judge’s determination on this issue is neither incorrect nor does it involve any palpable and overriding error.

[46] A plain reading of section 51.12 of the *TMA* discloses that the Court is permitted to award damages only “if the proceedings are dismissed or discontinued.” Neither event has occurred here, in my view, notwithstanding that the Associate Judge struck the Amended Statement of Claim. That step was taken in conjunction with granting Toyota leave to amend in accordance with the reasons and providing Toyota with 30 days to serve and file a fresh as amended statement of claim, which was done. The Associate Judge, however, did not dismiss the action. I thus find that the relevant facts here do not meet a necessary precondition.

[47] Marrand also has not persuaded me that the Associate Judge’s appreciation of the evidence before him regarding Marrand’s claimed damages relating to the detention of shipped auto parts resulted in any incorrect or palpable and overriding error.



V. Conclusion

[48] Because the Defendant has not satisfied the Court that the Associate Judge made any error warranting the Court's intervention, the Defendant's rule 51 motion will be dismissed.

VI. Costs

[49] The parties advised the Court that they had agreed on costs in the amount of \$5,000. This sum is reasonable in my view. In light of Toyota's success on the motion, I therefore award Toyota lump sum costs in the amount of \$5,000 payable by Marrand.

**ORDER in T-627-23**

**THIS COURT'S ORDER is that:**

1. The Defendant's motion under rule 51 of the *Federal Courts Rules*, SOR/98-106, appealing the November 7, 2024 order of Associate Judge Horne, is dismissed.
2. The Plaintiffs are awarded lump sum costs in the amount of \$5,000 payable by the Defendant in any event of the cause.

"Janet M. Fuhrer"

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Judge

**Annex “A”: Relevant Provisions**

***Federal Courts Rules, SOR/98-106***  
***Règles des Cours fédérales, DORS/98-106***

<p><b>Appeals of Prothonotaries’ Orders</b>  <b>Appeal</b>  <b>51 (1)</b> An order of a prothonotary may be appealed by a motion to a judge of the Federal Court.</p>	<p><b>Appel des ordonnances du protonotaire</b>  <b>Appel</b>  <b>51 (1)</b> L’ordonnance du protonotaire peut être portée en appel par voie de requête présentée à un juge de la Cour fédérale.</p>
<p><b>Striking Out Pleadings</b>  <b>Motion to strike</b>  <b>221 (1)</b> On motion, the Court may, at any time, order that a pleading, or anything contained therein, be struck out, with or without leave to amend, on the ground that it</p> <p>(a) discloses no reasonable cause of action or defence, as the case may be,  (b) is immaterial or redundant,</p> <p>(c) is scandalous, frivolous or vexatious,  (d) may prejudice or delay the fair trial of the action;  (e) constitutes a departure from a previous pleading, or  (f) is otherwise an abuse of the process of the Court,  and may order the action be dismissed or judgment entered accordingly.</p>	<p><b>Radiation d’actes de procédure</b>  <b>Requête en radiation</b>  <b>221 (1)</b> À tout moment, la Cour peut, sur requête, ordonner la radiation de tout ou partie d’un acte de procédure, avec ou sans autorisation de le modifier, au motif, selon le cas :</p> <p>a) qu’il ne révèle aucune cause d’action ou de défense valable;  b) qu’il n’est pas pertinent ou qu’il est redondant;  c) qu’il est scandaleux, frivole ou vexatoire;  d) qu’il risque de nuire à l’instruction équitable de l’action ou de la retarder;  e) qu’il diverge d’un acte de procédure antérieur;  f) qu’il constitue autrement un abus de procédure.</p> <p>Elle peut aussi ordonner que l’action soit rejetée ou qu’un jugement soit enregistré en conséquence.</p>

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

<p><b>Definitions</b>  <b>2</b> In this Act,</p> <p><b>use</b>, in relation to a trademark, means any use that by section 4 is deemed to be a use in</p>	<p><b>Définitions</b>  <b>2</b> Les définitions qui suivent s’appliquent à la présente loi.</p> <p><b>emploi ou usage</b> À l’égard d’une marque de commerce, tout emploi qui, selon l’article 4,</p>
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association with goods or services; (emploi ou usage)	est réputé un emploi en liaison avec des produits ou services. (use)
<p><b>When deemed to be used</b></p> <p><b>4 (1)</b> 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><b>Idem</b></p> <p><b>(2)</b> 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><b>Use by export</b></p> <p><b>(3)</b> A trademark that is marked in Canada on goods or on the packages in which they are contained is, when the goods are exported from Canada, deemed to be used in Canada in association with those goods.</p>	<p><b>Quand une marque de commerce est réputée employée</b></p> <p><b>4 (1)</b> 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><b>Idem</b></p> <p><b>(2)</b> 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><b>Emploi pour exportation</b></p> <p><b>(3)</b> Une marque de commerce mise au Canada sur des produits ou sur les emballages qui les contiennent est réputée, quand ces produits sont exportés du Canada, être employée dans ce pays en liaison avec ces produits.</p>
<p><b>Confusion — trademark with other trademark</b></p> <p><b>6(2)</b> 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><b>Marque de commerce créant de la confusion avec une autre</b></p> <p><b>6(2)</b> 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</p>

**Confusion — trademark with trade name**

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

**Confusion — trade name with trademark**

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

6(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

dans la même classe de la classification de Nice.

**Marque de commerce créant de la confusion avec un nom commercial**

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

**Nom commercial créant de la confusion avec une marque de commerce**

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

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

<p>(a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;</p> <p>(b) the length of time the trademarks or trade names have been in use;</p> <p>(c) the nature of the goods, services or business;</p> <p>(d) the nature of the trade; and</p> <p>(e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.</p>	<p>a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;</p> <p>b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;</p> <p>c) le genre de produits, services ou entreprises;</p> <p>d) la nature du commerce;</p> <p>e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.</p>
<p><b>Prohibitions</b></p> <p><b>7</b> No person shall</p> <p>[...]</p> <p>(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, services or business and the goods, services or business of another;</p> <p>(c) pass off other goods or services as and for those ordered or requested; or</p>	<p><b>Interdictions</b></p> <p><b>7</b> Nul ne peut :</p> <p>[...]</p> <p>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, entre ses produits, ses services ou son entreprise et ceux d'un autre;</p> <p>c) faire passer d'autres produits ou services pour ceux qui sont commandés ou demandés;</p>
<p><b>Depreciation of goodwill</b></p> <p><b>22 (1)</b> 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.</p>	<p><b>Dépréciation de l'achalandage</b></p> <p><b>22(1)</b> 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.</p>
<p><b>Applications for Registration of Trademarks</b></p> <p><b>Grounds</b></p> <p><b>38 (2)</b> A statement of opposition may be based on any of the following grounds:</p> <p>[...]</p> <p>(e) that, at the filing date of the application in Canada, determined without taking into</p>	<p><b>Demandes d'enregistrement de marques de commerce</b></p> <p><b>Motifs</b></p> <p><b>38 (2)</b> Cette opposition peut être fondée sur l'un des motifs suivants :</p> <p>[...]</p> <p>e) à la date de production de la demande au Canada, déterminée compte non tenu du</p>

<p>account subsection 34(1), the applicant was not using and did not propose to use the trademark in Canada in association with the goods or services specified in the application; or [...]</p>	<p>paragraphe 34(1), le requérant n'employait pas ni ne projetait d'employer la marque de commerce au Canada en liaison avec les produits ou services spécifiés dans la demande; [...]</p>
<p><b>Damages against trademark owner</b></p> <p><b>51.12</b> A court may award damages against the owner of a relevant protected mark who commenced proceedings referred to in subsection 51.06(3) to the owner, importer, exporter or consignee of the goods who is a party to the proceedings for losses, costs or prejudice suffered as a result of the detention of goods if the proceedings are dismissed or discontinued.</p>	<p><b>Dommages-intérêts à l'encontre du propriétaire de la marque de commerce</b></p> <p><b>51.12</b> En cas de désistement ou de rejet du recours mentionné au paragraphe 51.06(3), le tribunal peut accorder des dommages-intérêts au propriétaire, à l'importateur, à l'exportateur ou au consignataire des produits visés qui est une partie au recours, à l'encontre du propriétaire de la marque protégée en cause qui l'a exercé, pour les frais engagés ou pour les pertes ou le préjudice subis en raison de la rétention des produits.</p>

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-627-23

**STYLE OF CAUSE:** TOYOTA JIDOSHA KABUSHIKI KAISHA TRADING  
AS TOYOTA MOTOR CORPORATION AND  
TOYOTA CANADA INC. v MARRAND AUTO INC.

**PLACE OF HEARING:** HELD VIA VIDEOCONFERENCE

**DATE OF HEARING:** JANUARY 21, 2025

**ORDER AND REASONS:** FUHRER J.

**DATED:** JUNE 18, 2025

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