

TRADEMARK OF FOREIGN OWNER INVALIDATED ON THE BASIS OF BAD FAITH

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A trademark registration in Canada can be rendered invalid if the application for such registration was filed in bad faith.^[1]

In a previous bulletin of ours,^[2] we noted that the Federal Court of Canada (the “**Court**”) showed willingness to protect international brands from domestic “bad faith” actors. In the recent decision of *Cheung’s Bakery Products Ltd. v. Easywin Ltd.*^[3] (“**Cheung v. Easywin**”), the Court demonstrated a similar willingness to protect domestic brands from foreign trademark owners who filed applications for trademark registrations in “bad faith”.

Background

Cheung’s Bakery Products Ltd. (the “**Applicant**”) has operated a family-owned bakery business in Vancouver, British Columbia since 1974. As of the date of the decision in *Cheung v. Easywin*, the Applicant operated four stores in the Greater Vancouver Area in association with the following trademarks (collectively, the “**Applicant’s Marks**”):


1. ANNA’S CAKE HOUSE , registered on March 31, 1989;

2. 安娜餅屋 , registered on August 14, 1997; and

3. 安 Anna’s 娜 Cake 餅 House 屋 , registered on July 12, 2006.

Easywin Ltd. (the “**Respondent**”) and its related entities including Saint Honore Cake Shop Limited (“**Saint Honore**”) engage in the manufacture, distribution and sale of bakery and other products in Hong Kong SAR, Macau SAR, mainland China, and other markets including Canada. Saint Honore was established in 1972 and operates a large chain of bakery stores in Hong Kong SAR.

On July 23, 2019, the Respondent obtained registrations in Canada for the following trademarks (collectively, the “**Respondent’s Marks**”, and their registrations, collectively the “**Respondent’s Registrations**”) for packaging containers, various food products including bakery products, and retail and wholesale services relating to the same:

1.  香港聖安娜

2.  香港聖安娜

Per the Respondent, the Respondent's Marks have been used in Canada since at least as early as August 2020 in association with the goods and services listed in the Respondent's Registrations.

The Applicant and the Respondent are direct competitors in Canada in the field of bakery goods and related services.^[4] The Applicant sought expungement of the Respondent Registrations on several grounds, including on the grounds that there is a likelihood of confusion between the Applicant's Marks and the Respondent's Marks and that the applications for the Respondent's Registrations were filed in bad faith.^[5]

Federal Court's Analysis

The Court found that, at least in view of (i) the length of time the Applicant's Marks have been in use in Canada, (ii) the similarity of the parties' marks in appearance, sound, and in the ideas suggested, as well as (iii) the significant overlap in the parties' goods and services and channels of trade, there is a likelihood of confusion between the Applicant's Marks and the Respondent's Marks. In particular, the Court noted that in this case likelihood of confusion must be assessed from the perspective of the average, casual Canadian consumer who can read and understand Chinese characters, given that such consumer is "more likely than not to buy the goods or services in the Chinese-Canadian market in which the [Applicant and the Respondent] offer their bakery goods and services."^[6]

Based on the parties' evidence, the Court concluded that, as a matter of first impression, the prospective casual consumer, being a member of the Chinese-Canadian market who can read and understand Chinese characters, upon seeing the Respondent's Marks, would likely think that the Respondent was the same source of bakery products as the Applicant.^[7]

In addition, the Court found that the Respondent "simply ignored the very facts that should have given it pause before filing the trademark application."^[8] It is worth noting that before the Respondent filed its applications, its related entity Saint Honore and the Applicant had a dispute regarding similar issues which was adjudicated by the Federal Court of Appeal in 2015.^[9] Therefore, at the time of filing the applications for the Respondent's Registrations on September 26, 2017, the Respondent was familiar with the Applicant and knew that the parties targeted the same consumers and offered the same types of bakery-related goods and services. In view of the previous dispute between the Applicant and Saint Honore, the Court was of the view that the

Respondent could not have been satisfied that it was entitled to apply to register marks that ultimately resulted in the Respondent's Registrations.^[10]

For at least the foregoing reasons, the Court ordered that the Respondent's Registrations be expunged.^[11]

Takeaway

Although "bad faith" is a ground for finding a trademark registration invalid, such term is not defined in the *Trademarks Act*. Rather, case law has noted that the concept of "bad faith" is flexible and must be interpreted in light of the context in which it is used.^{[12],[13]} As illustrated in *Cheung v. Easywin*, awareness of a senior rights holder's mark and the senior rights holder's prior use of such mark in Canada is relevant to the assessment of bad faith. Entities doing business in Canada can take comfort that such contextual application of Canadian trademark law on what constitutes "bad faith" equally applies to domestic and foreign stakeholders.

[1] *Trademarks Act*, R.S.C., 1985, c. T-13 (the "Act") at s. 18(1)(e).

[2] Protecting International Brands: Bad Faith Filing Leads to Expungement of Trademark Registration, dated July 5, 2022 ([link](#)).

[3] *Cheung's Bakery Products Ltd v Easywin Ltd*, [2023 FC 190](#) ("**Cheung v. Easywin**").

[4] *Cheung v. Easywin* at para 3.

[5] *Cheung v. Easywin* at para 33.

[6] *Cheung v. Easywin* at para 53.

[7] *Cheung v. Easywin* at para 86.

[8] *Cheung v. Easywin* at para 90.

[9] *Saint Honore Cake Shop Limited v Cheung's Bakery Products Ltd*, [2015 FCA 12](#).

[10] *Cheung v. Easywin* at para 90.

[11] *Cheung v. Easywin* at para 91.

[12] *Entreprises Sibeca Inc v Frelighsburg (Municipality)*, [2004 SCC 61](#) at paras 25-26.

[13] *Blossman Gas, Inc v Alliance Autopropane Inc*, [2022 FC 1794](#) at para 120.

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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