Federal Court of Appeal | Cour d'appel fédérale

Date: 20230427

Docket: A-93-22

Citation: 2023 FCA 85

CORAM: **STRATAS J.A.**
DE MONTIGNY J.A.
MACTAVISH J.A.

BETWEEN:

MILANO PIZZA LTD., MAZEN KASSIS, MARWAN KASSIS,
MAHMOUD TABAJA, MILANO BASELINE and JOE KASSIS

Appellants

and

6034799 CANADA INC., CHADI WANSA, YOUSSEF ZAHER a.k.a. JOSEPH ZAHER and YOUSEF NASSAR a.k.a. JOE NASSAR

Respondents

Heard at Ottawa, Ontario, on April 27, 2023.

Judgment delivered from the Bench at Ottawa, Ontario, on April 27, 2023.

REASONS FOR JUDGMENT OF THE COURT BY: DE MONTIGNY J.A.

Federal Court of Appeal  Cour d'appel fédérale

Date: 20230427

Docket: A-93-22

Citation: 2023 FCA 85

CORAM: **STRATAS J.A.**
DE MONTIGNY J.A.
MACTAVISH J.A.

BETWEEN:

MILANO PIZZA LTD., MAZEN KASSIS, MARWAN KASSIS,
MAHMOUD TABAJA, MILANO BASELINE and JOE KASSIS

Appellants

and

6034799 CANADA INC., CHADI WANSA, YOUSSEF ZAHER a.k.a. JOSEPH ZAHER and YOUSEF NASSAR a.k.a. JOE NASSAR

Respondents

REASONS FOR JUDGMENT OF THE COURT

(Delivered from the Bench at Ottawa, Ontario, on April 27, 2023).

DE MONTIGNY J.A.

[1] The appellants seek an order overturning a decision from the Federal Court which dismissed the appellants' action for trademark infringement, passing off and depreciation of goodwill: *Milano Pizza Ltd. v. 6034799 Canada Inc.*, 2022 FC 425 (Decision). In that case, the Federal Court found that that the appellants' registered Design Mark was invalid pursuant to paragraph 18(1)(b) of the *Trademarks Act*, R.S.C. 1985, c. T-13 (TMA) because it was not distinctive. Key to the Judge's determination was her finding that the appellants failed to demonstrate sufficient control over its licensees for the licensees' use of the mark to be deemed use by the trademark owner pursuant to subsection 50(1) of the TMA.

[2] Having carefully considered the submissions of the parties, this Court is of the view that this appeal cannot succeed.

[3] The appellants argue that the Federal Court applied an incorrect legal test when assessing whether the appellants had control over their licensees within the meaning of subsection 50(1) of the TMA. Both the appellants and respondents agree that determining the correct legal test is a question of law, reviewable on a correctness standard: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 [*Housen*]. The appellants argue that the Judge improperly required trademark owners to have a specific manner or degree of control over their licensees, whereas it is for the trademark owner to determine the appropriate manner and extent of control over the character or quality of the goods or services. The appellants argue that they had control over their licensees through a requirement that licensees purchase their ingredients, pizza boxes and drinks from authorized distributors (the purchasing requirement) and through a requirement that no

other licence would be awarded or granted for a given geographical area without the licensee's consent (the territory requirement): see Decision at para. 17.

[4] The Federal Court found the purchasing requirement and the territory requirement to be insufficient control for the appellants to benefit from subsection 50(1) of the TMA. We find no error of law or fact in that determination. The appellants' argument amounts to an assertion that the Courts are not permitted to determine the meaning of control in section 50 of the TMA, but are rather to take the trademark owner's word that they assert control over the final product or services.

[5] Such an argument is hardly compatible with the rationale behind the trademark legislation which is to ensure consistent quality across all products or services bearing a particular mark. This can only be accomplished if the trademark owner effectively controls the product or service provided by a licensee using their trademark.

[6] Control over the finished product or service is therefore required to ensure the same quality across all licensees: see Decision at paras. 91-93, 99-101, *Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc.,* 2005 FC 10 at para. 81, *Empresa Cubana Del Tabaco Trading v. Shapiro Cohen*, 2011 FC 102 at paras. 86-90, aff'd *Cohen v. Empressa Cubana Del Tabaco,* 2011 FCA 340. In the case at bar, the Judge determined that Milano's control was insufficient. Contrary to the appellants' submission, the Judge was not dictating how or in what manner the trademark owner needed to exercise control, but simply found, on the facts of this

case, that control did not exist at all. This is clearly not an error of law. Indeed, it would make a mockery of subsection 50(1) if any type or degree of control was acceptable.

[7] The appellants further argue that the Federal Court also made several errors of mixed fact and law. The standard of review for questions of fact or factually suffused questions of mixed fact and law is that of palpable and overriding error which is a highly deferential standard: *Housen* at para. 5; *Benhaim v. St-Germain*, 2016 SCC 48, [2016] 2 S.C.R. 352 at para. 38. None of the errors alleged meet this standard. It is well established that making findings of fact and weighing witness credibility is the role of the trial judge and such findings are afforded considerable deference on appeal: see *Housen* at para 10; *F.H. v. McDougall*, 2008 SCC 53, [2008] 3 S.C.R. 41 at para. 72.

[8] The appellants also allege that the Judge made a legal error by improperly considering evidence of events before the relevant date in her analysis. This argument is clearly incorrect as the Judge did identify the correct relevant date and then noted that "there is little evidence that much else has changed over the intervening years in respect of the actual exercise of control by [Milano] over the character or quality of the applicable services": Decision at para. 100. Accordingly, the Judge made no legal error in identifying the relevant date and was certainly entitled to consider the evidence before the material date in order to have a better picture of the behaviour of the parties at the material date. The appellants have offered no authority in support of their allegation that the overall assessment of the evidence in its totality amounts to a reviewable error.

[9] Lastly, the appellants submit that the Judge made an error in principle when awarding costs because she awarded costs when there was divided success and failed to consider the remedies sought by each party and the ultimate result of its decision. An award for costs is highly discretionary (see Rule 400(1) of the *Federal Courts Rules*, S.O.R./98-106) and accordingly attracts significant deference on appeal. On discretionary issues, such as this one, absent legal errors or errors in principle, the standard of review is palpable and overriding error: *Hospira Health Care Corporation v. Kennedy Institute of Rheumatology*, 2016 FCA 215. We find no error that meets this high standard and so will not intervene in the Judge's award of costs.

[10] For all of the foregoing reasons, the appeal will be dismissed with costs.

"Yves de Montigny"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-93-22
STYLE OF CAUSE:	MILANO PIZZA LTD., MAZEN KASSIS, MARWAN KASSIS,, MAHMOUD TABAJA, MILANO BASELINE and JOE KASSIS v. 6034799 CANADA INC., CHADI WANSA, YOUSSEF ZAHER, a.k.a. JOSEPH ZAHER and YOUSEF NASSAR a.k.a. JOE NASSAR
PLACE OF HEARING:	OTTAWA, ONTARIO
DATE OF HEARING:	APRIL 27, 2023
REASONS FOR JUDGMENT OF THE COURT BY:	STRATAS J.A. DE MONTIGNY J.A. MACTAVISH J.A.
DELIVERED FROM THE BENCH BY:	DE MONTIGNY J.A.

APPEARANCES:

Adam Tracey Ashley Chu	FOR THE APPELLANTS
Michael Andrews	FOR THE RESPONDENTS

SOLICITORS OF RECORD:

Macera & Jarzyna LLP Ottawa, Ontario	FOR THE APPELLANTS
Andrews Robichaud PC Ottawa, Ontario	FOR THE RESPONDENTS