

Federal Court



Cour fédérale

Date: 20241220

Docket: T-571-23

Citation: 2024 FC 2089

Ottawa, Ontario, December 20, 2024

PRESENT: The Honourable Mr. Justice Manson

BETWEEN:

BEST BRAINS, INC.

Applicant

and

**PRIYADHARISHINI BALASINGAM DBA
BEST BRAINS TUTORS**

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] The Applicant, Best Brains, Inc., alleges that the Respondent’s unauthorized use of the name “Best Brains Tutors” in association with educational services violates the Applicant’s rights in the registered trademark BEST BRAINS, contrary to sections 7(b), 19, 20, and 22 of the *Trademarks Act*, RSC 1985, c T-13 (the “TMA”).

[2] The Respondent filed a statement of defence dated November 14, 2024 after being given a two-week deadline to respond to this application with the aid of counsel, or on her own behalf, by direction of the Court, after having previously failed to comply with the *Federal Courts Rules*, SOR/98-106. No evidence was filed with the statement of defence.

[3] Having considered the statement of defence filed, no other evidence having been filed by the Respondent, and based on the evidence filed by Best Brains, Inc., I find that the Respondent's use of the name "Best Brains Tutors" infringes the registered trademark of Best Brains, Inc. and amounts to passing off, contrary to sections 7(b) and 20 of the *TMA*, for the reasons discussed below.

II. Background

[4] Best Brains, Inc. owns Canadian trademark registration TMA935654 for BEST BRAINS, registered April 2016 in association with educational services, namely providing classes and instruction in the fields of math, English and abacus. The Applicant asserts that since at least as early as 2013, Best Brains, Inc. has been using the BEST BRAINS trademark to advertise and offer its educational services in Canada through its website, www.bestbrains.com, its franchisee locations, and its wholly-owned Canadian subsidiary, Best Brains of Canada, Inc., which offers franchisees under the BEST BRAINS trademark. That said, this date of asserted use is inconsistent with the declaration of use in the BEST BRAINS Trademark Registration, which is from April 2016. However, the evidence of asserted use since 2013 is unrefuted, and no cross-examination on the affidavit was conducted.

[5] The Respondent, Priyadharshini Balasingam, dba Best Brains Tutors (the “Respondent”), is a sole proprietor with a principal place of business in Scarborough, Ontario. In May 2020, Best Brains, Inc. first learned that the Respondent was offering educational services under the name “Best Brains Tutors” just four miles from a Best Brains Canada franchisee location in Scarborough. The Respondent also operates a Facebook page under the name “Best Brains Tutors” and advertises educational services under the name “Best Brains Tutors” on the Tamils Directory. The Respondent states that their business was registered in Ontario, Canada on or around February 10, 2017 and has been in operation for “over 7 years”. This is consistent with the Applicant’s evidence showing the business name “Best Brains Tutors” was first registered on February 10, 2017 in Ontario.

[6] In June 2020, Best Brains, Inc. contacted the Respondent requesting that the Respondent agree to cease and desist from using the BEST BRAINS trademark. The Applicant never received a response. In September 2022, the Respondent registered a new business name for “Best Brains Tutors” and continued to advertise and offer educational services in association with the “Best Brains Tutors” name.

[7] On March 23, 2023, Best Brains, Inc. served the Respondent with the Notice of Application. The Respondent did not respond in any way, despite repeated notices of the Applicant’s claim and has refused to cease the alleged infringing activities. Only after being given an opportunity to do so by the Court at the hearing on October 31, 2024, did the Respondent finally file a bare bones defence, with no evidence and with no statement of fact that in any way derogate

from the merits of the Applicant's claim. The statement of defence merely denies the alleged infringement without any additional material facts. As pleaded, there is no viable defence.

[8] At the hearing, the Respondent suggested that she had attempted to retain counsel for this hearing, but was unable to do so. While the Court is empathetic to the Respondent's difficulty in retaining suitable counsel, the Court cannot overlook the ample opportunities the Respondent had to do so. Instead, the Respondent ignored the cease and desist letter of June 2020, ignored the Notice of Application of March 2023 (only to request an adjournment the day before the hearing), and ignored this Court's advice to retain counsel at the hearing of October 31, 2024.

[9] As I advised the Respondent at the hearing, I must proceed with the record before me.

III. Issues

[10] The issues in this application are:

A. Has Best Brains, Inc. established that the Respondent's use of the name "Best Brains Tutors" constitutes:

- i. trademark infringement contrary to sections 19 and/or 20 of the *TMA*?
- ii. passing off contrary to subsection 7(b) of the *TMA*?; and/or
- iii. a likelihood of depreciation of goodwill contrary to section 22 of the *TMA*?

B. If so, what are the appropriate remedies?

IV. Analysis

A. *Does the Respondent's use of the "Best Brains Tutors" name infringe the Applicant's rights in the BEST BRAINS trademark, contrary to sections 19 and 20 of the TMA?*

[11] Best Brains, Inc. asserts that the Respondent has contravened sections 19 and 20 of the *TMA*.

[12] Section 19 is limited to infringements by use of an identical trademark in association with registered goods or services. Section 20 is broader, and captures an infringing trademark that is confusing with the registered mark (*Sandhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 [*Sandhu Singh*] at para 20).

[13] In this case, while the marks are substantially similar and used in association with the same goods, the two marks are not identical. The Applicant's registered trademark is "BEST BRAINS", whereas the Respondent uses the name "Best Brains Tutors" (*Tradition Fine Foods Ltd v Oshawa Group Ltd*, 2005 FCA 342 at para 9; *Loblaws Inc v Columbia Insurance Company*, 2019 FC 961 at paras 36-38). The marks are substantially similar, however, they are not identical and the appropriate claim for relief for trademark infringement is under section 20 of the *TMA*.

[14] Notwithstanding my finding on section 19, I have no difficulty finding that the marks are confusing as used with overlapping services and that the Respondent infringes the Applicant's marks contrary to section 20 of the *TMA*.

[15] Section 6(4) of the *TMA* provides that 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 source.

[16] In determining whether trademarks are confusing, the Court shall have regard to all the surrounding circumstances, including: (a) the inherent distinctiveness of the trademarks and the extent to which they have become known; (b) the length of time the trademarks 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 in appearance, sound, or the ideas suggested by them (*TMA*, s 6(5)). The list of circumstances is not exhaustive, and different circumstances will be given different weight in a context-specific assessment (*Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve*] at para 21, citing *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22).

[17] The test for confusion is a matter of first impression in the mind of a casual consumer somewhat in a hurry who, in this case, sees the name “Best Brains Tutors”, at a time when he or she has no more than an imperfect recollection of BEST BRAINS, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks (*Veuve* at paras 19-20; *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paras 40-41).

(1) 6(5)(a): inherent distinctiveness and extent known

[18] The first factor, 6(5)(a), involves a determination of the strength of a mark in terms of its inherent and/or acquired distinctiveness: *Pink Panther Beauty Corp. v. United Artists Corp. (C.A.)*, 1998 CanLII 9052 (FCA), [1998] 3 FC 534 [United Artists] at para 23.

[19] With respect to inherent distinctiveness, I agree with the Applicant that the BEST BRAINS trademark is not clearly descriptive of the Applicant's services, but is also not as inherently distinct as a coined word. While BEST BRAINS is merely suggestive of the Applicant's services, it is certainly a valid mark worthy of protection.

[20] There is some evidence before the Court that the BEST BRAINS trademark has acquired distinctiveness through use in Canada. The unrefuted evidence is that Best Brains, Inc. has been operating in Canada since 2013, and has locations across Canada, including 18 locations in Ontario, which have made use of the BEST BRAINS mark in association with the services as registered under TMA 935654. In contrast, the evidence produced by the Applicant shows that the Respondent has been operating since 2017, and has one location, a website, and a Facebook page with 11 followers. There is no evidence that the Respondent's name has become known to any material extent. I am satisfied that the relative acquired distinctiveness of the trademarks favours the Applicant.

[21] The 6(5)(a) factor favours the Applicant.

(2) 6(5)(b): length of time in use

[22] Contrary to the Respondent's assertion, the Applicant has been using the BEST BRAINS trademark in Canada longer than the Respondent. The Respondent states that their business was registered in Ontario "prior to the Applicant's registration of their trademark in Canada." This is a misstatement. As mentioned above, the unrefuted evidence is that the Applicant has been using the BEST BRAINS trademark in Canada since 2013, whereas the Respondent states and the evidence shows that the earliest the Respondent began using the "Best Brains Tutors" name is 2017.

[23] The section 6(5)(b) factor favours the Applicant. This is regardless of whether the Court accepts 2013 or 2016 as the relevant date for when the Applicant began using the BEST BRAINS trademark in Canada.

(3) 6(5)(c): nature of goods, services or business; 6(5)(d): nature of the trade

[24] The Applicant's BEST BRAINS trademark is registered in association with "educational services, namely providing classes and instruction in the fields of math, English and abacus." The Respondent offers classes and tutoring services, in the subjects of English, French, math and science, for students from junior kindergarten (JK) to Grade 12. Based on the evidence provided, I find the nature of the services, business, and channels of trade substantially overlap.

[25] The 6(5)(c) and 6(5)(d) factors favour the Applicant.

(4) 6(5)(e): degree of resemblance

[26] The degree of resemblance is the statutory factor that is often likely to have the greatest effect on the confusion analysis (*Masterpiece* at para 49). The Respondent's name "Best Brains Tutors" encompasses the entirety of the Applicant's trademark BEST BRAINS, which is the dominant portion of both trademarks. The word "tutors" is clearly descriptive of the services in question and does nothing to distinguish the Respondent's name from the Applicant's trademark.

[27] The Applicant did not make any submissions on the ideas conveyed by the BEST BRAINS trademark and "Best Brains Tutors". However, they both suggest a tutoring company aimed at providing educational services. The idea conveyed by the trademarks is the same.

[28] I find that the trademarks strongly resemble each other in appearance, sound, and the ideas suggested by them. The resemblance between the marks strongly supports a finding of confusion.

[29] The section 6(5)(e) factor favours the Applicant.

[30] Having regard to all the relevant surrounding circumstances, the Applicant has established that there is a likelihood of confusion between the BEST BRAINS trademark and the Respondent's name "Best Brains Tutors". The Applicant has established that the Respondent's use of the name "Best Brains Tutors" infringed Best Brains, Inc.'s rights in the registered BEST BRAINS trademark, contrary to section 20 of the *TMA*.

B. *Do the Respondent's actions constitute passing off contrary to subsection 7(b) of the TMA?*

[31] The Applicant also asserts that the Respondent's activities constitute passing off contrary to section 7(b) of the *TMA*.

[32] The three components of a passing off a claim are as follows: (i) the existence of goodwill; (ii) deception of the public due to a misrepresentation; and (iii) actual or potential damage to the Applicant (*Ciba-Geigy Canada Ltd v Apotex Inc*, 1992 CanLII 33 (SCC), [1992] 3 SCR 120 at 132).

[33] All three components are satisfied. While it would have been much better if the Applicant had provided more evidence of sales, advertising, student enrolment and the like, the Applicant has demonstrated at least some goodwill in the BEST BRAINS trademark through more than 10 years of use of the BEST BRAINS trademark in association with the registered services throughout Canada by itself and its wholly owned Canadian subsidiary and franchisees. Second, the Respondent's use of the "Best Brains Tutors" name in association with educational services gives rise to a likelihood of confusion and constitutes a misrepresentation. Finally, the Applicant has suffered actual or potential damages, particularly through any loss of any quality control over its BEST BRAINS trademark by virtue of the Respondent's unauthorized activities (*Cheung v Target Event Production Ltd*, 2010 FCA 255 at para 28).

C. *Has the Respondent used the BEST BRAINS Trademark in a manner that is likely to have the effect of depreciating the value of the goodwill attaching to it, contrary to section 22 of the TMA?*

[34] The four elements of a claim for depreciation of goodwill are as follows: (a) use of the registered trademark by the Respondent in connection with goods or services; (b) the registered

trademark is sufficiently well known to have significant goodwill attached to it, but is not required to be famous; (c) the registered trademark was used in a manner likely to have an effect on the goodwill; and (d) that the likely effect would be to depreciate the value of the goodwill attached to the registered trademark (*Veuve* at para 46).

(1) Use

[35] Use for the purpose of section 22 means use as defined in section 4 of the TMA. The use must be “sufficiently similar to [the registered mark] to evoke in a relevant universe of consumers a mental association of the two marks” (*Veuve* at para 38). In the present case, the mark at issue is the registered BEST BRAINS trademark. The Respondent’s “Best Brains Tutors” name, while it includes an additional word that is descriptive of the services offered, is so closely associated with the registered mark that it would be understood by consumers to constitute use of the BEST BRAINS trademark.

[36] The Respondent, through its advertising and/or performance of educational services in connection with the name “Best Brains Tutors” has used the registered BEST BRAINS trademark within the meaning of sections 4 and 22 of the *TMA*. The first requirement is met.

(2) Goodwill

[37] As stated by the Federal Court of Appeal, the purpose of the goodwill assessment is different for depreciation of goodwill than it is for passing off (*Sandhu Singh* at para 48). Factors relevant to the existence of goodwill capable of depreciation include: the degree of recognition of

the mark, the volume of sales and depth of market penetration, the extent and duration of advertising and publicity, geographic reach, degree of inherent or acquired distinctiveness, breadth of channels of trade, and extent to which the mark is identified with a particular quality (*Veuve* at para 54).

[38] The Applicant's evidence fails to demonstrate that the BEST BRAINS trademark has the requisite goodwill required under section 22. Unlike in passing off, the Applicant must do more than show that the mark is distinctive and possesses reputation, the Applicant must establish the existence of goodwill capable of depreciation (*Veuve* at para 54; Sandhu Singh at para 48). The Supreme Court provided clear guidance on how an applicant can do that. Here, the Applicant failed to adduce evidence to make out any of the relevant factors, except to some extent, geographic reach.

[39] This element is not met, and the Applicant's section 22 claim fails.

D. *What is the appropriate remedy?*

(1) Damages and punitive damages

[40] The Applicant submits that an award of \$25,000 is appropriate in the circumstances for three reasons. First, the Respondent was made aware of the Applicant's complaints since about June 2020, but continued violating the Applicant's trademarks. Second, the Respondent has not participated in these proceedings, until the Court imposed a deadline to do so, and even then, failed to negate the causes of action discussed above under sections 7(b) and 20 of the *TMA*. It is

unknown what the Respondent's gross sales are with respect to its business under the name "Best Brains Tutors", but the Applicant relies on other comparable trademark cases where damage awards have ranged from \$10,000 to \$25,000 when there is a paucity or no evidence of the extent of an infringer's activities. Third, the Applicant submits that as a franchisor, Best Brains of Canada, Inc. generally charges its franchisees a \$10,000 initial franchise fee along with a minimum monthly royalty fee of \$750 (among other fees) to use the BEST BRAINS trademark and associated franchise system. As such, with a period of two years for example, a minimum of \$18,000 plus an initial lump sum of \$10,000 would be payable to Best Brains of Canada, Inc. under an arrangement where the use of the Applicant's BEST BRAINS trademark is licensed.

[41] The Applicant acknowledges that there are additional benefits, beyond use of the BEST BRAINS trademark, that follow from the franchise fees. I agree, and since the Respondent has only benefitted from the use of the BEST BRAINS trademark, I have considered the relevance of the asserted franchise and royalty fees in light of this in my determination of nominal damages.

[42] Given the Respondent's conduct leading up to this process with respect to the cease and desist letter and renewal of the business name "Best Brains Tutors", and their refusal to participate in this Court process until pushed to do so by the Court, and even then providing no evidence to support the defence or material facts to dispute the claims under sections 7(b) and 20 of the *TMA*, I find damages in the amount of \$15,000 is reasonable in these circumstances.

[43] The Applicant also requests punitive damages in the amount of \$20,000. The Applicant acknowledges that punitive damages are only awarded in exceptional cases for "malicious,

oppressive and high-handed conduct” but refers to the Respondent’s continued ignoring of the Applicant’s request to cease and desist using the BEST BRAINS trademark, failing to participate in this action, and misleading consumers into believing the Respondent was affiliated with the Applicant. I note, however, that the Applicant did not produce any evidence that any consumers were actually misled.

[44] In this case, I do not find the Respondent’s infringing conduct and failure to respond is sufficient to meet the standard of “malicious, oppressive and high-handed conduct” required for punitive damages (*Whiten v Pilot Insurance Co*, 2002 SCC 18 at para 36). No punitive damages are awarded.

(2) Injunction and delivery up

[45] I agree with the Applicant that declaratory and permanent injunctive relief is appropriate in these circumstances to prevent the Respondent from using the Applicant’s BEST BRAINS trademark, the name “Best Brains Tutors”, or any other mark that would continue to be confusing with the Applicant’s BEST BRAINS trademark or constitute depreciation of the goodwill attached thereto.

[46] I also order the delivery up, destruction and/or deletion of any packaging, labels, advertising materials and online materials of the Respondent that bear the Applicant’s BEST BRAINS trademark or the name “Best Brains Tutors”. Subsection 53.2(2) of the TMA specifies that before making such an order, notice must be given to any person who has an interest or right in such items. As this Court has previously stated, in an application where the respondent does not

respond in any meaningful way, notice has been given to the respondent through the service of the notice of application, and where there is no evidence of any other person who has an interest or right in such items (*Subway IP LLC v Budway, Cannabis & Wellness Store*, 2021 FC 583 at para 51). I am satisfied that that these criteria are met and the Respondent has notice.

(3) Costs

[47] The Applicant requested costs for this action in either a lump sum award reflecting 37.5% of legal fees plus 100% reasonable disbursements, or in the alternative, costs calculated in line with Column III of Tariff B plus 100% reasonable disbursements.

[48] I find a lump sum award representing 35% of legal fees plus 100% reasonable disbursements is appropriate. Costs are awarded to the Applicant in the amount of \$6,787.39, representing \$5,680.96 (inclusive of HST) in legal fees and \$1,106.43 (inclusive of HST) in disbursements.

JUDGMENT in T-571-23

THIS COURT’S JUDGMENT is that:

1. The Respondent, through the use of the “Best Brains Tutors” name in association with the operation, advertising, and promotion of its educational services, has:
 - a. infringed the Applicant’s registered BEST BRAINS trademark contrary to section 20 of the *Trademarks Act*; and
 - b. directed public attention to its goods, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time they commenced so to direct public attention to them, between its goods, services or business and the goods, services or business of the Applicant, contrary to section 7(b) of the *Trademarks Act*.
2. The Respondent, along with any parent, affiliate, subsidiary and all other related companies and businesses, and their respective and collective officers, directors, shareholders, employees, agents, partners, licensees, franchisees, successors, and assigns, and all other 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 control or operate, are hereby permanently enjoined from:
 - a. selling, distributing, or advertising any goods or services in association with the Applicant’s registered BEST BRAINS trademark, or any mark or name confusingly similar thereto, contrary to section 20 of the *Trademarks Act*;

- 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 those of the Applicant, contrary to section 7(b) of the *Trademarks Act*; and

including without limitation by adopting and using BEST BRAINS, BEST BRAINS TUTORS, and any other mark or name confusingly similar to the Applicant's BEST BRAINS trademark, as or as part of any trademark, trade name, corporate name, business name, domain name, or social media account name, in association with the advertising, offering, performing, promotion, and sale of educational services.

3. The same parties as in paragraph 2 shall deliver-up or destroy under oath any goods, packaging, labels and advertising and promotional materials in their possession, power or control with the BEST BRAINS Trademark, or anything confusingly similar thereto, or that are or that would be contrary to this judgment, in accordance with section 53.2 of the *Trademarks Act*.
4. The Respondent shall take all steps necessary to irrevocably withdraw, abandon, or amend its business name registration for "BEST BRAINS TUTORS" (Business Name Reg. No. 1000312889) with the Ministry of Government Services of the Province of Ontario (or any other applicable authority).
5. The Respondent shall pay the Applicant forthwith in the amount of \$15,000 CAD, as damages.

6. The Applicant is awarded costs in the amount of \$6,787.39.
7. All amounts payable under this judgment shall bear post-judgment interest at a rate of 5% per year from the date of this judgment.

"Michael D. Manson"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-571-23

STYLE OF CAUSE: BEST BRAINS, INC. v PRIYADHARISHINI
BALASINGAM DBA BEST BRAINS TUTORS

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: DECEMBER 18, 2024

JUDGMENT AND REASONS: MANSON J.

DATED: DECEMBER 20, 2024

APPEARANCES:

Jennifer Lee

FOR THE APPLICANT

Priyadharishini Balasingham

FOR THE RESPONDENT
(ON THEIR OWN BEHALF)

SOLICITORS OF RECORD:

Keyser Mason Ball, LLP
Barristers and Solicitors
Mississauga, Ontario

FOR THE APPLICANT