



TMOB Decision on “the Confusion Issue” not Binding on Federal Court

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On January 22, 2019, the Federal Court of Canada in *Mainstreet Equity Corp v Canadian Mortgage Capital Corporation et al.* clarified that a finding relating to confusion in a Trademarks Opposition Board (“TMOB”) decision, even if unappealed, is not binding on the Federal Court in a subsequent trademark infringement or passing off action.

Specifically, Prothonotary Aalto refused to grant Mainstreet leave to amend its Statement of Claim in a passing off action to add allegations of issue estoppel, *res judicata*, abuse of process and the rule against collateral attack (collectively, the “estoppel arguments”). Mainstreet had claimed that because one of the Defendants had not appealed a TMOB decision rejecting its application for a trademark at issue in the litigation, and because the Defendants were “privies”, they were bound by the TMOB decision and its finding on the confusion-based opposition ground.

In response, the Defendants submitted that similar arguments were at issue and rejected by the Federal Court of Appeal (“FCA”) in *Alticor Inc v Nutravite Pharmaceuticals Inc* (2005), 42 CPR (4th) 107, and should be rejected in this case as well. In *Alticor*, the plaintiffs had successfully opposed a trademark application before the TMOB, and argued before the FCA that it could not have been the intention of Parliament that the defendant could use a mark found to be confusing by the TMOB.

On the *Mainstreet* motion, the Federal Court accepted that the FCA in *Alticor* clearly held that “[t]he Trial Judge was not bound by the Opposition Board decision”. Although *Alticor* did not specifically address the estoppel arguments, the Federal Court noted that “[i]f the trial judge is not bound by the TMOB decision there can be no *res judicata*, issue estoppel, abuse of process nor collateral attack on that decision insofar as it relates to the confusion issue”. Accordingly, Mainstreet’s argument was not “tenable” and its amendments were “bereft of any chance of success”, and leave to amend was denied.

Amrita V. Singh and Jonathan Colombo of Bereskin & Parr acted on behalf of the Defendants.

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