Federal Court Cour fédérale

Date: 20260126

Docket: T-1016-24

Citation: 2026 FC 114

Toronto, Ontario, January 26, 2026

PRESENT: The Honourable Madam Justice Furlanetto

BETWEEN:

996660 ONTARIO LTD.
TRADING AS MOLISANA IMPORTS

Applicant

and

FALESCA IMPORTING LTD.

Respondent

JUDGMENT AND REASONS

I. Overview

[1] This is an appeal under section 56 of the *Trademarks Act*, RSC, 1985, c T-13 [TMA] of a decision of the Trademarks Opposition Board [TMOB] rejecting the Applicant, 996660 Ontario Ltd, trading as Molisana Imports' [MI], opposition to the registration of the trademark FALESCA MOLISANA by the Respondent, Falesca Importing Ltd [FI].

[2] MI is the owner of three trademark registrations for REGINA MOLISANA, including two design marks (collectively REGINA MOLISANA Trademarks), all of which are registered for use in association with overlapping goods to those proposed to be used in association with the FALESCA MOLISANA mark.

[3] In its decision, the TMOB found there was no confusion between the proposed FALESCA MOLISANA mark and MI's trademarks. The common element between the parties' trademarks ("Molisana") was a geographic descriptor with no inherent distinctiveness and had also been used extensively by at least one other trader (La Molisana SPA [LM], using the trademark LA MOLISANA) in the Canadian marketplace for similar goods, sold through the same channels of trade. As such, the TMOB placed limited weight on this element and found that the differences between the parties' trademarks were sufficient to distinguish them.

[4] On this appeal, MI asserts that there are a number of errors with the TMOB's assessment of the likelihood of confusion. For the reasons set out below, MI has failed to establish there is either an error of law or a palpable and overriding error in the TMOB's decision. As such, the appeal is dismissed.

III. **Background**

[5] On May 18, 2017, FI filed Canadian Trademark Application No. 1,838,474 [Application] for the trademark FALESCA MOLISANA, which was based on proposed use in association with the following goods:

> (1) Canned tomatoes; sundried tomatoes; tomato paste; tomato puree; tomato sauce; pizza sauce; pesto sauce; dried pasta; olive oils; vinegar; canned processed olives; dried olives; olives in oil; olive pastes; preserved vegetables in oil; canned vegetables; pickled vegetables; pickled vegetables; vegetable spreads; preserved artichokes; capers; pickled peppers; preserved roasted peppers; canned processed eggplant; dried edible mushrooms; canned processed mushrooms; canned beans; canned chickpeas; canned lentils; dried beans; dried chickpeas; dried lentils; soup; dried figs; pickled onions; bruschetta spreads; tapenades spreads; fruit nectars; honey; cured meat; cookies; crackers; shopping bags; bread; frozen confectionery; frozen bread; frozen pizza; flour.

[6] On August 13, 2019, MI opposed the Application on a number of grounds including, as relevant to this appeal, that: (a) pursuant to paragraph 38(2)(b) of the TMA, the FALESCA MOLISANA trademark is not registrable because it is confusing with the REGINA MOLISANA Trademarks; and (b) pursuant to paragraph 38(2)(d) of the TMA, the FALESCA MOLISANA trademark is not distinctive because it cannot distinguish FI’s goods from those of other traders, including those goods sold by MI in association with the REGINA MOLISANA Trademarks.

[7] The REGINA MOLISANA Trademarks include the following three registrations.

Trademark	Application/Registration Details	Goods
REGINA MOLISANA	App. No.: 1003844 App. Date: 1999-02-03 Reg. No.: TMA577102 Reg. Date: 2003-03-07	(1) Processed vegetables. (2) Processed meats. (3) Vegetable sauces. (4) Dried vegetables. (5) Cured meats. (6) Dried bread. (7) Pasta and olive oil. (8) Potato dumplings, biscuits, herbs and spices, cheeses, preserved fruits, cakes, and confectionery, namely, candy and chocolate
	App. No.: 1393326 App. Date: 2008-04-24 Reg. No.: TMA784082 Reg. Date: 2010-12-03	(1) Processed vegetables, processed meats, vegetable sauces, dried vegetables, cured meats, dried bread, pasta and olive oil, potato dumplings, biscuits, herbs and spices, cheeses, preserved fruits, cakes, and confectionery, namely, candy and chocolate.
	App. No.: 1471368 App. Date: 2010-03-01 Reg. No.: TMA794246 Reg. Date: 2011-03-30	(1) Processed vegetables; processed meats; sauces, namely, vegetable-based sauces, tomato-based sauces, spaghetti sauces, pizza sauces; dried vegetables; processed tomato products, namely processed tomatoes, tomato paste, chopped tomato, tomato puree, strained tomatoes; cured meats; dried bread; pasta; olive oil; vinegar; vegetable oil; potato dumplings; biscuits; herbs and spices; cheeses; preserved fruits; coffee; olives in tins and glass; cakes; confectionery, namely, candy and chocolate.

[8] In support of the opposition, MI submitted an affidavit from Frank DiBiase, the owner and President of MI. In his affidavit, Mr. DiBiase provided background on MI and its use of the REGINA MOLISANA Trademarks, which established that:

a) MI was incorporated in 1992 and began selling its own brand of REGINA MOLISANA food products in the mid-1990s;

b) MI produces, advertises and sells a variety of food products associated with the REGINA MOLISANA Trademarks across Canada;

c) MI uses the REGINA MOLISANA Trademarks on the packaging and labelling of its food products;

d) MI sells its REGINA MOLISANA food products though several large retail chains in Canada such as Metro, Walmart and Loblaws;

e) Sales of the REGINA MOLISANA food products have consistently grown, exceeding $7 million CAD per year;

f) MI advertises its REGINA MOLISANA food products through various media, including radio, television, newspapers, magazines, grocery store flyers, trade shows, on its website and social media pages, spending over $2.2 million CAD to advertise in Canada between 2008 and 2020.

[9] As its evidence, FI provided an affidavit from a law clerk, Michael Duchesneau, associated with FI's trademark agents. The Duchesneau affidavit attached various webpages, including: (a) screen captures from a variety of retailers, including Metro, Walmart, Loblaws and others, that depict MI's REGINA MOLISANA food products and/or food products offered for sale in association with the trademark LA MOLISANA; (b) webpages that appear to depict other businesses that use trademarks incorporating the word "Molisana"; (c) alleged webpages from MI's website depicting LA MOLISANA food products offered for sale by MI; and (d) webpages relating to the Molise region of Italy.

[10] In response to the Duchesneau affidavit, MI filed a reply affidavit from Mr. DiBiase, who provided further information about the LA MOLISANA trademark. The DiBiase reply affidavit explains that the LA MOLISANA trademark and several other LA MOLISANA design marks are owned by an Italian company, LM, located in Molise, Italy. Mr. DiBiase explains that MI has been importing and selling pasta products from LM, and its predecessor companies, since the early 1980s. He states that MI has been operating under a formal distributorship and co-existence agreement relating to the LA MOLISANA and REGINA MOLISANA brands since July 1998. Mr. DiBiase states that MI has exclusive distribution rights for the LA MOLISANA brand of pasta throughout Canada, except for independent retailers in British Columbia with five locations or less. He asserts that FI had a past relationship with LM to distribute LA MOLISANA food products to independent retailers in British Columbia but has since violated any permission it may have had to use the LA MOLISANA brand in Canada.

[11] Mr. DiBiase refers to LM's parallel opposition to the registration of the FALESCA MOLISANA mark and appends a copy of an affidavit of Giuseppe Ferro [Ferro Affidavit], filed in support of LM's opposition proceeding. Mr. DiBiase asserts that FI has attempted to "usurp the LA MOLISANA brand for itself", describing FI's shift to using FALESCA MOLISANA as an attempt to pitch FALESCA MOLISANA as a rebrand of LA MOLISANA. He attaches excerpts from FI's social media pages as further alleged support for this assertion.

[12] The opposition to the Application was refused in a decision of the TMOB dated March 6, 2024 [Decision]. In the Decision, the TMOB found that MI had met its initial evidentiary burden,

while recognizing that FI had the legal onus of establishing, on a balance of probabilities, that the FALESCA MOLISANA mark was not confusing with the REGINA MOLISANA Trademarks.

[13] The TMOB noted that "[t]he use of a trademark will cause confusion with another trademark if the use of both in the same area would be likely to lead to the inference that the goods or services associated with the trademarks are manufactured, sold, leased, hired or performed (as the case may be) by the same person" (TMA, s 6(2)).

[14] The TMOB outlined the general legal principles relating to a confusion analysis, namely that:

> [19] [...] The issue is to be considered as a matter of first impression in the mind of a casual consumer somewhat in a hurry, who sees the applied-for trademark at a time when they have no more than an imperfect recollection of the opponent's trademark. This casual, hurried consumer does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the trademarks [*Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée,* 2006 SCC 23 at para 20].
>
> [20] Applying the test for confusion is an exercise in finding facts and drawing inferences [*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 102 (*Masterpiece*)]. All surrounding circumstances of the case must be considered, including those listed at section 6(5) of the Act, namely:
>
> - the inherent distinctiveness of the trademarks and the extent to which they have become known; [subsection 6(5)(a)]
> - the length of time the trademarks have been in use; [subsection 6(5)(b)]
> - the nature of the goods, services or business; [subsection 6(5)(c)]
> - the nature of the trade; [subsection 6(5)(d)] and

- the degree of resemblance between the trademarks, including in appearance or sound or in the ideas suggested by them. [subsection 6(5)(e)]

[Subsections added as my additions]

[15] Applying the subsection 6(5) factors, the TMOB made the following findings.

A. *Paragraph 6(5)(a): Inherent distinctiveness and extent known*

[16] The TMOB found the parties' trademarks were inherently weak as they used the word "Molisana", which was not disputed to be a demonym for people or things from the geographic region of Molise, Italy. As such, the parties' trademarks were "fairly descriptive, or at the very least suggestive, of the place of origin of the associated goods", lowering their inherent distinctiveness. However, as "Falesca" had no immediate apparent meaning, while "Regina" invoked an association with the queen, and thus an idea of "a queen from the region of Molise", when the parties' trademarks were considered as a whole, the TMOB found that the FALESCA MOLISANA MARK was "somewhat more inherently distinctive" than the REGINA MOLISANA Trademarks.

[17] The TMOB found the REGINA MOLISANA Trademarks had become known in the Canadian marketplace to a substantial extent and therefore had acquired a substantial degree of distinctiveness. As there was only minimal evidence relating to promotion of the FALESCA MOLISANA mark, there was no basis to conclude that FALESCA MOLISANA had become known to any extent or had acquired any distinctiveness.

[18] The TMOB concluded that paragraph 6(5)(a) favoured MI "insofar as the factor referred to the extent to which the trademarks had become known" but found that inherent distinctiveness could not be ignored such that paragraph 6(5)(a) favoured FI "insofar as the factor referred to the inherent distinctiveness of the parties' trademarks".

B. *Paragraphs 6(5)(b), (c) and (d): Length of time in use, nature of the goods, and nature of the trade*

[19] FI did not dispute, and the TMOB agreed, that each of paragraphs 6(5)(b), (c) and (d) favoured MI as the REGINA MOLISANA Trademarks had been used in Canada longer than the proposed FALESCA MOLISANA mark and there were similar, and overlapping, goods and channels of trade.

C. *Subsection 6(5)(e): Degree of resemblance*

[20] The TMOB noted that the degree of resemblance often has the greatest impact on the confusion analysis. It found that as the parties' trademarks each included the word "Molisana" which was not inherently distinctive, the other words in the trademarks, "Falesca" and "Regina", were the most unique elements. These elements served to distinguish the marks as they did not bear any appreciable degree of similarity, particularity in the idea suggested. The TMOB noted that when considered in their entirety "the trademarks [were] substantially more different than they [were] similar."

[21] The TMOB went on to consider the impact of the LA MOLISANA trademark in the marketplace as a further surrounding circumstance, relying on certain aspects of the Ferro Affidavit. It found the evidence established that both REGINA MOLISANA food products and

LA MOLISANA food products had been sold extensively in Canada and had co-existed in the marketplace alongside one another in the same channels of trade for an extended time. The consequence of the co-existence was that the word “Molisana” was “not distinctive of any one of these traders” and neither trader could monopolize the word “Molisana”.

[22] Considering “all of the surrounding circumstances”, the TMOB concluded the likelihood of confusion between the FALESCA MOLISANA mark and the REGINA MOLISANA Trademarks was “at best for the Opponent, somewhat less than even”, adding the following additional comments:

> [...] I reach this conclusion primarily because the parties’ trademarks are inherently weak, small differences are sufficient to distinguish such trademarks from one another, and the parties’ trademarks are substantially more different than they are similar. Since the only point of similarity between the trademarks is the word “Molisana”, which is geographically descriptive and has been used extensively by at least one other trader in the Canadian market for grocery products, I find that the chances of an average consumer inferring a common source between the parties’ goods to be somewhat less than even. I reach this conclusion despite the distinctiveness acquired by the Opponent’s Marks as a whole, and the other factors that favour the Opponent.

IV. **Issues and Standard of Review**

[23] The overriding issue on this appeal is whether the Board erred when assessing the likelihood of confusion between the FALESCA MOLISANA mark and the REGINA MOLISANA Trademarks. The following specific issues are raised by the Applicant:

(a) Did the TMOB err in holding that the REGINA MOLISANA Trademarks have a low degree of inherent distinctiveness based primarily on the inclusion of the demonym “Molisana”?

(b) Did the TMOB give insufficient weight to the evidence of acquired distinctiveness of the REGINA MOLISANA Trademarks and fail to properly apply a conjunctive test to assess distinctiveness?

(c) Did the TMOB fail to apply the relevant principles in a degree of resemblance analysis?

(d) Did the TMOB fail to assess the evidence relating to LM and the LA MOLISANA trademark in accordance with relevant legal principles on "the state of the marketplace" evidence and the correct onus of proof? and

(e) Did the TMOB improperly weigh the factors under subsection 6(5) of the TMA and the surrounding circumstances?

[24] The standard of review for appeals under subsection 56(1) of the TMA is the appellate standard of review: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 36-52; *Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 [*Clorox*] at paras 22-23. For questions of mixed fact and law, the standard of review is palpable and overriding error; for pure questions of law, the standard of review is correctness: *Housen v Nikolaisen*, 2002 SCC 33.

[25] Palpable means an obvious error, while an overriding error is one that goes to the very core of the outcome of the case: *Clorox* at para 38. Palpable and overriding error is a highly deferential standard of review, while the correctness standard applies no deference to the underlying decision-maker: *Clorox* at paras 23 and 38.

V. **Analysis**

A. *Did the TMOB err in holding that the REGINA MOLISANA Trademarks have a low degree of inherent distinctiveness based primarily on the inclusion of the demonym "Molisana"?*

[26] MI asserts that distinctiveness must be assessed from the perspective of the average Canadian consumer. It argues that the TMOB erred in law by not completing its analysis as it was required to take the additional step of considering whether the average consumer would recognize "Molisana" as a demonym instead of simply referring to the webpage extracts provided by FI. MI highlights that Molise is the second smallest region of Italy with only slightly more than 300,000 inhabitants. It contends FI's evidence did not establish that the average Canadian consumer would know this obscure region or that it would recognize "Molisana" as a demonym. It further argues that even if "Molisana" could be recognized as a demonym, the TMOB erred by focussing exclusivity on the other elements of the trademarks "Falesca" and "Regina", instead of truly considering the trademarks as a whole.

[27] As it is undisputed as a matter of fact that "Molisana" is a demonym, FI asserts that consumer perception as to the geographic significance of "Molisana" was not necessary. FI argues the law is clear that geographic descriptors are not inherently distinctive and this same principle extends to geographically suggestive terms. Once it was determined that "Molisana" was geographically descriptive, FI argues that it was not erroneous for the TMOB to place more emphasis on the other elements of the trademarks in its analysis.

[28] In the Decision the TMOB states "trademarks that refer to geographic locations are descriptive, rather than distinctive, and do not deserve a wide ambit of protection" regardless of how well they are known. It states that the policy underlying this principle is that maintaining a monopoly over the use of words that describe the place of origin of goods would unduly deprive potential competitors of the opportunity to describe their own goods in the same manner, citing to Justice Southcott's decision in *Hidden Bench Vineyards & Winery Inc v Locust Lane Estate Winery Corp,* 2021 FC 156 [*Hidden Bench*] at para 65, and its reference to *MC Imports Inc v AFOD Ltd*, 2016 FCA 60 [*MC Imports*] at para 44.

[29] In *Hidden Bench* at paragraphs 43 and 44, Justice Southcott discussed the limited distinctiveness that could be attributed to geographic descriptions with reference to the registrability requirements under paragraph 12(1)(b) of the TMA and the Court's decision in *Carling Breweries Ltd v Molson Companies Ltd*, 1984 CanLII 5343 (FC) [*Carling Breweries*]:

> [43] [...] Authorities concerning registrability under s 12 support the position that geographic descriptions are not inherently distinctive and are not accorded a high degree of protection unless they have acquired distinctiveness over time. For instance, in *Carling Breweries Ltd v Molson Cos*, 1984 CanLII 5343 (FC), [1984] 2 FC 920 [*Carling*], this Court explained the operation of the relevant provisions (as then found in ss 12(1)(b) and 12(2)) as follows (at para 7):
>
> > 7 (2) Paragraph 12(1)(b) and subsection 12(2) — These provisions are as follows:
> >
> > > 12.(1) Subject to section 13, a trade mark is registrable if it is not
> >
> > . . . . .
> >
> > > (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French languages of the

> character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;
>
> . . . . .
>
> (2) A trade mark that is not registrable by reason of paragraph 1(a) or (b) is registrable if it has been so used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration.

It is common ground that the mark "Canadian" is now clearly descriptive of the place of origin of beer made in Canada. Thus the mark is *prima facie* unregistrable unless it can be brought within subsection 12(2) on the basis that it had been so used by the respondents so as to have become distinctive of their product at the date of the filing of an application for its registration, namely December 10, 1971.

[30] Justice Southcott reasoned that the perspective of the consumer is only meaningfully relevant to the determination of the inherent distinctiveness of a geographically descriptive mark if there is ambiguity as to whether the mark actually refers to a place: *Hidden Bench* at para 65, referencing *MC Imports* at para 63. This is because the policy underlying the treatment of descriptions of places of origin continues to apply regardless of how well the place of origin is known: *Hidden Bench* at para 65, referencing *MC Imports* at para 44.

[31] In *MC Imports*, the Federal Court of Appeal [FCA] squarely addressed whether consumer perception was important for considering whether a geographic name was clearly descriptive. The FCA considered the two lines of cases in *Conzorsio del Prosciutto di Parma v Maple Leaf Meats Inc (TD)*, 2001 CanLII 22030 (FC) [*Parma*] and *Sociedad Agricola Santa Teresa Ltd v*

Vina Leyda Limitada, 2007 FC 1301 [*Leyda*] which dealt with misdescriptive (Parma) and descriptive (Leyda) marks. The FCA rejected the proposition that for a geographic name to be clearly descriptive, the average consumer must perceive that the goods are produced in that geographic area:

> [51] This brings me to *Leyda*, in which the Federal Court considered the proposed trade-mark LEYDA for use in association with wine. The wine in question was produced in Leyda, a region in Chile. The Court rejected the proposition that for the mark to be clearly descriptive the average consumer must perceive that the wine was produced in Leyda. It stated its approach as follows (at paragraph 9):
>
> > Those "far away places with strange sounding names" may call some more than others, but [paragraph] 12(1)(*b*), at least as far as "place of origin" is concerned, is not dependent on the knowledge, or lack thereof, of the average Canadian consumer. The Registrar rightly pointed out that there was no real evidence before him as to the state of mind of such a person. Would he or she be one who reads the wine magazines referred to by those who opposed the application, or one whose knowledge is limited to red, white, rosé or bubbly? Over the past several years, a great many wines have been introduced to the market from "new world" countries such as Chile, Argentina, Australia and New Zealand. Other countries may follow suit. Although decided in a different context, the decision of the Supreme Court in *Home Juice Co. v. Orange Maison Ltée*, 1970 CanLII 153 (SCC), [1970] S.C.R. 942, 16 D.L.R. (3d) 740, can be relied upon for the proposition that a shrewd trader should not be permitted to monopolize the name of a foreign wine district in Canada by registering it as a trade-mark.

[32] The FCA found that "[t]he analysis of consumer perception [was] not immediately helpful for a case where it is alleged that a geographic place name would be perceived not as having another meaning, but as a coined word because the ordinary consumer is ignorant of the

place": *MC Imports* at para 55. Rather, it was only relevant if there was ambiguity over whether the word was referring to a geographic location: *MC Imports* at para 63.

[33] I agree with MI that the issues before Justice Southcott in *Hidden Bench* are not directly applicable as that case involved passing off under subsection 7(b) of the TMA and applied a different legal onus. Similarly, *MC Imports* involved an attack on the validity of a trademark under paragraph 12(1)(b) of the TMA and not an opposition to the registrability of a mark on the basis of confusion. Nonetheless, the same foundational principles apply.

[34] Indeed, the principle that geographic descriptions are not inherently distinctive has been recognized in other cases that did involve a confusion analysis, including for example, *London Drugs Limited v International Clothiers Inc*, 2014 FC 223 [*London Drugs*] at paragraphs 49 and 50 and *California Fashions Industries v Reitmans (Canada) Ltd,* 1991 CanLII 14371 (FC) at 444-445.

[35] MI asserts that the issue before the TMOB was nonetheless different for two reasons. First, the term in question is not a geographic descriptor but rather a demonym. As such, it differs in meaning, purpose and form ("Molisana" vs Molise). A demonym requires a different type of association that may be less familiar to the average consumer. Second, in *London Drugs*, the geographic descriptor "London" was well known; here, it is not. MI contends that Justice de Montigny, as he then was, recognized this distinction when he stated, "Nobody can claim a monopoly on a geographic name, <u>especially when it is as well known as LONDON</u>" [emphasis added] (at para 49).

[36] In my view these arguments conflate the concept of inherent distinctiveness with that of acquired distinctiveness, both of which are relevant to the overall distinctiveness of a mark. While acquired distinctiveness is grounded on consumer recognition and perception, inherent distinctiveness is not. Rather, fundamental to the concept of inherent distinctiveness is whether the features of originality, uniqueness and inventiveness are present in the mark itself: *London Drugs* at para 47. This is a matter of fact, not perception: *MC Imports* at paras 65 and 69.

[37] The inherent features of originality, uniqueness and inventiveness are equally absent from a term that describes a geographic location, as one that describes the people or things associated with a place (a demonym).

[38] The TMOB did not err in law in applying the same principles for a demonym as for a geographic descriptor and relying on the same jurisprudence.

[39] I similarly find there was no error in the TMOB's application of these principles to the facts here. There was no evidence before the TMOB that "Molisana" meant anything other than a term that describes the people or things of Molise, Italy. As the goods were Italian food products, the TMOB found "Molisana" to be a geographic descriptor of the goods and thus, to have low inherent distinctiveness. The TMOB thus afforded little weight to the term "Molisana" when considering the inherent distinctiveness of the parties' marks.

[40] It was open for the TMOB to find FALESCA MOLISANA more inherently distinctive than REGINA MOLISANA when the parties' trademarks were considered as a whole because of

the lack of any evident connection idea between FALESCA and MOLISANA. There is no basis for the Court to intervene or re-evaluate this finding on this appeal.

B. *Did the TMOB give insufficient weight to the evidence of acquired distinctiveness of the REGINA MOLISANA Trademarks and fail to properly apply a conjunctive test to assess distinctiveness?*

[41] It is uncontested that the TMOB considered the extent to which the parties' trademarks had become known and found that the REGINA MOLISANA Trademarks had acquired distinctiveness such that this aspect favoured MI.

[42] As noted earlier, in its conclusion under paragraph 6(5)(a), the TMOB stated this factor favoured MI "insofar as the factor referred to the extent to which the trademarks had become known". However, the TMOB found that because inherent distinctiveness could not be ignored in the confusion analysis, even if a weak trademark has acquired a significant reputation, paragraph 6(5)(a) favoured FI "insofar as the factor referred to the inherent distinctiveness of the parties' trademarks."

[43] In reaching its overall conclusion on the likelihood of confusion, the TMOB emphasized its reliance on the inherent weakness of the parties' trademarks and its characterization of "Molisana" as being geographically descriptive. The TMOB noted that its conclusions were made despite the distinctiveness acquired by the REGINA MOLISANA Trademarks as a whole and the other factors that favoured MI.

[44] MI asserts that the TMOB erred in law by disregarding the conjunctive nature of paragraph 6(5)(a) and its finding of acquired distinctiveness, instead relying solely on the marks' inherent distinctiveness in its conclusion on the confusion assessment. It argues that this approach runs contrary to *Canada (Director of Investigation and Research) v Southam Inc*, 1997 CanLII 385 (SCC) [*Southam*] at paragraph 39:

> [39] [...] After all, if a decision-maker says that the correct test requires him or her to consider A, B, C, and D, but in fact the decision-maker considers only A, B, and C, then the outcome is as if he or she had applied a law that required consideration of only A, B, and C. If the correct test requires him or her to consider D as well, then the decision-maker has in effect applied the wrong law, and so has made an error of law.

[45] It also asserts the TMOB's approach is inconsistent with *London Drugs*, which requires that both inherent and acquired distinctiveness be balanced when determining whether trademarks are confusing: *London Drugs* at para 53.

[46] FI contends that the TMOB did not disregard its findings on acquired distinctiveness with respect to its paragraph 6(5)(a) conclusion. Rather, FI interprets the conclusion on the distinctiveness factor as "even" between the parties. FI contends that MI's argument is really a disagreement with how the TMOB weighed the evidence. I agree.

[47] In my view, *Southam* does not apply as the TMOB considered both inherent distinctiveness and acquired distinctiveness in its analysis under paragraph 6(5)(a). Thus, this is not a situation where one of the recognized factors of the legal test was ignored.

[48] While I agree the TMOB did not expressly weigh its findings on inherent distinctiveness with its findings on acquired distinctiveness to provide an overall conclusion under subsection 6(5)(a) in one party's favour, I do not consider this to be a palpable and overriding error. As advanced by FI, a reasonable interpretation of the Decision is that the TMOB did not consider paragraph 6(5)(a) to strongly favour either party.

[49] Indeed, even if the TMOB had concluded that the REGINA MOLISANA Trademarks had greater overall distinctiveness (*i.e.*, were stronger trademarks) than the FALESCA MOLISANA mark, I cannot agree this would have changed the outcome under subsection 6(5) in view of the other surrounding circumstances, including the lack of resemblance between the parties' trademarks and the impact of the co-existence with the LA MOLISANA mark on the market, as will be discussed further below.

[50] When read as a whole, the conclusion on confusion suggests the TMOB did not consider the REGINA MOLISANA Trademarks to have significant distinctiveness overall. This conclusion was based on the marks' weak inherent distinctiveness and co-existence on the market with the LA MOLISANA trademarks, despite the acquired distinctiveness of the REGINA MOLISANA Trademarks.

C. *Did the TMOB fail to apply the relevant principles in a degree of resemblance analysis?*

[51] MI argues that the TMOB erred when assessing the degree of resemblance between the parties' marks by improperly dissecting each party's trademark and disregarding the

MOLISANA element, instead of considering the overall impression created by the trademarks as a whole.

[52] In the Decision, the TMOB explicitly recognized that "[w]hen considering the degree of resemblance, the trademarks must be considered in their entirety, and not dissected for minute examination." However, relying on the Supreme Court of Canada's guidance in *Masterpiece Inc v Alavida Lifestyles*, 2011 SCC 27 at paragraph 64, the TMOB explains that a preferable approach to comparing trademarks is to first determine whether there are aspects of the trademarks that are particularly striking or unique. Applying this approach to the trademarks in issue, the TMOB found that because the word "Molisana" was geographically descriptive and thus not inherently distinctive, the unique aspects of the parties' marks, particularly when considered in association with the parties' goods, are the elements "Falesca" and "Regina", respectively. It goes on to conclude there is no appreciable degree of similarity between the unique aspects of the parties' trademarks, particularly in respect of the idea conveyed. Thus, the parties' trademarks are substantially more different than they are similar in appearance, sound and idea, when considered as a whole, despite the similarity in the word "Molisana".

[53] For the reasons already discussed, I do not consider the TMOB to have erred by not further evaluating whether consumers would consider "Molisana" to be a demonym. As previously stated, "Molisana" is a demonym and as such was appropriately viewed as a geographic descriptor.

[54] Similarly, the TMOB did not disregard the MOLISANA element of the parties' trademarks, nor how it was used on the parties' products. Rather, it simply found that this element was not the most unique or striking element of the parties' trademarks.

[55] While the TMOB cites to *London Drugs* for the proposition that a similarity between non-distinctive geographical terms is insufficient on its own to support a finding that trademarks share any significant degree of similarity, I do not agree with MI that this is an extension of the principles in that case. In *London Drugs* at paragraph 56, the Federal Court found that:

> [56] [...] aside from the inclusion of the place name "London" in both the Applicant's and the Respondent's marks, there is no similarity in either appearance, sound or ideas suggested. When the marks are considered as a whole, the mere fact that they both contain the non-distinctive word "London" was not sufficient to find that they share any significant degree of similarity.

[56] In this case, there is similarly no significant degree of similarity in either the appearance, or sound of the parties' marks aside from the geographic descriptor, and no similarity in the ideas conveyed.

[57] While MI seeks to draw a comparison between the parties' marks based on the number of syllables in the first word, the last letter of the first word, and that they are Italian words, I cannot agree that the TMOB erred in rejecting this approach. Indeed, such a detailed side-by-side comparison of the marks is the type of microscopic examination of the marks the Court has cautioned against: see for example, *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20.

[58] MI's further argument that the TMOB erred by not finding the alleged syllable and vowel similarities between FALESCA and REGINA to combine and "link the terms in the average consumer's mind" is simply not persuasive.

[59] There is no error in this part of the TMOB's analysis.

D. *Did the TMOB fail to assess the evidence relating to LM and the LA MOLISANA trademark in accordance with relevant legal principles on "the state of the marketplace" evidence and the correct onus of proof?*

[60] MI argues that the TMOB gave undue weight to the coexistence of the LA MOLISANA trademark in the marketplace. It contends there must be more than one third-party user to establish the common use of a word in the marketplace.

[61] MI asserts that the purpose behind state of the marketplace evidence is to establish a specific element is in such common and widespread use in the marketplace that the distinctiveness of the element has been diluted, such that consumers would no longer consider the element to be an identifier of source.

[62] While I do not dispute that evidence of this sort can serve this purpose, I do not agree that FI's arguments were so limited. As a preliminary matter I note that the jurisprudence cited by MI relates to state of the register evidence as an indicator of the marketplace (*Kellogg Salada Canada Inc v Canada (Registrar of Trade Marks) (CA)*, 1992 CanLII 14792 at 449-450 (FCA); *McDowell v Laverana GmbH & Co KG*, 2017 FC 327 at paras 42-44; *Vachon Bakery Inc v Racioppo*, 2021 FC 308 at para 72) which is not the evidence that was before the TMOB here.

[63] Before the TMOB, FI made two arguments on third-party use. First, it argued that the REGINA MOLISANA Trademarks were weak trademarks because “Molisana” was used as part of the trademarks and business names of multiple third-party users in Canada. For this argument, it relied on webpages from bakeries and restaurants in Montreal, Newmarket, Mississauga, and other locations in Ontario allegedly using trademarks incorporating the word “Molisana”. Second, it argued the term “Molisana” could not be distinctive of MI because of concurrent use of the LA MOLISANA trademark by LM in Canada on the same food products in the same channels of trade.

[64] It was only on the second argument that the TMOB was persuaded. With respect to the first argument, the TMOB found the website evidence was not sufficient to establish common use of “Molisana” in the marketplace as the evidence was hearsay and there was no evidence the bakeries and restaurants in question operated in the same channels of trade as the parties. There was also no evidence as to the extent of use of any of the respective trademarks.

[65] On the second argument, the TMOB found the evidence established that REGINA MOLISANA and LA MOLISANA food products had been sold extensively alongside one another in the Canadian marketplace in the same channels of trade for an extended period of time. As a result of this concurrent use, and with reference to *Milano Pizza Ltd v 6034799 Canada Inc*, 2022 FC 425 [*Milano Pizza*] at paragraph 102, the TMOB found the word “Molisana” was not distinctive of either MI or LM and that “Molisana” could not be relied upon to establish confusion. The TMOB accepted MI’s argument that the word “Molisana” could not be deemed common to the trade because it had only been used by two traders. However, the

TMOB found its conclusion of non-distinctiveness was supported by different reasons, namely the extensive concurrent use of "Molisana" by MI and LM and the geographically descriptive nature of the term. While MI argued that the distributorship and co-existence agreements between MI and LM were relevant, the TMOB found that without a licensing agreement between MI and LM, the use of "Molisana" by MI and LM could not be distinctive of any one of these traders.

[66] In *Milano Pizza*, Justice Fuhrer considered the impact of uncontrolled licensing rights on the concurrent use of the Milano Design Mark by its 38 licensees, stating the following at paragraph 102:

> [102] As a consequence, not only is the Milano Design Mark non-distinctive of MPL, its concurrent use by the MPL Licensees renders the Milano Design Mark non-distinctive of any one of them as well, in my view, particularly in the absence of any direct evidence of acquired distinctiveness by either side to this dispute, notwithstanding lengthy use (about 20 years or more) of the Milano Design Mark and one or more of the Milano Word Marks. I explain the implications of the latter result further below in connection with the Defendants' counterclaim. This consequence does not apply, however, to the design elements of the New Milano Design.

[67] MI asserts that *Milano Pizza* is distinguishable as in that case there were 38 traders using the mark in question. Further, Justice Fuhrer's comments were premised on the fact that there was no evidence of acquired distinctiveness in that case, which is not the case here.

[68] While I agree the TMOB did not address its finding that the REGINA MOLISANA Trademarks had acquired distinctiveness in this section of the Decision, in my view this does not negate the application of *Milano Pizza* to the case at hand. Separate to her findings on the

licensees, in *Milano Pizza*, Justice Fuhrer went on to find the lengthy co-existence of PIZZERIA MILANO by an unrelated trader in Masson, QC undermined any acquired distinctiveness the underlying mark "otherwise might have enjoyed" (see paras 103 and 106). Here, the same principles apply.

[69] In this case, the REGINA MOLISANA and LA MOLISANA trademarks have co-existed for an extended period of time in the marketplace in the same channels of trade and on overlapping goods, without confusion. Such co-existence undermines any acquired distinctiveness that could be associated with "Molisana", such that this element alone is not distinctive of either MI or LM. As such, consumers are more likely to focus on the differences between these marks to distinguish the marks.

[70] While MI argues that consumers would be aware of the distributorship and co-existence agreements between MI and LM, this is not supported on the evidence. There is no evidence that the public would know about these agreements or that consumers would perceive a relationship between MI and LM. Nor do the agreements contain any terms describing how goods would be marketed to avoid direct overlap and confusion.

[71] It was uncontested that there was no confusion in the marketplace between REGINA MOLISANA and LA MOLISANA. As such, in my view, the TMOB did not err when viewing the co-existence of these marks and their lack of confusion as a further surrounding circumstance supportive of its conclusion that a consumer would be able to distinguish FALESCA

MOLISANA from REGINA MOLISANA based on the other aspects of these marks and that confusion between these marks would be unlikely.

E. *Did the TMOB improperly weigh the factors under subsection 6(5) of the TMA and the surrounding circumstances?*

[72] It is undisputed that the TMOB was required to address all factors in its subsection 6(5) analysis: *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 51. While MI recognizes that the factors need not be given equal weight (*Accessoires d'autos Nordiques Inc v Canadian Tire Corp*, 2007 FCA 367 at para 24), it argues the TMOB failed to meaningfully address the factors that favoured MI, namely the parties' overlapping goods and channels of trade. I cannot agree.

[73] In the Decision, the TMOB expressly notes the overlap between the parties' goods and channels of trade at various parts of its analysis, including in the weighing of factors in its conclusion (*i.e.*, when noting "the other factors that favour the Opponent"). However, it found the lack of resemblance between the parties' marks and the weakness of the "Molisana" element in the parties' marks were significant factors and afforded these aspects greater weight overall.

[74] I cannot conclude the TMOB erred based on this argument.

VI. **Conclusion**

[75] For the reasons noted, MI has not established that the TMOB erred in law or that it made a palpable and overriding error in its analysis. As such, the appeal is dismissed.

VII. **Costs**

[76] At the hearing, MI argued that the successful party should be awarded a fixed amount of $5,000 in costs based on the Tariff. FI does not dispute that this amount accords with counsel fees under the Tariff but asserts they should also be awarded an additional $4,899 in disbursements, largely from the alleged travel and hotel costs associated with two counsel travelling from Vancouver to Toronto to attend the hearing of the application in person.

[77] A review of the Bill of Costs indicates that the Respondent has listed travel twice in its Bill of Costs – first, under its fee calculation as item 23 “at the discretion of the Court” and then again under its proposed disbursements. In view of this duplication and the lack of any other information supporting the amounts claimed, I will restrict the award of costs to $5,000.

JUDGMENT IN T-1016-24

THIS COURT'S JUDGMENT is that:

1. The appeal is dismissed.

2. Costs of $5,000 are awarded to the Respondent.

"Angela Furlanetto"
Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1016-24
STYLE OF CAUSE:	996660 ONTARIO LTD TRADING AS MOLISANA IMPORTS v FALESCA IMPORTING LTD.
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	JANUARY 13, 2026
JUDGMENT AND REASONS:	FURLANETTO J.
DATED:	JANUARY 26, 2026

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