

ESTTA Tracking number: **ESTTA607283**

Filing date: **05/30/2014**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92058861
Party	Defendant GlucksteinHome Inc.
Correspondence Address	SUSAN B FLOHR BLANK ROME LLP 600 NEW HAMPSHIRE AVENUE NW WASHINGTON, DC 20037 UNITED STATES Flohr@BlankRome.com, trademarks@blankrom.com
Submission	Opposition/Response to Motion
Filer's Name	Susan B. Flohr
Filer's e-mail	trademarks@blankrome.com
Signature	/sbf/
Date	05/30/2014
Attachments	RESPONSE TO MOTION.pdf(2706266 bytes) Exhibit A to response to motion to lift suspension.pdf(5768577 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Registration No. 4294114)



For the mark)
Registered February 26, 2013)

BRIAN STEVEN GLUCKSTEIN, an individual,)

Petitioner,)

Cancellation No. 92058861

vs.)

GLUCKSTEINHOME INC.,)
a Canadian corporation,)

Respondent.)

RESPONSE TO MOTION

Respondent, GlucksteinHome Inc., herewith responds to Petitioner’s Motion For Reconsideration On Board Decision suspending the instant proceeding. Respondent filed a motion to suspend the instant proceeding under 37 C.F.R. § 2.117(a), pending a final determination of the actions between the parties now pending in the Ontario Superior Court of Justice (“Ontario Action”) and in the Federal Court of Canada (collectively “the Canadian Civil Actions”), on April 25, 2014. The Board suspended the proceeding on April 28, 2014, on the grounds that the Canadian Civil Actions “may be dispositive of or have a bearing on the Board case. *See* Trademark Rule 2.117(a)”. Petitioner has moved the Board to reconsider the suspension on the ground that the dispositions of the proceedings in Canada allegedly have no bearing on the determination of trademark ownership rights in the U.S.

It is clear that such rulings “may have a bearing” on the instant case, and thus suspension pursuant to Trademark Rule 2.117(a) is warranted. Thus, for the facts and reasons set forth below, Respondent submits that the Board’s suspension is proper under applicable law and should not be lifted until the final determination of the Canadian Civil Actions.

I. The decision to suspend a proceeding in view of pending civil litigation is within the discretion of the Board.

The decision to suspend a proceeding in view of pending civil litigation is solely within the discretion of the Board. Trademark Board Manual of Procedure § 510.02(a). The Board's inherent power to schedule disposition of the cases on its docket is the power to stay proceedings, which may be exercised by the Board upon its own initiative, upon motion, or upon stipulation of the parties approved by the Board. 37 C.F.R. § 2.117.

Ordinarily, the Board will suspend proceedings in the case before it if the final determination of the other proceeding may have a bearing on the issues before the Board. 37 CFR § 2.117(a). *See, e.g., NY-Exotics, Inc. v. Exotics.com, Inc.*, 2004 WL 950921 (TTAB 2004) (“civil action may well have a bearing on the cancellation proceeding, specifically with respect to the issue of ownership of the ... mark”); *New Orleans Louisiana Saints LLC v. Who Dat? Inc.*, 99 USPQ2d 1550, 1552 (TTAB 2011) (civil action need not be dispositive of Board proceeding, but Chapter 500 - 64 pending civil action only needs to have a bearing on issues before the Board); *General Motors Corp v. Cadillac Club Fashions, Inc.*, 22 USPQ2d 1933, 1936-37 (TTAB 1992) (relief sought in federal district court included an order directing Office to cancel registration involved in cancellation proceeding); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125, 126-27 (TTAB 1974) (decision in civil action for infringement and unfair competition would have bearing on outcome of Trademark Act § 2(d) claim before Board), *pet. denied*, 181 USPQ 779 (Comm'r 1974). *See also Tokaido v. Honda Associates Inc.*, 179 USPQ

861, 862 (TTAB 1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805, 806-07 (TTAB 1971); *Martin Beverage Co. v. Colita Beverage Corp.*, 169 USPQ 568, 570 (TTAB 1971).

II. The Salient Facts underlying the Petition for Cancellation have a locus in Canada.

The Board's suspension of the instant cancellation proceeding is proper since the Canadian Civil Actions may be dispositive of or have a bearing on the Board case under Trademark Rule 2.117(a). Here there is dispute between the Petitioner, a resident of Canada who is one of the shareholders and directors of the Respondent and the Respondent, a Canadian corporation, regarding the ownership of certain registered trademarks such that salient facts underlying the dispute between the parties are all located in Canada. Illustratively, both parties are Canadian, Petitioner is a Canadian citizen, Respondent, a Canadian corporation. Both the Petitioner and Respondent have their physical offices in Canada. The registration sought to be cancelled is based on a Canadian registration under section 44(e). The name use agreement by which the Petitioner originally permitted the Respondent to use his name as part of its business name and trademarks and required the Respondent to register the Respondent's GLUCKSTEINHOME trademarks in Canada, the United States and all other jurisdictions in which its products or services are sold or performed was entered into in Canada (the "Name Use Agreement"). The alleged facts regarding the alleged termination of the Name Use Agreement and implied license all occurred in Canada.

III. Canadian law has a bearing on the interpretation of the Name Use Agreement and course of dealings between the Parties.

The alleged facts and legal issues at the crux of the Canadian Civil Actions involve the determination of ownership of all marks used and /or registered by the Respondent, including the GLUCKENSTEINHOME mark that Petitioner seeks to cancel in the instant proceeding. The

issue of ownership of every GLUCKENSTEINHOME mark registered by Respondent will likely be impacted by the construction of the Name Use Agreement. The legal significance of the Name Use Agreement and the course of dealings between the Parties is at issue before the Canadian courts and will be determined under Canadian law. Thus, it is clear that the determinations of the Canadian courts in the Canadian Civil Actions will, at a minimum, “have a bearing” on, and may well be dispositive of, the issues raised in the instant cancellation proceeding.

IV. Canadian Corporate law and the Canadian common law has a bearing on the ownership of the trademarks.

Canadian Corporate law and the Canadian common law regarding the duties of officers and directors to a corporation and the doctrine of estoppel have a bearing on the ownership of the trademarks and the capacity of the Petitioner to challenge the Respondent’s ownership of the GLUCKSTEINHOME trademark. Several issues regarding the Petitioner’s duties and conduct will be determined under Canadian law. The determinations of the Canadian courts on these issues in the Canadian Civil Actions will, at a minimum, “have a bearing” on, and may well be dispositive of, the issues raised in the instant cancellation proceeding.

V. Petitioner places at issue in its Petition for Cancellation a myriad of alleged facts arising in Canada and reliant upon their significance under Canadian law.

Petitioner himself sets forth the foundational facts upon which he relies in asserting his superior rights in the mark sought to be cancelled, notably all of which occurred entirely, if not primarily, in Canada. To be sure, his alleged reputation and fame is predicated on his activities and recognition primarily in Canada, Petitioner’s alleged rights in his own name and the mark GLUCKSTEINDESIGN arise primarily from his of the mark use in Canada; the April 7, 2000 Name Use Agreement and its alleged termination occurred in Canada, and the legality and effectiveness of same is subject to determination under Canadian law, the existence of an implied license, likewise is determined under Canadian law and are at issue before the Canadian

courts, and such determinations “may have a bearing” on the issue raised in the instant cancellation proceeding. . See ¶¶ 1 – 7, and 9 of the Petition for Cancellation.

VI. Petitioner seeks relief in the Ontario Action that impacts on Respondent’s rights in the US registration sought to be cancelled.

Paragraph 10 of the Petition for Cancellation asserts that Petitioner filed the civil action in the Ontario Superior Court of Justice Commercial List seeking assignment to Petitioner of all trademarks and registrations used, held by, or in the name of Respondent; this includes the instant US Registration. Petitioner further asserts in the same action that those marks were allegedly obtained by Respondent in trust for Petitioner, the existence of which is another issue subject to Canadian law. Petitioner asserts in the Ontario Action and further that Respondent never had any authority to use, register or apply for any trademarks involving Petitioner’s name in any jurisdictions, which includes the US, and that any filings made (including in the US) were in trust for Petitioner. See Exhibit C of the Petition for Cancellation at 4 and 11 annexed hereto as Exhibit A.

VII. If the relief Petitioner seeks in the Ontario Action is granted, the Petition for Cancellation may be moot.

Petitioner states in paragraph 10 of the Petition for Cancellation that he filed legal proceedings in the Ontario Superior Court requesting that the instant registration be assigned to Petitioner. If the Ontario court grants the requested relief, and Petitioner seeks to have the US GLUCKSTEINHOME registration transferred to himself based on such ruling, the Board will need to consider if it will give effect to such ruling. If it does, then it will not need to consider the merits of this cancellation petition, which would at that point be terminated. Clearly, the relief Petitioner has asked the Canadian court to grant in the Ontario Action “may have a bearing” on the Board case, and he did not consider the Ontario court’s ruling to be irrelevant to the determination of his rights in above-referenced US registration when such relief was requested.

Petitioner should not be permitted to have it both ways, as it suits his alternating theories of the case.

VIII. Respondent has also sought relief in the Canadian Civil Actions that may bear on the instant cancellation proceeding.

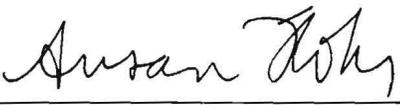
Respondent's Counter-Application, that it filed in the Ontario Court, submitted in support of its Motion for Suspension of the instant proceeding, seeks declarations concerning the ownership of the trademarks at issue, in particular injunctive relief against Brian Gluckstein restraining him from taking steps to initiate or pursue administrative, legal, judicial or other proceedings in the U.S. seeking to expunge, strike out, abandon, challenge in any way or invalidate any registered trademark or trademark application belonging, registered to or filed by Respondent. That counter-application for relief is now also pending before the Ontario Superior Court. The disposition of such request for relief under Canadian law, may have a bearing on the instant proceeding.

WHEREFORE, Respondent respectfully requests Petitioner's motion be denied, and the suspension maintained.

Respectfully submitted,

GLUCKSTEINHOME INC.

Date: May 30, 2014

By: 
Susan B. Flohr, Esq.
BLANK ROME LLP
600 New Hampshire Ave., NW
Washington D.C. 20037
(202) 772 5870
Attorneys for Respondent

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing RESPONDENT'S RESPONSE TO MOTION was served on May 30, 2014, by first class mail, postage prepaid upon counsel for Opposer Brian Gluckstein, Susan Heller and Candice E. Kim and Greenberg Traurig, LLP, 1840 Century Park East, Suite 1900, Los Angeles, California 90067, by first-class U.S. Mail, postage prepaid.



By: Susan B. Flohr, Esq.
BLANK ROME LLP
600 New Hampshire Ave., NW
Washington D.C. 20037
(202) 772 5870
Attorneys for Respondent

EXHIBIT A

EXHIBIT C

Court File No.

Cv 13-10172-ODCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:



BRIAN GLUCKSTEIN and GLUCKSTEIN HOLDINGS INC.

Applicants

and

CHECKMATE CAPITAL PARTNERS INC., HARVEY WISE HOLDINGS
INC., HARVEY WISE, DANIEL CHITIZ, PAUL PATHAK, RISA SOKOLOFF,
CHITIZPATHAK LLP, and GLUCKSTEINHOME INC.

Respondents

**APPLICATION UNDER sections 207 and 241 of the Ontario *Business Corporations Act*,
R.S.O. 1990, c. B. 16, as amended**

NOTICE OF APPLICATION

TO THE RESPONDENT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The Claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing at 10:00 a.m. on a date to be set by a Judge presiding over the Commercial List at 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1R7.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE

APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date June 28, 2013 Issued by _____
Local Registrar
Address of court office: 330 University Avenue, 7th Floor A. Anissimova
Toronto, ON M5G 1R7 Registrar

TO **CHECKMATE CAPITAL PARTNERS INC.**

c/o Chitiz Pathak LLP
320 Bay Street
Suite 1600
Toronto, ON M5H 4A6

Tel: 416-368-6200
Fax: 416-368-0300

AND TO **CHITIZPATHAK LLP**

320 Bay Street
Suite 1600
Toronto, ON M5H 4A6

Tel: 416-368-6200
Fax: 416-368-0300

AND TO **DANIEL CHITIZ**

c/o Chitiz Pathak LLP
320 Bay Street
Suite 1600
Toronto, ON M5H 4A6

Tel: 416-368-6200
Fax: 416-368-0300

AND TO **HARVEY WISE**
c/o Harvey Wise Design Inc.
186 Dupont Street
2nd Floor
Toronto, ON M5R 2E6

AND TO **HARVEY WISE HOLDINGS INC.**
c/o Harvey Wise Design Inc.
186 Dupont Street
2nd Floor
Toronto, ON M5R 2E6

AND TO **PAUL PATHAK**
c/o Chitiz Pathak LLP
320 Bay Street
Suite 1600
Toronto, ON M5H 4A6

Tel: 416-368-6200
Fax: 416-368-0300

AND TO **RISA SOKOLOFF**
c/o Chitiz Pathak LLP
320 Bay Street
Suite 1600
Toronto, ON M5H 4A6

Tel: 416-368-6200
Fax: 416-368-0300

AND TO: **GLUCKSTEINHOME INC.**
234 Davenport Road
Toronto, ON M5R 1J6

Tel: 416-923-6262

APPLICATION

1. The Applicants make application for:
 - (a) Interim and final relief by way of a declaration that a Licence Agreement dated April 7, 2000 is terminated as of April 7, 2010;
 - (b) Interim and final relief by way of a declaration that GlucksteinHome Inc. holds any and all trade-marks, trade-mark registrations or applications to register trade-marks in trust for Mr. Gluckstein;
 - (c) an Order that any and all trade-marks, trade-mark registrations or applications to register trade-marks used by, held by or in the name of GlucksteinHome Inc. in trust for Mr. Gluckstein be promptly assigned to Mr. Gluckstein;
 - (d) Interim and final relief by way of a declaration that GlucksteinHome Inc. has no rights under the Licence Agreement for any new agreements with the Hudson's Bay Company or related entities;
 - (e) A declaration that ChitizPathak LLP is in breach of its fiduciary duties owed to the Applicants, both as directors and officers of and as lawyers for GlucksteinHome Inc.;
 - (f) An accounting, and judgment pursuant thereto, of all legal services provided to GlucksteinHome Inc. as a result of ChitizPathak LLP's breaches of its fiduciary duties and negligence;

- (g) An accounting, and judgment pursuant thereto, of all remuneration paid to each of Daniel Chitiz, Paul Pathak and Risa Sokoloff as a result of their and of ChitizPathak LLP's breaches of its fiduciary duties and negligence;
- (h) A declaration that ChitizPathak LLP is in a conflict of interest in respect of its respondent partners' roles as directors and officers of GlucksteinHome Inc. and the firm's role as lawyers for GlucksteinHome Inc.;
- (i) An Order winding up GlucksteinHome Inc. with such terms as are appropriate in light of existing corporate obligations on the basis that it is just and equitable to do so as a result of the breakdown of the relationship of the shareholders and the conduct of ChitizPathak LLP and its partners pursuant to Sections 207 and 241 of the *Business Corporations Act*, R.S.O. 1990, c. B.16;
- (j) Costs of this proceeding, as well as all applicable taxes; and
- (k) Such further and other relief as this Honourable Court may deem just;

2. The grounds for the application are:

Overview

- (a) The Applicant Brian Gluckstein ("Mr. Gluckstein") is a resident of Toronto and a prominent designer and interior decorator. He is a founder and the CEO of GlucksteinHome Inc. ("GlucksteinHome" or the "Company");
- (b) GlucksteinHome is a corporation registered under the laws of Ontario that carries on business as a designer, manufacturer and distributor of a broad range of home, office and garden furnishings designed by Mr. Gluckstein or on his behalf and

marketed under his name. GlucksteinHome is added as a respondent to this proceeding only so that it be bound by the result;

- (c) The GlucksteinHome business is entirely dependent upon Mr. Gluckstein's name, reputation and participation and all of the goodwill that is embodied in same;
- (d) The head office of GlucksteinHome is located at the offices of another of Mr. Gluckstein's businesses, Gluckstein Design Planning Inc., with which the Respondents have no involvement;
- (e) GlucksteinHome was originally conceived as a joint venture under a Letter of Agreement of May 29, 1999. While it is now a corporation, it has all of the features of a closely held entity dependent upon the mutual trust and confidence amongst its shareholders, officers and directors;
- (f) The legal affairs of GlucksteinHome have been handled by the Respondent ChitizPathak LLP ("ChitizPathak"). Three of the partners of ChitizPathak are also beneficial shareholders, directors, and officers of GlucksteinHome. This has created a conflict of interest between ChitizPathak's ability to independently advise the Company and act in its best interest and in the protection of the interests of all of its shareholders;
- (g) Mr. Gluckstein has learned that the Respondent Harvey Wise has directed the affairs of his corporate entity, the Respondent Harvey Wise Holdings Inc. ("HWH"), which is a shareholder of GlucksteinHome, in a manner that has caused Mr. Gluckstein to lose all trust and confidence in Mr. Wise;

- (h) The License Agreement between Mr. Gluckstein and GlucksteinHome, which formed the basis of GlucksteinHome's business and its essential asset, has expired. No steps have been taken to renew the Licence Agreement. Mr. Gluckstein is not willing to renew it;
- (i) As a result of the foregoing, the business relationship between GlucksteinHome's shareholders, officers and directors has broken down irreparably;

GlucksteinHome Inc.

- (j) During the mid-1990s, Mr. Gluckstein became a well-known and well-regarded interior designer with a reputation throughout Canada and other parts of the world;
- (k) In or about 1998, Mr. Gluckstein decided to establish a business for the merchandising of designer home furnishings under his name;
- (l) Toward that end, in early 1999, the Respondent Harvey Wise introduced Mr. Gluckstein to the Respondents Dan Chitiz, Paul Pathak and Risa Sokoloff (collectively, the "ChitizPathak Partners"). Mr. Chitiz, Mr. Pathak and Mr. Sokoloff are partners at ChitizPathak (formerly, Chitiz Pundit Pathak & Sokoloff LLP);
- (m) ChitizPathak advised Mr. Gluckstein that the incorporation and operation of his proposed business would require a great deal of legal advice and services with respect to, *inter alia*, organizing and financing the new company, securing and protecting the company's intellectual property, marketing and distributing its

products, negotiating and preparing all commercial agreements, as well as taking the company public as was contemplated at the time;

- (n) ChitizPathak estimated that the cost of the necessary legal services for Mr. Gluckstein's proposed business would be significant;
- (o) As a means of avoiding these costs, the ChitizPathak Partners recommended to Mr. Gluckstein that, in exchange for providing all necessary legal services, the ChitizPathak Partners receive a 25 percent interest in the new company. This interest was subsequently increased to 28.75 percent;
- (p) Based on these representations, Mr. Gluckstein agreed to establish a joint venture with the ChitizPathak Partners and Mr. Wise;
- (q) On February 2, 1999, the ChitizPathak Partners incorporated the Respondent Checkmate Capital Partners Inc. ("CCP") to participate in the joint venture;
- (r) On or about May 20, 1999, CCP delivered a "Letter of Agreement" to Mr. Gluckstein and Mr. Wise "to confirm their mutual understanding and agreement regarding the formation of a new corporation, GlucksteinHome Inc." GlucksteinHome was to be a joint venture between Mr. Gluckstein, Mr. Wise and CCP;

- (s) The Letter of Agreement included, *inter alia*, the following terms:
- (i) Mr. Gluckstein will enter into a License Agreement with GlucksteinHome for the use of the names "Gluckstein" and "Brian Gluckstein" in connection with GlucksteinHome's business. It was understood and agreed that the right of GlucksteinHome to use the names "Gluckstein" and "Brian Gluckstein" would be limited to the terms of the Licence Agreement;
 - (ii) Mr. Wise and Mr. Gluckstein would each subscribe for 375 shares of GlucksteinHome at an aggregate subscription price of \$3.75;
 - (iii) CCP would subscribe for 250 shares of GlucksteinHome at an aggregate subscription price of \$2.50; and
 - (iv) the shareholders of GlucksteinHome will enter into a unanimous shareholders' agreement providing for normal and usual rights and protections, which should have included an appropriate exit mechanism;
 - (t) Pursuant to this Letter of Agreement, GlucksteinHome was incorporated;
 - (u) Both Mr. Gluckstein and his wholly-owned corporation, the Respondent Gluckstein Holdings Inc., are shareholders of the Company;
 - (v) On or about March 16, 2000, Mr. Pathak, who was the sole director of the Company upon incorporation, appointed Ms. Sokoloff as President, himself as Secretary, and Mr. Gluckstein as Non-Executive Chairman of GlucksteinHome;

- (w) Mr. Pathak confirmed ChitizPathak as solicitors of GlucksteinHome;

Licence Agreement

- (x) In accordance with the Letter of Agreement, on or about April 7, 2000, GlucksteinHome and Mr. Gluckstein entered into a license agreement for the use of Mr. Gluckstein's name and trade-marks containing Mr. Gluckstein's name (the "Licence Agreement");
- (y) ChitizPathak acted for GlucksteinHome in respect of the negotiation and execution of the License Agreement, and Mr. Pathak signed the License Agreement on behalf of GlucksteinHome;
- (z) The Licence Agreement provides that its term shall be 10 years unless earlier terminated or renewed in accordance with its provisions (the "Term");
- (aa) The Term expired on April 7, 2010. Written notice, as provided in the Licence Agreement was not delivered by the Company. The Licence Agreement has not been renewed;
- (bb) Despite being legal counsel to GlucksteinHome, ChitizPathak never made any mention of any need to provide notice of termination of the Licence Agreement or discuss its renewal;
- (cc) Instead, the ChitizPathak Partners denied that the License Agreement ever existed, despite ChitizPathak having acted on behalf of GlucksteinHome in its execution, and Mr. Pathak having signed the Licence Agreement on behalf of GlucksteinHome.

- (dd) The Respondents have attempted to force Mr. Gluckstein into continuing to operate the Company for their benefit, when he is the sole source of business for the Company and notwithstanding the termination of the Licence Agreement;

Trade-marks Registered in Trust

- (ee) GlucksteinHome has registered or applied to register 4 trade-marks in Canada and 3 trade-marks in the United States involving Mr. Gluckstein's name;

- (ff) GlucksteinHome has never had any authority to use, register or apply to register any trade-marks involving Mr. Gluckstein's name for its own use and benefit outside of the rights granted under the Licence Agreement;

- (gg) In accordance with the intentions of the parties, as reflected by the terms of the Licence Agreement, any and all trade-marks, trade-mark registrations or applications to register trade-marks filed by, used by or in the name of GlucksteinHome and involving Mr. Gluckstein's name were each used, registered or applied for in trust for Mr. Gluckstein, and are each held by GlucksteinHome for this purpose;

Operation of the Company

- (hh) The success of GlucksteinHome has been the result of Mr. Gluckstein's own efforts and personal reputation;

- (ii) GlucksteinHome's business is largely based on a business relationship that it has with the Hudson's Bay Company ("HBC"), which Mr. Gluckstein established in or about 2000;

- (jj) HBC has recently requested a renewal of that Agreement, which requires Mr. Gluckstein's personal participation and acknowledges that Mr. Gluckstein is integral to the success of the arrangement;
- (kk) By contrast, ChitizPathak and the ChitizPathak Partners have provided little benefit to the Company;
- (ll) Contrary to the representations made by ChitizPathak to Mr. Gluckstein in 1999, which formed the basis for Mr. Gluckstein agreeing to enter into a joint venture with CCP, ChitizPathak failed to provide appropriate or valuable legal services to GlucksteinHome;
- (mm) Specifically, ChitizPathak has:
 - (i) failed to provide even the most basic shareholder and corporate governance documents;
 - (ii) failed to draft a unanimous shareholders' agreement containing normal and usual rights and protections, including an appropriate exit mechanism, as was required by the terms of the Letter of Agreement;
 - (iii) failed to prepare and execute employment contracts for the officers and directors of GlucksteinHome;
 - (iv) failed to prepare and execute a retainer with GlucksteinHome; and
 - (v) failed to provide any accounts or itemized bills for legal services charged to GlucksteinHome;

- (nn) These failures not only constitute negligence, they are serious breaches of ChitizPathak's fiduciary obligations to GlucksteinHome;
- (oo) In addition:
 - (i) Mr. Gluckstein was not advised by ChitizPathak that it and its partners were in a conflict of interest in structuring GlucksteinHome, and in continuing to provide services to it;
 - (ii) Mr. Gluckstein was not advised to obtain independent legal advice with respect to the formation of GlucksteinHome or any subsequent commercial arrangements between Mr. Gluckstein and the other shareholders of GlucksteinHome and the ChitizPathak Partners, including the use of trade-marks, the registration of trade-marks and the filing of applications to register trade-marks each involving Mr. Gluckstein's name; and
 - (iii) ChitizPathak did not require a written consent from Mr. Gluckstein in respect of the conflict arising from their investment with Mr. Gluckstein in GlucksteinHome and their representation of GlucksteinHome as counsel;
 - (iv) ChitizPathak never complied with its professional obligations of disclosure to its multiple clients.
- (pp) ChitizPathak has been compensated in an amount that grossly exceeds the value of any services that it has provided to GlucksteinHome;

- (qq) Contrary to the representations made by ChitizPathak, GlucksteinHome has not established an internet business, did not raise the \$750,000.00 contemplated by the parties, and did not complete a public offering;
- (rr) ChitizPathak and the ChitizPathak Partners have allowed their personal interests as shareholders to take precedence over the interests of GlucksteinHome, in conflict with their fiduciary obligations to the Company and to Mr. Gluckstein;
- (ss) As a result of the conduct of ChitizPathak and the ChitizPathak Partners, there has been an irreparable breakdown in the business relationship between Mr. Gluckstein and the ChitizPathak Partners;
- (tt) In 2012, it came to Mr. Gluckstein's attention that, at the direction of Mr. Wise, HWH had not properly accounted for and distributed to its shareholders their proportionate share of dividends paid by GlucksteinHome;
- (uu) When confronted by Mr. Gluckstein, Mr. Wise denied this conduct, which was untrue. Subsequently, and with the threat of litigation, HWH apparently began to pay its shareholders, or some of them, amounts to which they are entitled;
- (vv) As a result of this conduct and the lack of tangible contribution by Mr. Wise or HWH to the business and affairs of GlucksteinHome, the Applicants have lost all faith and trust in their fellow shareholders;
- (ww) In light of the Respondents' unlawful conduct, the expiry of the Licence Agreement, and the breakdown of the business relationship between the shareholders, the Company should be wound up;

HBC Contract

- (xx) On or about February 1, 2010, GlucksteinHome entered into an agreement with the Hudson's Bay Company ("HBC") for the exclusive sale of GlucksteinHome branded products (the "HBC Contract");
- (yy) By its terms, the HBC Contract will terminate on January 31, 2015;
- (zz) An essential component of the HBC Contract is that it requires Mr. Gluckstein's extensive personal involvement and time commitment until January 31, 2015, after which he has no obligations in this regard;
- (aaa) In order to fulfill the HBC Contract, GlucksteinHome subsequently entered into contracts with Lenox Corporation, Broyhill Furniture Industries Inc., and Surya Inc. (the "Related Contracts");
- (bbb) Despite the expiry of the Licence Agreement, Mr. Gluckstein permitted the limited use of his name by GlucksteinHome for the exclusive and sole purpose of the HBC Contract and the Related Contracts,;
- (ccc) While Mr. Gluckstein is prepared to permit the Company to continue to use his name in order to comply with the HBC Contract and the Related Contracts, he is not willing to allow the Company to enter into any new agreements using his name;
- (ddd) On or about June 7, 2013, the Applicants delivered a letter to the Respondents, with prejudice, proposing a plan to preserve the business arrangements with HBC and to

submit to arbitration to resolve the parties' intellectual property rights with respect to the Gluckstein names;

(eee) On or about June 14, 2013, the Respondents responded. They rejected that proposal;

(fff) The parties have experienced a breakdown in their business relationship and are no longer able to continue operating GlucksteinHome together;

(ggg) There is urgency associated with requests of Hudson's Bay Company to enter into a new contractual relationship. Until the issues surrounding the Licence Agreement are resolved, that uncertainty prevents a resolution to any commitments sought by Hudson's Bay Company;

(hhh) Rule 14 of the *Rules of Civil Procedure*;

(iii) Sections 207 and 241 of the Ontario *Business Corporations Act*;

(jjj) Rule 2 of the *Rules of Professional Conduct* of the Law Society of Upper Canada;
and

(kkk) Such further and other grounds as may be advised.

3. The following documentary evidence will be used at the hearing of the application:

(a) Affidavit of Brian Gluckstein; and

- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

June 28, 2013

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H 3P5

Peter H. Griffin (19527Q)

Tel: (416) 865-2921

Fax: (416) 865-3558

Email: pgriffin@litigate.com

Brendan F. Morrison (61635B)

Tel: (416) 865-3559

Fax: (416) 865-3731

Email: bmorrison@litigate.com

Lawyers for the Applicants

RCP-E 14E (March 31, 2010)

BRIAN GLUCKSTEIN et al.
Applicants

-and-

CHECKMATE CAPITAL PARTNERS INC. et al.
Respondents

213-10172-0000
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP

Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H 3P5

Peter H. Griffin (19527Q)

Tel: (416) 865-2921
Fax: (416) 865-3558
Email: pgriffin@litigate.com

Brendan F. Morrison (61635B)

Tel: (416) 865-3559
Fax: (416) 865-3731
Email: bmorrison@litigate.com

Lawyers for the Applicants