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Docket: T-377-16

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Ottawa, Ontario, March 13, 2020

PRESENT: The Honourable Madam Justice McVeigh

BETWEEN:

BIOFERT MANUFACTURING INC.

**Plaintiff/
Defendant by Counterclaim**

and

**AGRISOL MANUFACTURING INC. AND BIOFERT NA MANUFACTURING INC.,
COLLECTIVELY DBA BIOFERT, TAHIR MAHMOOD, AMARAN TYAB,
SAIF MAHMOOD, AND FARRAH MAHMOOD**

**Defendants/
Plaintiffs by Counterclaim**

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I. Introduction

[1] The Plaintiff BioFert Manufacturing Inc. brought this action for trademark and copyright infringement against two corporations and four individuals involved in the corporations. The dispute arose after a predecessor company called BioFert Manufacturing went bankrupt in 2015 and the trustee sold its assets to the Plaintiff.

[2] One of the directing minds of old BioFert, Dr. Tahir Mahmood was part of a group that placed a bid for the assets of the bankrupt company. When his group was unsuccessful, he along with others incorporated two new fertilizer companies: Agrisol Manufacturing Inc. (Agrisol) and BioFert NA Manufacturing Inc. (BNA). It is alleged that Agrisol and BNA and the four individual Defendants passed off their business for the Plaintiff's business and infringed trademarks and copyrighted works owned by the Plaintiff.

II. Background

A. *The Parties*

[3] As three individual Defendants share the last name Mahmood, and because there were several corporations mentioned with the name "BioFert," it is helpful to provide a short description of the parties.

[4] The Plaintiff BioFert Manufacturing Inc. ("**new BioFert**" or "**the Plaintiff**") is a British Columbia corporation. It is a subsidiary of a larger agricultural company called Terralink

Horticulture Inc. (“**Terralink**”). Terralink has a head office in Abbotsford and other locations in Delta, Chilliwack, and Calgary (Stan Loewen, page 180; all references to page numbers refer to the trial transcript unless otherwise noted).

[5] Terralink incorporated its new subsidiary in June 2015 for the purpose of acquiring the assets of its bankrupt competitor BioFert Manufacturing Inc. (“**old BioFert**”) from old BioFert’s receiver in bankruptcy. After Terralink acquired the old BioFert assets in mid-2015, old BioFert changed its name to 6703551 Canada Inc. Old BioFert is not a party to this case.

[6] The Defendant Agrisol Manufacturing Inc. (“**Agrisol**”) is a British Columbia corporation which was incorporated in July 15, 2015.

[7] The other BioFert is the Defendant BioFert NA Manufacturing of which the individual Defendants are shareholders will be referred to as “**BNA**”. BNA is a British Columbia corporation with the same shareholders as Agrisol. BNA was incorporated on August 26, 2015. However, in 2016 it ceased operating and its name was changed to 1047090 B.C. Ltd. There are other BioFert corporations in other countries, and when referred to, these other companies will be explicitly described by the country of their corporate registry.

[8] Together Agrisol and BNA will be referred to as “**the corporate Defendants.**”

[9] The CEO of the corporate Defendants is Dr. Tahir Mahmood. His wife, Mrs. Farrah Mahmood, was a director and 50% shareholder for each of the corporate Defendants. Mr. Saif

Mahmood eventually became the managing director and he held a 20% share in each corporation. Saif is not related to Farrah or Dr. Tahir. The third director Mr. Amaran Tyab has held the remaining 30% of shares in the two corporate Defendants since October 2015.

[10] For clarity and simplicity, without any disrespect to the individual Defendants, these reasons will refer to Mr. Saif Mahmood, Mrs. Farrah Mahmood, and Mr. Amaran Tyab by their first names. To avoid confusion, it is worth pointing out that there was testimony about Dr. Saif who was the Defendants' co-worker from old BioFert. Dr. Saif is not a party to this action. Additionally, there is a second Dr. Mahmood. Dr. Tariq Mahmood was involved with the business and was referred to as Dr. Mahmood at times. Dr. Tariq Mahmood is Dr. Tahir Mahmood's brother. To maintain clarity, Dr. Tahir Mahmood will be called "Dr. Tahir" in these reasons and Dr. Tariq Mahmood by his full name.

B. Pleadings

[11] The Plaintiff is the owner of Canadian trademark TMA 854,894 ("the 894 mark"). The Plaintiff says that in the 2015 purchase of assets from old BioFert's receiver it acquired all intellectual property including: the 894 mark; copyright in the logo; the copyright in the "About Us" section on old BioFert's website; the product trademarks; the BioFert name; and all domain names and associated email addresses.

[12] The Plaintiff says its trademark and copyright rights were infringed by the Defendants when the individual Defendants incorporated BNA and began to use the BioFert name and trademarks in conjunction with their Agrisol business. The Plaintiff points to use of the

BioFert.net domain name by the Defendants, which had to be recovered through separate proceedings, along with statements made in marketing materials that created confusion. The Plaintiff argued these activities were contrary to the *Trademarks Act*, RSC 1985, c. T-13, the *Copyright Act*, RSC 1985, c. C-42 and the *Competition Act*, RSC 1985, c. C-34. They asked for declarations, injunctions, costs, and damages including statutory damages under the *Copyright Act* and punitive damages to remedy the situation.

[13] At trial, the Plaintiff abandoned its argument about section 7(c) of the *Trademarks Act*, which involves substitution of goods ordered or requested. The Plaintiff also abandoned its *Competition Act* claim which was focused on misleading statements in the marketplace. This leaves five remaining claims for this Court to consider: trademark infringement (*Trademarks Act* section 20), passing off (*Trademarks Act* subsection 7(b)), misleading description of goods (*Trademarks Act* subsection 7(d)), depreciation of goodwill (*Trademarks Act*, section 22), and copyright infringement (*Copyright Act*, sections 3 and 27).

[14] The Defendants deny the trademark and copyright infringement and specifically deny they ever had control of the BioFert.net domain name after it had expired. They also say as soon as they were served with the cease-and-desist letter they stopped all the actions referred to in the letter before the Pacific Agriculture Show opened to the public the following day. Their other positions include that the Plaintiff does not enjoy goodwill in the trademarks, the Plaintiff is not the owner of the copyrighted works, BNA never made any sales, and the Plaintiff did not suffer damages. The Defendants counterclaimed against the Plaintiff, alleging the registered mark

should be expunged because it is clearly descriptive or deceptively misdescriptive of the Plaintiff's goods.

[15] There was a previous confidentiality order of June 2, 2017 but both parties agreed at the outset of the hearing that it was no longer necessary (pages 24-25).

C. *Legal representation*

[16] Each of the Defendants relied on the Further Amended Statement of Defence and Counterclaim filed by their original lawyers. However, after a series of changes in counsel, in 2018 each of the four individual Defendants declared that they were representing themselves. The corporate Defendants remained represented by Usman Ghani.

[17] One month before trial, Saif brought an unsuccessful motion for leave to represent the two corporate Defendants under Rule 120. His motion was refused because, among other reasons, Saif did not provide clear and unambiguous evidence that the corporations could not afford to pay a lawyer as required by the case law (*El Mocambo Rocks Inc. v Society of Composers, Authors & Music Publishers of Canada*, 2012 FCA 98 at para 4) or that he had authorization to make decisions for the corporations.

[18] On the first day of trial, counsel for the two corporate Defendants asked for permission to be removed as counsel of record. He did not bring a formal motion even though he was aware of the decision a month prior refusing to allow Saif to represent the corporations. Counsel raised two factors: non-payment of fees and a lack of clear client instructions. Given that there was

never a formal motion under Rule 120 to be removed or a notice of change of solicitor form filed under Rule 124 – and it was the first day of a four week trial – I did not find that non-payment of fees or unclear client instructions were sufficient reasons to be removed at the very last minute. Therefore Usman Ghani remained counsel of record for the corporate Defendants throughout trial. After my ruling he informed me that he would not be appearing for the rest of the trial and he did not and the corporations did not have representation.

III. Preliminary Issues

[19] Despite several case management conferences with a case management prothonotary, five motions, a pre-trial conference, and a trial management conference, there were several significant procedural and logistical issues raised at trial as well as countless objections.

A. *Defendants' admissions*

[20] In preparation for trial the Plaintiff served each of the self-represented Defendants with requests to admit facts. None of the Defendants replied to the requests to admit facts within the 20-day window where a response is required in order to avoid a deemed admission under Rule 256. At the start of trial, the Defendants then attempted to withdraw the admissions of fact as they were not familiar with the law.

[21] The Defendants did not explain why they did not respond to the requests to admit facts, which were in the proper form and mentioned that a failure to respond would result in a deemed admission. The Defendants never suggested that withdrawal was required to raise a triable issue

or that it would otherwise be in the interests of justice to withdraw the admission (*Morin v Canada*, 2002 FCT 1312 at para 109). For example Amaran and Farrah said they had no knowledge of some facts but they did not give a deeper reason why the deemed admissions had to be withdrawn. Of course it is acknowledged that none of the defendants have legal training.

[22] Consent is needed from the opposing party or leave of the Court is required to withdraw admissions of fact (*Apotex Inc. v AstraZeneca Canada Inc.*, 2012 FC 559 at paras 20–22). While the Plaintiff by consent and the court's agreement did allow Amaran and Saif to withdraw a few admissions (admissions 11, 81, 85, and 178-184), they did not consent to the withdrawal of the rest of the deemed admissions. The court did not agree to withdrawal of any of the remaining deemed admissions. The Plaintiff submitted a revised list of deemed admissions after these withdrawals, which removed any admissions that were still being disputed, even though some of the removed admissions were never formally withdrawn.

[23] In any event, as the trial progressed it was evident that the ruling not to allow the withdrawal of the admissions did not prejudice the Defendants. The parties entered in to an agreed statement of facts that mirrored most of the admissions. Any other deemed admissions were either not relevant to the ultimate issues or were confirmed by witnesses at trial. These developments confirmed that the Defendants in self-representing themselves and not responding in the end did not suffer prejudice through any of their deemed admissions of fact.

B. *New evidence from Dr. Tahir*

[24] In a letter ten days before the trial began, Dr. Tahir wrote to inform the court that he would like to bring new evidence about the Plaintiff's sales. Then, on the third day of trial, Dr. Tahir announced that he would like to introduce three sets of documents which were not previously disclosed. I allowed Dr. Tahir to present the first two sets of documents which were import/export information for new BioFert in Pakistan and which appeared to be only a few pages in length.

[25] I ruled that this set of documents could be used at trial even though they were only now being produced. I allowed these documents because:

- Dr. Tahir had been trying for a long time to locate and obtain this data from an out of country third-party and only just received the document on November 10, 2019 which was two weeks before trial;
- When he obtained the documents he wrote to the Court regarding the late production;
- Being a self-represented litigant he does not understand the rules and legal process; and
- The Plaintiff would be able to cross-examine the Defendant(s) about the documents to mitigate any prejudice that might have resulted from the late production.

[26] I informed Dr. Tahir that I was not ruling that the documents were admissible but only that he would be allowed to use them when he made his case (page 734).

[27] He ultimately did not rely on these two sets of documents while making his case at trial because apparently, as evidenced in his closing, he had forgot to question himself about them and have them entered as evidence.

[28] The third set of new documents was not allowed as they concerned criminal charges in Pakistan and were going to be used to challenge the credibility or character of one witness. I indicated to Dr. Tahir that the document was not in English and would be difficult to have translated and authenticated at this late stage. Another reason not to allow them was that there was no excuse for late disclosure given that these documents were available for a long time and yet not produced (pages 734–735).

C. *Use of British Columbia Supreme Court (BCSC) transcript to impeach adverse witnesses*

[29] The Plaintiff asked to put forward the discovery transcripts from Kamal Bahga and Imran Ahmad from the ongoing BCSC proceeding of *BioFert Manufacturing Inc. v Agrisol Manufacturing Inc., BioFert NA Manufacturing Inc., Tahir Mahmood, Imran Ahmed and Kamal Preet Singh Bahga*. They also requested the ability to treat Kamal and Imran as adverse. The reasoning for seeking them to be adverse witnesses was that both had been employees at old BioFert and were now at Agrisol working closely with Dr. Tahir. As well the Plaintiff outlined their concerns about the two witnesses' credibility.

[30] The Plaintiff provided the Court with case law supporting their position that adverse witness rules from provincial statutes can be applied in Federal Court given that there is no similar rule including Justice Rothstein's analysis in *Fairford First Nation v Canada (Attorney*

General), [1997] FCJ No. 270 (FCTD). These witnesses were subpoenaed so Rule 12-5(22) of the BC *Supreme Court Civil Rules*, BC Reg. 168/2009 would have allowed them to be treated as adverse in a BC case.

[31] The Plaintiff filed a November 1, 2019 order from the BCSC granting the Plaintiff relief from the implied undertaking of confidentiality to use the transcript from the BC examination “for the purpose of impeaching credibility in the Federal Court Action T-377-16.”

[32] Dr. Tahir did not approve of the Plaintiff’s request to impeach their own witnesses:

Your honour, first of all I have no clue about what she’s talking because this come off the top of my head but one thing I understand because these two gentleman, they are involved in the B.C. Supreme Court case. They have nothing to do with Federal Court case in terms of trademark infringement, whatever.

[33] While Dr. Tahir said that Kamal Bahga and Imran Ahmed had nothing to do with the Federal Court action, they were on the Plaintiff’s witness list for this action. The Defendants said they had no idea that they could have viewed the BC transcripts (or for that matter the examination for discovery transcripts for this action) in advance and they requested time to read the transcripts before Kamal and Imran testified. To the credit of the Plaintiff’s counsel, they helpfully provided the Defendants with contact information for the court reporter who could provide them with the transcripts of these discoveries.

[34] I gave the Defendants time to review these BC transcripts before Kamal and Imran testified, and I later granted the Plaintiff permission to treat them as adverse witnesses and to use the BC transcripts. This was done for the narrow purpose of impeaching credibility and Dr. Tahir

indicated that he understood this. The Plaintiff later filed the whole transcript from Kamal Bahga as Exhibit P36.

D. *Testimony of Yasir Syed*

[35] Yasir Syed had been put forward by the Plaintiff as the proper corporate representative of new BioFert and was examined by the Defendants' legal counsel at an examination for discovery in 2017. He worked for old BioFert with Dr. Tahir before the two business partners had a falling-out and old BioFert went bankrupt in 2015. Mr. Syed then worked for the Plaintiff new BioFert until he left the Plaintiff on bad terms in November 2018. By the time trial began, Yasir Syed appeared on the witness list for the Defendants.

[36] The Plaintiff became concerned that Mr. Syed would reveal privileged information if allowed to testify. The Plaintiff suspected Mr. Syed had been in contact with Saif and had revealed privileged information shortly before the trial. After reaching out to Mr. Syed and receiving only a vague response, the Plaintiff asked the Defendants why they wanted to question Mr. Syed in hopes that Mr. Syed could be prevented from speaking about privileged information. The Defendants' answers were broad and unsatisfactory (for example they wanted to ask about "BioFert Canada" and "question from his discovery"), so the Plaintiff brought a motion heard on December 4 asking that Mr. Syed be excluded from testifying. The Plaintiff cited *Miele v Humber River Regional Hospital*, 2007 CanLII 27757 (ONSC), aff'd 2009 ONCA 350 [*Miele*] but acknowledged there is "little law" with respect to the specific facts of this case.

[37] On December 5, I dismissed the motion and allowed Mr. Syed to be called as a witness. In *Miele*, above, a nurse provided an expert report to the plaintiff after previously working for the defendant hospital during the litigation. The Court removed the plaintiff's counsel from the case, finding it could be inferred that privileged information had flown from the nurse to the plaintiff which could only be remedied with the withdrawal of counsel. The Plaintiff suggested that allowing Mr. Syed to testify would similarly amount to a waiver of solicitor-client privilege, which is the highest privilege known to law and should not be waived in such circumstances.

[38] However the facts of this case are quite different from *Miele*. Given that the Defendants are self-represented, I could not withdraw counsel and was asked to withdraw the "tainted" witness instead. He had already been examined in this action when he was the Plaintiff's representative. I found that allowing Mr. Syed to testify did not in itself violate solicitor-client privilege as Mr. Syed would be warned about privilege and the Plaintiff could object to any questions that asked Mr. Syed to reveal privileged information.

[39] There is no property in a witness, and the Plaintiff had initially intended to call Mr. Syed as a witness before he left their company. The Defendants had already put in evidence Exhibit D3 as a read-in the entire transcript of Mr. Syed from his examination when he was the Plaintiff's representative. With the entire transcript in as evidence the Court was already going to hear Mr. Syed's version of events. When this was all balanced with the need to try and arrive at the truth of the matter and the witness' obvious relevance to the matters at issue I dismissed the Plaintiff's motion. As a safeguard the Court limited his testimony to areas that the Defendants

had previously asked him to testify about: old BioFert sales, new BioFert sales, the 2016 Pacific Agriculture Show and BioFert activities in Pakistan.

[40] There was a fresh dispute about the issue when Saif mentioned that he had been in contact with Mr. Syed recently, but I still allowed Mr. Syed to testify with safeguards in place. Mr. Syed had previously been in contact with Saif to attempt to settle in 2017 and everyone including counsel was well aware that there had been settlement meetings between the two parties (Yasir Syed discovery read-ins at pages 273-274).

[41] The safeguards that were implemented included that all parties were ordered not to contact Mr. Syed again before he testified due to concerns that solicitor client privileged information may be shared. I also granted the Plaintiff permission to re-call their CEO Stan Loewen as a witness to indicate the timeline and nature of the privileged information Mr. Syed would have known from his time working for the Plaintiff.

[42] As soon as I ruled Mr. Syed was going to testify, Saif had him served with a subpoena. When he arrived at Court I had Mr. Syed sworn in so that he would be under oath and admonished the parties that none of the parties would be able to discuss this case with him or even communicate with him until his testimony was finished (page 1236). When he testified, Mr. Syed was told not to answer the question until the Plaintiff decided whether or not to object the question and I ruled on any objection, so that no privileged information would be revealed.

[43] When Mr. Syed was on the stand, the Plaintiff objected to several questions that asked about Mr. Syed's time at new BioFert, and some objections were allowed. The Plaintiff then cross-examined Mr. Syed and later called two other reply witnesses to clarify or contradict some assertions made by Mr. Syed. These measures allowed the Defendants to make full answer and defence to the allegations made by the Plaintiff while still ensuring trial fairness.

IV. Issues

- A. Did the Defendants breach one or more sections of the *Trademarks Act*?
- B. Did the Defendants infringe the Plaintiff's copyright contrary to sections 3 and 27 of the *Copyright Act*?
- C. Should both corporate Defendants be held liable?
- D. Are any of the four individual Defendants personally liable for the infringing conduct of the corporate Defendants?
- E. Counterclaim: should the 894 mark be declared invalid because it is clearly descriptive, or deceptively misdescriptive, of the goods being sold by the Plaintiff?

V. Evidence

A. *Witnesses*

(1) Plaintiff's Witnesses

[44] The Plaintiff called the 13 witnesses in the following order:

- a) Amy Jobson (November 25, beginning at page 101): A paralegal at Norton Rose Fulbright who printed the website documents in the Plaintiff's book of documents. The Defendants did not cross-examine her;
- b) Stan Loewen (November 26, page 138): The CEO of both Terralink and the Plaintiff. Mr. Loewen has worked for Terralink since 1979. He was familiar with old BioFert because they were a competitor in the fertilizer industry before their bankruptcy. His evidence was related to: Terralink's operations; Terralink sales of old Biofert product before they were successful in their bid to buy old Biofert; the acquisition of old BioFert assets from the receiver Bowra Group in 2015; subsequent purchase from the Business Development of the Bank of Canada in November 2015 of further assets and property of old Biofert; steps taken to obtain the corporate name and the domain name; and the Pacific Agriculture Show booth of the Defendants. Mr. Loewen was briefly recalled as a witness on December 10 to prepare the Court for potential issues of privilege relating to the testimony of Yasir Syed;
- c) Gordon Brown (November 26, page 215): Vice-President of Bowra Group which was the court-appointed receiver. His evidence was with regards to the management of old BioFert's assets beginning in May 2015. He was at first not licensed to act as trustee but

later obtained his licence (page 217). His role was to administer Old BioFert's assets. He discussed the bidding process; the bids submitted; the successful bid; the inventory sales before the sale; and the transfer of assets including the corporate name change.

- d) Julia Schmidt (November 26, page 264): The CFO of both Terralink and new BioFert. She is a CPA and she joined the companies in September 2015. Ms. Schmidt testified how she obtained the master data from old Biofert and then created the yearly spreadsheets provided in the Plaintiff's book of documents;
- e) Gurtharan ("Gary") Tiwana (November 27, page 308): He is full time realtor who also is a silent partner in a farm called B&B Bradner Farms Limited. Mr. Tiwana does not do the actual farming but said he looks after the paperwork (page 312). Mr. Tiwana testified that he had bought product from both Old BioFert and Terralink but had not ordered product for 5 or 6 years. He said that in 2015 he was mailed a flyer saying "employees of BioFert were launching Agrisol" (Exhibit P5, Tab 167). Mr. Tiwana said he reached out to Shahzad Nazir at Terralink who clarified which company was which;
- f) Esther Quinlan (November 27, page 317): She works as the inside sales desk representative at Terralink. Prior to this she worked at old BioFert from April 2013 until May 2015 when it went into receivership. At old BioFert she entered sales orders and pulled reports from the accounting system (Citrix). She then worked with Bowra Group from June 2015 to August 2015 during the receivership where she entered orders and did collections. She later joined Terralink in August 2015 and while at Terralink she pulled reports for Julia Schmidt showing old BioFert sales.
- g) Shahzad Nazir Khan (November 27, page 340): Currently works in sales and marketing at Terralink. He came to Canada in 2006 and worked for Old BioFert from February 2007

until Old BioFert went bankrupt in 2015. He then worked for the receiver Bowra Group for about two months in 2015 and then on to new Biofert. With each company he worked in a similar sales and marketing role. He spoke about sales of each company, the transition to New BioFert and the way he had to address confusion in the marketplace, as well as sales strategies;

- h) Naim Mirza (November 28, page 422): Works in marketing for Terralink. Like the previous witness, Mr. Mirza worked at old BioFert from 2007 until the May 2015 bankruptcy when he then was hired by Terralink. He was the marketing manager at old BioFert. He spoke about the sales and division of labour at old BioFert along with the company's marketing efforts;
- i) Gurtaj Sandhu (December 2, page 610): Worked for Terralink from January 2013 to May 2017 as an inside sales representative but now drives a dump truck. At Terralink he said he dealt with customers saying they were getting a cheaper price for BioStix at Agrisol than Terralink. So he posed as a customer and phoned Agrisol where he spoke to a man named Steven to see if he could buy some;
- j) Toby Woo (December 2, page 620): Graphic designer who was the sole owner of a design company called Blue Bananas from 2005 until 2012. He said his partner Ryan George created the logo for old BioFert. In 2016, Toby Woo signed a retroactive copyright assignment to new BioFert. His evidence was that Blue Bananas did not own the logo as it was always his intention for old BioFert to own that logo though they did not assign the IP rights until 2016;
- k) Imran Ahmad (December 2 & 3, page 633): I allowed the Plaintiff to treat this witness as an adverse witness (see above). He testified via an interpreter as he only spoke Punjabi.

He was previously examined in the separate BCSC action. He worked in shipping and receiving at old BioFert and now works in sales at Agrisol. Through an interpreter he was asked questions about Agrisol sales and strategy in the lead up to the 2016 Pacific Agriculture Show;

- l) Kamalpreet (“Kamal”) Singh Bahga (December 3, page 792): I allowed the Plaintiff to treat this witness as an adverse witness. He testified through an interpreter. He was an employee of old BioFert from 2007 to 2015. He was then hired by Bowra Group during the receivership period until September 2015 when another trustee for the remaining assets was appointed. (Kamal Bahga discovery transcript, page 63). Kamal later joined Agrisol in February 2016 (Kamal Bahga discovery transcript, page 76) and currently works in production at Agrisol.
- m) Manjinder Gill (December 3 & 4, page 849): Mr. Gill testified with an interpreter as he speaks Punjabi. He came to Canada from India in 2011 and then worked for old BioFert for “five years” filling fertilizer bags. He then had two years where he was doing pressure washing jobs before he joined Agrisol. He is currently employed by Terralink at a higher wage. He was questioned on a statement he had given as an employee of Agrisol before he had been hired by Terralink that would appear to be obtained for possibly the BCSC action. He testified that he had been told by Kamal at Agrisol to take back the statement and that he had heard Dr. Tahir telling other witnesses what to say during their discoveries (pages 879-880) as well as other events that he said occurred.

(2) Defendants' Witnesses

[45] The individual Defendants each testified on their own behalf without the benefit of legal counsel. Exercising my discretion as set out in Rule 274(2) of the *Federal Courts Rules*, I determined the order that the Defendants would testify in. Then I directed that it would be in the best interests of justice that each Defendant would state the question they were asking first and then answer the question (page 1073). This approach was necessary in case there was an objection to the question, so the objection could be dealt with before the question was answered (page 1080). This method made the testimony more orderly and it focused the Defendants rather than just having them do a long dialogue on the stand. The Defendants were allowed to bring their questions to the witness stand but not the answers. Following the examination-in-chief, the Defendants in the same order as they testified could then cross-examine each other before the Plaintiff did their cross-examination (page 1072).

[46] The only other witness called by any of the Defendants was Yasir Syed who was called by Saif (see Preliminary Issues section (d) at paras 35–43 above). This witness had worked with Dr. Tahir at Grotek Manufacturing before they started as partners at old BioFert. After the old BioFert bankruptcy, Yasir was hired by Stan Loewen and became the CEO of new BioFert. As mentioned above, he had been the Plaintiff's representative at examinations for discovery and was cross-examined by the corporate Defendants' counsel at the time. He later left the employ of the Plaintiff in November 2018. Yasir Syed's entire examination for discovery was read in by the Defendant Dr. Tahir. He was examined in-chief by the Defendants, and then cross-examined by the Plaintiff.

B. *Brief timeline of events*

(1) Creation of old BioFert

[47] Dr. Tahir testified that he worked at Grotek Manufacturing as the Director of Research and Development from 2001 until 2006. In 2006, Dr. Tahir said that he and Yasir Syed left Grotek to create old BioFert which began operating early in 2007 (page 1262). Old BioFert began selling primarily liquid fertilizer products, but later moved towards selling a greater variety of products (page 1268). Dr. Tahir estimated 40 to 50 percent of old BioFert sales went overseas to Pakistan (page 1268). As Dr. Tahir and Yasir continued to grow the old BioFert business, its sales increased each year from 2009 to 2012 (Exhibit P4, Tab 54).

[48] On July 10, 2013, old BioFert registered trademark the 894 mark.

BioFert

“Figure 1”

[49] The 894 mark application listed January 1, 2007 as the date the company began using the mark (Exhibit P2, Tab 14).

[50] Dr. Tahir testified that there were production issues and customer concerns from 2012 onwards which led to a downturn in sales (page 1292). From 2012 to 2013, there was a drop in over \$1 million in sales (Exhibit P4, Tab 54). By late 2014, there were internal issues between the partners at old BioFert which Farrah described as a “cold war” (page 1096).

[51] Yasir Syed confirmed there were severe concerns with product quality in his examination for discovery, saying the reputation of old BioFert had been damaged in 2013 and was further diminished in 2014 (Yasir Syed discovery read-ins at pages 99-101). These quality issues were confirmed by Stan Loewen who said “I heard some things in the market place that were strange” regarding old BioFert products (page 187).

[52] In October 2014, Yasir indicated there was a “tussle” between him and Dr. Tahir and there was a breakdown in relationship between the sales and the production departments (Yasir Syed discovery read-ins at pages 77 and 101). Yasir Syed was the Plaintiff’s representative during the examinations for discovery and explained the breakdown in his relationship with Dr. Tahir (page 175):

I tried numerous times to resolve this. But I did not want to go back to the status quo. My only requirement was that things must be put in black and white...requirements of the system must be fulfilled, and things must be made visible in the system. I will not agree to running the company or being part of the company where one person in his mind and in his diary runs a \$7 million speciality fertilizer company like a ghetto or a sweat shop. I wasn’t willing to do that. That would have been a complete contradiction to my core values, my educational background, and my philosophy to where to take this company in the future.

[53] Yasir contacted old BioFert’s creditors HSBC Bank of Canada (formerly the Hongkong and Shanghai Banking Corporation) and BDC (Business Development Bank of Canada) to alert them about what he saw as financial irregularities. The banks went to great lengths to assist old BioFert to resolve the issues and to settle the internal disputes. This continued from November or December 2014 for a period of four to five months (Yasir Syed discovery read-ins at pages 172-174). Finally it was determined that the issues could not be resolved and the banks

called in their loans of \$1 million to \$1.5 million which ultimately led to the bankruptcy of old BioFert (Yasir Syed discovery read-ins at pages 174).

(2) Old BioFert's bankruptcy and transfer of assets

[54] By early 2015, old BioFert was unable to meet its financial obligations (agreed statement of facts, para 10). Bowra Group was appointed as receiver in May 2015 (Exhibit P3, Tab 35). Old BioFert was declared bankrupt on June 9, 2015 (agreed statement of facts, para 10).

[55] On June 15, 2015, Bowra Group sent a request for offers to purchase (Exhibit P2, Tab 1). Dr. Tahir had a meeting with Saif and Liaqat Ali Khan to talk about making a bid sometime in June 2015 (Dr. Tahir, pages 1359-1360). On July 15, 2015, Dr. Tahir incorporated Agrisol Manufacturing Inc. with Saif, Farrah, and Liaqat as shareholders (agreed statement of facts at para 14).

[56] As Dr. Tahir and his group were preparing a bid on the assets, old BioFert's competitor Terralink incorporated TL Acquisition Corp. with a view to purchasing the assets of old BioFert (Stan Loewen, pages 142-143). Terralink sells "fertilizers, chemicals which would be pesticides or related, and seed products, as well as plastics and sundry other things that growers use" (Stan Loewen, page 181). Terralink is not a party to this action and their financial statements are not in evidence.

[57] TL Acquisition Corp. placed a formal bid on July 18, 2015 (Exhibit P2, Tab 3). After being told to formalize their expression of interest, Dr. Tahir, Liaqat and Saif placed their own

formalbid in July. Saif later met with the receiver Gordon Brown with the deposit cheque at Saif's Asian Rugs business (Saif, pages 1185–1186; see also Gordon Brown, pages 223–224). Saif's deposit cheque satisfied the requirements on the Requests for Offers to Purchase and the group. Saif also met with Gordon Brown at the Bentall Tower on a separate occasion (page 1186). However, on July 22, 2015, Liaqat told Gordon Brown that their offer was being withdrawn (book of read-ins at page 216; Dr. Tahir, page 1485).

[58] By late-July 2015, it was clear that the TL Acquisition Corp bid was successful. On July 21, 2015, Gordon Brown asked Dr. Tahir to execute a name change of old BioFert (Exhibit P3, Tab 40). Since Dr. Tahir did not consent to the name change, the Plaintiff was unable to acquire the name and there was a reduction in the purchase price from \$600,000 to \$575,000 (Exhibit P2, Tab 7).

[59] On July 31, 2015, the contract of purchase and sale was executed as well as an Intellectual Property Assignment and a Trademark Assignment (Exhibit P2, Tabs 4, 8 and 9). This meant all of old BioFert's intellectual property was transferred to the Plaintiff. However, since old BioFert continued to hold onto its old name, the Plaintiff had to choose a different name and became BioFert Manufacturing Canada Inc. on August 4, 2015 (Exhibit P2, Tab 11).

[60] After a BCSC order on August 27, 2015 ordered old BioFert's name to be changed, old BioFert's name was changed to a numbered company on September 1, 2015 (Exhibit P3, Tabs 43 and 44). Then on September 17, 2015, the Plaintiff changed its name to its current form: BioFert Manufacturing Inc. (Exhibit P2, Tab 12).

[61] On November 26, 2015, Terralink acquired all the other assets of old BioFert from BDC, particularly the premises and production equipment (Exhibit P2, Tab 13).

(3) Defendants' business activities in late 2015 and early 2016

[62] After Dr. Tahir's group's bid was unsuccessful, he nonetheless continued on with his plan to re-enter the fertilizer business. Agrisol had already been incorporated, and on August 26, 2015 he instructed Saif to incorporate a second corporation called BioFert NA Manufacturing Inc. ("BNA"). Dr. Tahir was the CEO and the BNA corporation had the same shareholders and directors as Agrisol: Farrah, Saif, and Liaqat (agreed statement of facts at para 15; see also exhibit P51).

[63] From August to October 2015, the evidence was that the Dr. Tahir began planning Agrisol's operations at the house of Dr. Saif, who is seemingly unrelated to Dr. Tahir and Saif Mahmood (Imran Ahmad, page 652). In September or October 2015, Dr. Tahir and Saif met with Imran Ahmad and Kamal Bahga at a restaurant in Surrey, BC (Dr. Tahir, pages 1387– 1388; Imran Ahmad, page 643). Agrisol submitted applications for the Earth Boost and Assist product trademarks on September 10, 2015 at the instruction of Dr. Tahir (exhibits P52 and P53). By September 30, 2015, Dr. Tahir confirmed Agrisol had its list of product names picked out and they were similar to names used by old BioFert (exhibit P62; see also Dr. Tahir, page 1464).

[64] In September or October 2015, Saif introduced Amaran to Dr. Tahir and they discussed Amaran becoming a business partner in both of the corporate Defendants (Amaran, page 1625; Dr. Tahir, page 1365). On October 20, 2015, Amaran replaced Liaqat Khan as a director and

shareholder of both corporations. Amaran later travelled to China and Pakistan with Dr. Tahir to meet suppliers and acquire equipment in November or December 2015 (Amaran, page 1626).

[65] The meetings between the Defendants continued throughout October and November 2015 (Imran Ahmad, pages 657–658). Imran Ahmad’s evidence was that there were meetings 1-3 times per week in November 2015 between Dr. Tahir, Dr. Saif and Kamal (Imran Ahmad, page 653). The witnesses confirmed that both Farrah and Amaran were present at least once at these meetings (Imran Ahmad, page 727; Farrah, pages 1120-1122). Farrah indicated that the meetings around this times were focusing on “which products are going to be launched” (book of read-ins at pages 111–112).

[66] As the Defendants prepared to launch Agrisol they had a difficult time finding a production facility. They attempted to bid on the old BioFert production facilities but as mentioned above the Plaintiff acquired those facilities in November 2015. Amaran testified that in trying to find facilities for their new business, they had great difficulties and “there were a couple of rejections” (page 1619). Eventually in January 2016 they acquired the Agrisol building but there were challenges with getting business permits.

[67] At some point Amaran and Saif each told Dr. Tahir it was a bad idea to use the BNA name but they went ahead with the plan anyways (Dr. Tahir, page 1387; book of read-ins at page 189). In November 2015, Agrisol made its first communications to the public referencing BioFert. On November 22, 2015, in response to an email from a customer Van Manh attempting to reach Yasir Syed, Dr. Tahir replied using a BioFert.net email address saying that “Yasir is no

longer part of Biofert Group” (Exhibit P61). Dr. Tahir acknowledged that other customers were emailed too but none of these emails were produced (Dr. Tahir, page 1437). The employees of Agrisol later sent physical flyers to customers saying the “employees of Biofert” were launching Agrisol (Exhibit P5, Tab 167; see also agreed statement of facts at para 19). The Defendants also prepared marketing materials for the upcoming Pacific Agriculture Show.

[68] On January 20, 2016, Imran Ahmad sent emails to customers promoting the new business (Exhibit P18). Imran said Dr. Tahir had told him “Start contacting people that we can sell the product to” and “So I contacted them” (page 690). Imran sent additional mass emails on January 26, 2016 saying “We will be happy to serve you as previous in BioFert” (Imran Ahmad, page 698; Exhibits P19–P21). Imran confirmed that he “tried to contact or reach out to quite a few greenhouses in Surrey, Abbotsford” with a similar message (page 694).

(4) 2016 Pacific Agriculture Show

[69] January 27, 2016 was the set-up day for the Pacific Agriculture Show in Abbotsford, BC. By this time the Plaintiff was aware of the Defendants’ conduct after being forwarded the January 20 mass email by customer Barb Swash of Otter Co-op who said she was wondering how the Defendants could be both Agrisol and BioFert at the same time. The dispute erupted when the Plaintiff saw that the Defendants were setting up a booth using the BioFert name, and had marketing materials containing the BioFert logo. Stan Loewen testified that “they were setting up their displays and we saw right away as this was going up that the BioFert trademark was on the booth in prominent display” (page 161).

[70] The Plaintiff reacted by handing a cease-and-desist letter to Dr. Tahir (Exhibit P2, Tab 24) at the Pacific Agriculture Show on the day they were setting up before the public could attend. The letter requested that the BioFert.net domain being used on the Defendants' marketing materials be returned to the Plaintiff and requested the Defendants stop holding themselves out as BioFert. Amaran testified that he was with Dr. Tahir when he was served with the cease-and-desist letter, and that he reviewed the cease-and-desist letter and told Dr. Tahir that they should comply with all the demands (pages 1617 and 1632).

[71] The Pacific Agriculture Show began the next day (January 28, 2016) at 9 AM. By this time the displays had been taken down and the BioFert logo was not visible on the podium or anywhere else (Stan Loewen, page 166). The Plaintiff's witnesses confirmed all materials including catalogues, pamphlets and business cards with the Biofert NA logo were no longer at the show when it opened to the public. This overwhelming evidence contradicts deemed admission 171 which seems to inadvertently indicate that the banner in Exhibit P2, Tab 22 was "displayed to the public." I will therefore exercise my discretion to withdraw deemed admission 171 due to the "ample evidence" that the banner was hidden from the public (as was done in *Rajan v Rajan*, 2014 ONSC 5383 at paras 19–25; see also *AstraZeneca*, cited above, at para 20).

[72] Dr. Tahir and Amaran both emailed the Plaintiff and said they wanted to avoid conflict and were complying immediately with the cease and desist letter (Exhibit P2, Tabs 25 and 27). Dr. Tahir testified that he coordinated newly printed catalogues and business cards that did not feature "BioFert" and during the first day of the trade show they received these materials (Dr. Tahir, page 1409).

[73] On January 29, 2016 the Defendants' counsel at the time wrote to the Plaintiff saying they had stopped using the BioFert name and logo, and saying the website belongs "to a foreign entity." The Defendants' counsel said "Mr. Mahmood contacted that foreign entity and advised them of your client's position. We believe that the foreign entity is in the process of amending their website" (Exhibit P2, Tab 28).

[74] Counsel for the Plaintiff later wrote back on January 31, 2016 noting the BioFert.net domain was still outside the Plaintiff's control, and indicating that there were still concerns about the product trademarks being used by the Defendants (Exhibit P2, Tab 29).

[75] By February 2016, Agrisol was up and running and made its first sales (Dr. Tahir, page 1486). The Plaintiff commenced this Federal Court action on March 1, 2016.

(5) The effects of Agrisol's activities

[76] Shahzad Nazir Khan testified about the efforts that he had to take in marketing to correct confusion in the marketplace (pages 349-350). For example he says Gary Tiwana and Barb Swash communicated their confusion to him and he met with them personally to explain the situation and clarify who BioFert actually was (pages 349-350). He also noted that Ripudaman Singh Gill contacted him expressing confusion, but he refused to testify (pages 358-359).

[77] Esther Quinlan and Julia Schmidt gave evidence of the old BioFert sales which they had together obtained from the accounting system (Exhibit P4, Tab 54) as well as new BioFert sales for 2015 and 2016 (Exhibit P4, Tab 75). In 2014, old BioFert sold just over \$5 million in

BioFert-branded products (Exhibit P4, Tab 54). No data was available from January 1, 2015 to July 31, 2015. The receiver Bowra Group was responsible for managing the BioFert inventory from May to July 2015. In the period from July 31, 2015 to July 31, 2016 the Plaintiff performed about \$2.7 million in sales (Exhibit P4, Tab 75). In terms of Agrisol sales, Agrisol began selling products in February 2016 and sold about \$1.6 million in product in 2016 (Exhibit P2, Tab 34). Each of these figures will be relevant for quantifying the losses of the Plaintiff in the damages section below.

VI. Analysis

A. *Did the Defendants breach one or more sections of the Trademarks Act?*

(1) The law on trademark infringement

[78] Section 19 of the *Trademarks Act* provides that the owner of a registered mark has the right to exclusive use of a mark (see Annex A for the full text of relevant legislation). According to section 20(1) a mark is infringed by any person who “sells, distributes or advertises any goods or services in association with a confusing trademark or trade name.” To show a breach of section 20(1) the Plaintiff must provide evidence of a registered trademark and use of a confusing trademark by an infringing party without entitlement or authorization (Phelan J in *United Airlines Inc. v Cooperstock*, 2017 FC 616 at para 30 [*United Airlines*]). Evidence of actual confusion is not required but is helpful (*United Airlines* at para 59).

[79] Section 7(b) of the *Trademarks Act* codifies of the tort of passing off (*Cheung v Target Event Production Ltd.*, 2010 FCA 255 at para 20). It says “No person shall... direct public attention to his goods, services, or business in such a way as to cause or be likely to cause

confusion in Canada, at the time he commenced so to direct attention to them, between his goods, services or business and the goods, services or business of another.”

[80] Section 7(b) requires the Plaintiff to show goodwill attached to a trademark or trade name, deception of the public due to a misrepresentation, and actual or potential damage to the plaintiff (*Kirkbi AG v Ritvik Holdings Inc.*, 2005 SCC 65 at para 66 (citing *Ciba-Geigy Canada Ltd. v Apotex Inc.*, [1992] 3 SCR 120)). An inference of potential damages might be drawn where “two companies engage in the same trade with very similar goods” (Justice Gagné in *Alliance Laundry Systems LLC v Whirlpool Canada LP*, 2019 FC 724 at paras 58–60).

[81] The Plaintiff further relies on section 7(d) which prohibits making a description of goods or services that is “false in a material respect and likely to mislead the public as to (i) the character, quality, quantity or composition, (ii) the geographical origin, or (iii) the mode of the manufacture, production or performance of the goods or services.”

[82] Finally, section 22(1) says “No person shall use a trademark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.” Section 22 requires the Plaintiff to show a registered trademark used in connection with goods and services, that the trademark is sufficiently well known to have goodwill attached to it, that the mark was used in a manner likely to have an effect on that goodwill, with a likely effect of depreciating the value of the goodwill (Binnie J in *Veuve Clicquot Ponsardin c Boutiques Cliquot Ltée*, 2006 SCC 23 at para 46 [*Veuve Clicquot*]). Goodwill is the “positive association

that attracts customers towards its owner's wares or services rather than those of its competitors" (*Veuve Clicquot* at para 50).

(2) Arguments on trademark infringement

[83] The Plaintiff argues that all four sections of the *Trademarks Act* summarized above have been infringed. Regarding section 20, the Plaintiff argues a sale does not need to occur for section 20 to be infringed since advertising is covered by the section. The Plaintiff points to the advertising using the BioFert name and logo in association with its products.

[84] For section 7(b), the Plaintiff argues that by incorporating BNA which had a confusingly similar name and that by holding themselves out as "the employees of BioFert," the Defendants passed off on the Plaintiff's name and trademark. On the first branch of the section 7(b) test the Plaintiff argues there was goodwill in the BioFert name, trademark, and product trademarks. On the second branch, deception of the public, the Plaintiff points to the adoption of the confusing corporate name and the use of "BioFert" in the promotional materials including the BioFert.net website which directed customers to Agrisol. The Plaintiff says these mentions of BioFert were designed to, and did, deceive and mislead the public. The Plaintiff cites evidence of actual confusion from Gary Tiwana and Barb Swash and hearsay evidence from Shahzad Nazir about confusion of other customers. On the third branch, damage to the Plaintiff, the Plaintiff argues there was a loss in sales compared to old BioFert and that there was confusion in the marketplace which needed to be corrected through Mr. Nazir's visits to customers.

[85] The Plaintiff further argues a breach of section 7(d) in that “the Defendants have used and continue to use, in association with goods, a description which is false in a material respect and which is of such a nature as to mislead the public as regards to the character and quality of such goods, and the mode of manufacturing and production of such goods.” The Plaintiff says “the Defendants were attempting to promote their goods and businesses by misleading the public that their goods were the same as previous and produced by the same company as before – i.e. Old Biofert.”

[86] Regarding section 22 the Plaintiff says the Defendants have eroded the prestige, strength, and integrity of the BioFert trademark since the public now associates the mark with both BioFert and Agrisol, or just with Agrisol. The Plaintiff argues BioFert had established significant goodwill and that the Defendants have diminished this. The Plaintiff points to the customer confusion spoken about by Mr. Nazir and asks the Court to infer that other customers who did not call Mr. Nazir would also have experienced confusion.

[87] The Defendants do not argue that they did not use a confusing trademark by holding themselves out as BNA and using the BioFert name. Instead, Dr. Tahir argues the BioFert trademark is “not valid.” This argument will be addressed in the Counterclaim section below (paras 181–186).

[88] Dr. Tahir’s main argument against passing off is that there was no goodwill and reputation left in the old BioFert name. He points to Yasir Syed’s evidence about quality control issues and customer concerns (Yasir Syed discovery read-ins at page 99) as well as lawsuits, the

bankruptcy, and the fact that the Plaintiff did not pursue certain existing old BioFert customers. Dr. Tahir also puts forward that customers are not loyal to any single company and all farmers shop around for a good price, but even if this is true this does not provide a defence for passing off goods so this argument cannot succeed.

[89] Dr. Tahir's position is also that there was no goodwill in the Plaintiff's BioFert trademark, and there was "no confusion in the market created by Agrisol or its employees" since the customers who were confused never purchased products from Agrisol.

(3) Analysis of trademark infringement

[90] I find that the necessary elements to find infringement, as set out in the law on trademark infringement section above, have been met for the following reasons.

(a) *Goodwill*

[91] Despite the arguments set out by the Defendants (above at paras 87–89), I accept that there was goodwill in the BioFert name and logo. The Plaintiff's parent company Terralink saw the value of the BioFert brand, and Stan Loewen called old BioFert a "solid competitor" and a "force to be reckoned with" (page 187). The marketing efforts to establish goodwill in the BioFert brand were discussed by several witnesses, for instance Julia Schmidt who indicated old BioFert spent about \$40,000 yearly on its marketing and promotions in addition to employing a full-time marketing manager (pages 283–285) and Naim Mirza who described the thousands of marketing materials that were distributed (pages 434-436). Yasir Syed estimated it was five to

six trade shows a year that old BioFert attended and perhaps even more (Yasir Syed discovery read-ins at page 158). They also advertised on Punjabi radio (Naim Mirza, page 553) and a Vancouver Sun article from 2010 further shows the reputation in the market of the BioFert brand (Exhibit P5, Tab 138). In addition as Gordon Brown discussed, there was demand for BioFert products from the receiver even without offering much of a discount as is usual in liquidation scenarios.

(b) *Corporate name, trade names, and registered trademark*

[92] In the agreed statement of facts the parties agree that old BioFert carried on business under the corporate name BioFert Manufacturing Inc. and using the trade names “BioFert” and “BioFert Manufacturing.”

[93] Bowra Group did not obtain the corporate name when they were the trustees. Stan Loewen’s evidence was (page 147):

9	Q	And why was the purchase price
10		changed?
11	A	The purchase price was changed
12		because we, TerraLink Acquisition Limited, did not get
13		the name that we should have, BioFert Manufacturing name
14		and that was a key factor to us and so our lawyers
15		negotiated with the receiver for the reduction in the
16		price.

“Figure 2”

[94] The purchase price dropped by \$25,000 to reflect the lack of access to the corporate name. The obstacle preventing them from using the name was that Yasir Syed signed off but it was necessary for both him and Dr. Tahir to consent to the change as it required a special resolution. Dr. Tahir refused to consent and this meant that the Plaintiff had to adopt and do business under the name BioFert Manufacturing Canada Inc. August 4, 2015 (Exhibit P2, Tab 11). The Plaintiff then had to obtain a court order dated August 27, 2015 permitting the name change to occur with only Yasir's consent (Exhibit P3, Tab 43). On September 1, 2015, old BioFert's name was changed to a numbered company (Exhibit P3, Tab 44) and the Plaintiff was finally able to use the corporate name BioFert Manufacturing Canada Inc. which it adopted on September 17, 2015 (Exhibit P2, Tab 12).

[95] As the Plaintiff struggled to obtain its current name, the Defendants adopted a confusing corporate name BioFert Manufacturing NA which referred to "North America." Dr. Tahir asked Saif to register the BNA name and Saif did so in August 2015. This corporate name was very confusing especially when placed on a logo that is almost identical to the Plaintiff's logo:



"Figure 3"



"Figure 4"

[96] The name of BioFert Manufacturing Inc. NA incorporated by the Defendants is confusing to the name used by new BioFert. The argument that there were many other companies called BioFert (Dr. Tahir gave evidence of one incorporated by his cousin in the USA as well as one in Pakistan and in other countries) does not relieve the Defendants from liability for the infringements related to the name BioFert.

[97] The trade names “BioFert” and “BioFert Manufacturing” were used by the Defendants from November 2016 until January 2016 but they have not been used following the cease-and-desist letter.

[98] As noted above, Agrisol sent out promotional flyers throughout late 2015 or early 2016. Dr. Tahir estimated 60 to 70 flyers were hand delivered and another 10 to 25 flyers were sent to farmers in the mail (book of read-ins at page 221). An email from Imran Ahmad with a draft flyer attached to a variety of Agrisol employees is dated December 11, 2015 and was sent in late 2015. The first two paragraphs of the flyer are replicated below (red circle added):



“Figure 5”

[99] Then on January 20, 2016, Imran Ahmad on instruction from Dr. Tahir sent out mass marketing emails to farmers the week before the Pacific Agriculture Show (page 686). These flyers confusingly referred to Agrisol as being started by employees of Biofert Manufacturing Inc. Evidence of this was an email to Barb at Otter Co-op that is reproduced below. Imran did not know Barb Swash when he sent out the mailings and even at trial did not know if “Barb” was a man or woman (page 690):

We, the **employees of BioFert Manufacturing Inc.** has. launched Agrisol Manufacturing Inc. besides Manufacturing Inc. NA and we are offering special price for Granular fertilizers particularly Urea 46-0-0 at the moment. We will be happy to serve Otter Coop as previous. [*emphasis added*].

[100] Imram on guidance from Dr. Tahir (page 691) sent out additional marketing emails to greenhouse customers with the Agrisol label and banner on January 26, 2016 offering a price list and saying “We will be happy to serve you as previous in **BioFert**” (Exhibits P19-P21) [*emphasis added*]. Imran confirmed he sent these emails to “quite a few greenhouses in Surrey, Abbotsford” but does not remember the exact number of customers he sent it to (pages 694-695).

[101] I do not accept Dr. Tahir’s argument that “we the employees of BioFert” really was just a language misunderstanding as they meant ex-employees of Biofert given that Imran had a “lack of English understanding” (Dr. Tahir’s closings at page 4; Imran Ahmad, page 759). The email to Barb mentions serving Otter Co-Op “as previous” while the flyers say “We have been serving farmers since 2007.” Agrisol had only begun operating in 2015 and had not made a single sale at this time so there was no way for either of these comments to have been true and this is not a linguistic mistake.

[102] Even though I find these were not targeted emails to old BioFert customers to steal clients from new BioFert and just marketing to farmers and greenhouses in the sales area, these emails and flyers were infringements. The way that Agrisol alluded that the Defendants still being BioFert is confusing — end of story.

[103] The evidence showed confusion did occur including for Barb Swash at Otter Co-Op who forwarded the email to Shahzad Nazir Khan at Terralink saying “I am curious that how they are called Biofert and Agrisol at the same time” (Exhibit P5 at Tab 161). Shahzad then forwarded Barb’s email along to Stan Loewen and others at Terralink expressing concern about confusion among customers. Barb was clearly aware the Plaintiff was the true BioFert given the text of her email, the fact she chose to reach out to Shahzad, and the Defendants’ response to an undertaking saying “No email was received from anyone at Agrisol from Barb at Otter Co-op in the December 2015 to February 2016 timeframe” (book of read-ins at page 206, response to undertaking 66). Similarly, Gary Tiwana testified that he saw the promotional flyer and “thought the BioFert was changing their name. So I wasn’t sure. So I called Shahzad Khan to inquire about it” (page 310). Shahzad explained the confusion about the companies to Mr. Tiwana (page 311).

[104] Even though the Plaintiff does not need to prove the actual confusion, the Plaintiff asks me to accept the hearsay evidence of Shahzad Nazir that other unknown farmers also contacted him saying they were confused such as Ripudaman Singh Gill. However, there is already persuasive and more reliable evidence of actual confusion of Barb Swash and Gary Tiwana, and it is clear that other customers would likely have been confused and misled by the Defendants’

activities. I find that the flyers and emails were infringing by passing off because Agrisol was holding themselves out as BioFert or at a minimum the word BioFert was used in a confusing manner.

[105] The corporate name and trade names were also featured on the BioFert.net website (discussed below) which went online during January 2016 (agreed statement of facts at para 20; Stan Loewen, page 159). There is evidence that the Defendants were told to take down the website immediately in the cease-and-desist letter on January 27, 2016. Stan Loewen confirmed the website was taken down by the end of January 2016 (page 168) though it may have come down sooner as the Plaintiff had not been checking the website on a daily basis.

[106] The Defendants gave evidence that only Agrisol continued to do business after the January 2016 cease-and-desist letter and not BNA. BNA still exists as a corporation though the Plaintiff did not show it has been used in any manner since January 2016 and it changed its name to a numbered company in August 2016.

[107] In addition to being the rightful owner of the BioFert name, the Plaintiff acquired the registered trademark for the BioFert word (depicted at Figure 1) from old BioFert on July 31, 2015 pursuant to the IP assignment (Exhibit P4, Tab 52 at page 376). However it did not formally transfer the registered mark with the Canadian Intellectual Property Office until March 22, 2016 (Exhibit P4, Tab 53 at page 386). Still, there is no question that the mark was not Dr. Tahir's to use. The Defendants' use of the BNA name and its use of the "BioFert" trade name in the promotional materials referenced above infringed the registered trademark shown at Figure 1.

[108] Dr. Tahir attempted in the Counterclaim to have me believe that this registered mark should be found invalid. This argument is not successful and Dr. Tahir's validity arguments will be addressed in the Counterclaim section below.

(c) *Logo*

[109] In the agreed statement of facts the parties agree that old BioFert carried on business using logo depicted in Figure 3 (see copyright analysis below for information about creation of the logo). The logo used by the Defendants, shown in Figure 4, is nearly identical.

[110] The infringing logo was used in the catalogues, leaflets, a podium and a banner in the setup before the Pacific Agriculture Show in January 2016. The Defendants had ordered the podiums in December 2015 (Exhibit P8). The logo at Figure 4 was later used on the website but only during a brief period in January 2016 as discussed above. The logo was featured on product labels as referred to in the product trademarks section below.

[111] In addition, the logo was printed on double-sided business cards which all witnesses confirmed were made for the 2016 Pacific Agriculture Show (Imran Ahmad, page 706; Dr. Tahir, page 1421; see also Exhibits P24-P26 and P58-P59). One side featured an Agisol logo and the other featured the BNA logo amongst other information. The business cards were destroyed after receiving the cease-and-desist letter and the evidence was that these cards were never used (Imran Ahmad, page 707). As noted above, the Defendants replaced the cards with new business cards part way through the first day of the show. Imran Ahmad estimated that they received the new business cards between 12:00 and 2:30 pm, while Dr. Tahir estimated it was between 1:00

pm and 2:00 pm (Imran Ahmad, page 709; Dr. Tahir, page 1409). I accept that these cards were replaced with non-infringing cards on the first afternoon of the show.

(d) *Product trademarks*

[112] In the agreed statement of facts the parties agreed old BioFert used the following product trademarks: GreenUp 0-0-15, Earth Boost, Heavy Weight +0-0-25, Frost Guard, Nitro Fish 6-3-5, Sea Bloom, Sea Gro, Assist +0-24-25, Crop Conditioner+, Root Conditioner, and Cal-O+ 0-0-6Ca. In their pleadings the parties disputed whether some of these products were also sold by other BC companies, with the Plaintiff demanding the Defendants to prove they were used by other companies, and alternatively arguing that any use was minor and did not detract from the goodwill. The parties did not lead evidence of use by others at trial. The uncontradicted evidence is that these were old BioFert product trademarks, and I find the Defendants' use of these unregistered product trademarks when they were doing business as BNA contributed to the passing off.

[113] Before the Pacific Agriculture Show, these product trademarks could be found in product catalogues (Exhibit P27), pamphlets (Exhibits P15 and P16), and photographs (Exhibit P5, Tabs 163 and 164). However, these materials referencing product trademarks were not used at the trade show so these infringements ended by January 27, 2016.

[114] Furthermore the BioFert.net website offered many of these products for sale for part of January 2016 but as noted above the website was removed shortly after the cease-and-desist letter (Exhibit P4, Tabs 76-86; see also agreed statement of facts para 20).

[115] There is also evidence Dr. Tahir applied for product trademarks for Earth Boost and Assist on September 10, 2015 (agreed statement of facts para 16; Exhibits P52 and P53). He later wrote to CIPO saying he was abandoning these applications on June 14, 2016 (Exhibits P52 and P53). These trademarks had been transferred to the Plaintiff in the Intellectual Property Assignment from the time of the sale of assets (Exhibit P2, Tabs 4 and 8) and I find that the Defendants' use of these product trademarks added to the confusion and were yet another instance of passing off.

(e) *BioFert.net website*

[116] In the agreed statement of facts the parties agreed that old BioFert operated a website associated with the domain name <Biofert.net>. The website described the BioFert business and used the 894 mark, the BioFert logo and the product trademarks listed above at para 112.

[117] As I have indicated above, infringing content was displayed on the BioFert.net website for a brief period in January 2016. The issue of possession of the BioFert.net domain name is dealt with below. Setting aside for now this separate issue of how the Defendants acquired the ability to post content to the BioFert.net domain name, the BioFert.net website contained a number of infringements including the BNA name, the BioFert trade name, the logo, product trademarks, and copyrighted works. The BioFert.net website was referenced on the business cards prepared for the trade show but these were never used, as well on a banner prepared for trade show that was never used.

[118] These online infringements ended in January 2016 as confirmed by Stan Loewen (pages 167-168) and as reflected by the Plaintiff's email of January 31 noting "the initial revisions" to BioFert.net "made so quickly upon receipt of our letter" (Exhibit P2, Tab 29). The website was put into maintenance mode saying "Sorry for the inconvenience. Our website is currently undergoing scheduling maintenance. Thank you for your understanding" (Exhibit P4, Tab 87). It also contained a "subscribe" button. There was no persuasive evidence about where the "subscribe" button went.

[119] The domain name where the website was hosted was transferred to the Plaintiff pursuant to the November 2017 decision regarding the Plaintiff's Uniform Domain Name Dispute Resolution Policy complaint. Now, if someone goes to BioFert.net it redirects them to the Plaintiff's website of BioFert.ca (Naim Mirza, page 568).

(f) *BioFert.net email addresses*

[120] The Defendants also began using email addresses associated with BioFert.net in emails with potential customers starting with a November 22, 2015 email from Dr. Tahir to Van Manh. Van Manh contacted Syed@**Biofert.net** asking why the **BioFert.net website** could not be viewed. Dr. Tahir replied "Hello Manh For your info Yasir is no longer part of BioFert Group. For any query [people] are to contact me. Thanks and best regards" (Exhibit P61; deemed admission 189). Dr. Tahir in cross-examination confirmed he was able to send and receive emails using the BioFert.net address (pages 1436 and 1437). The use of email addresses containing the word BioFert further shows that the Defendants were passing themselves as for BioFert by associating their business with the word BioFert in a misleading manner.

(g) *Domain name*

[121] In the January 2016 cease-and-desist letter discussed above, the Plaintiff asked the Defendants to take down the BioFert.net website and transfer control of the BioFert.net domain name to the Plaintiff. The content on the website was removed after this request. While it is clear that the Defendants had some ability to direct the posting of content to the website, Dr. Tahir disputes having control over the domain name. In discovery, Dr. Mahmood said it was a freelance web developer named Muhammad Shabir who actually uploaded the content (Dr. Tahir read-ins, response to undertaking 78 at page 207).

[122] The Plaintiff submitted a DomainTools report showing the history of the BioFert.net domain name and the email address of the domain name's registrant at different points in time (Naim Mirza, pages 501-502). The time spans between the reports vary. Old BioFert had used the BioFert.net domain name from 2007 to 2015 and even though it held other domain names Naim Mirza said all other domain names redirected to BioFert.net (page 533).

[123] Dating back to 2007 the "WhoIs record" in the DomainTools report shows Naim Mirza listed as the "tech name" (Exhibit P5, Tab 166 at page 870). Naim Mirza indicated that his name was listed because "I was involved in the hosting and partly the design and content of the website" (page 503). Meanwhile, the administrative email was Mahmood@BioFert.net and Naim Mirza said that address belonged to Dr. Mahmood (page 503). The same contact information appeared for subsequent reports until November 29, 2014 when the registrant email was instead webmaster@BioFert.net (Exhibit P5, Tab 166 at page 820). Naim Mirza indicated that "The web

master was an alias that came to my email” (page 504). At this point the registration expiry date was listed as July 24, 2015 (Exhibit P5, Tab 166 at page 820).

[124] The domain name was part of the assets transferred to the receiver Bowra Group. Naim Mirza indicated that he handed over the password to the receiver Bowra Group sometime in May 2015 (page 562). Interestingly, on the July 22, 2015 report, the WhoIs information showed ahmad@biofert.net as the registrant email rather than Naim Mirza’s addresses which typically appeared on the registrant line (Exhibit P5, Tab 166 at page 818). Naim Mirza said he did not know this email address and he was not responsible for its creation (pages 505-506). The registration expiry date was still listed as July 24, 2015 but an “updated date” was listed as July 15, 2015, suggesting the change in registrant email address had recently taken place (Exhibit P5, Tab 166 at page 818).

[125] A few days later, the next DomainTools report dated July 25, 2015 revealed the registrant to be “contact@privacyprotect.org” and the registrant is listed as a Privacy Protection Service called PrivacyProtect.org in Queensland, Australia (Exhibit P5, Tab 166 at page 816).

[126] Another change was that the registration expiration date was now listed as July 24, 2016 (Exhibit P5, Tab 166 at page 816). This was exactly one year after the earlier listed expiration date. Naim Mirza said the reason it would be the exact same date from the previous year is that the domain was renewed before it was allowed to expire (page 515). Naim Mirza further testified that when a domain expires, “it goes through an expiration process and has a certain grace period for the original registrant to renew before it’s deleted” (pages 512-513). If the original owner

wants to renew it during the grace period then they can renew it, otherwise there is an expiration process of 30 to 40 days before someone new can register it (page 513). He later indicated that he was discussing ownership of the domain itself not just the hosting on the domain (page 566). So the evidence was consistent with the domain name having been transferred and then renewed rather than expiring.

[127] Stan Loewen testified that in July 2015 “we realized that the expiry date of the domain was coming up and so we talked to Gordon Brown of the Bowra Group about ensuring that it got renewed and that it wouldn’t expire... he was unsuccessful and the domain did go into some other party’s hands at that time” (page 156). The Plaintiff’s witnesses confirmed that Gordon Brown was unsuccessful in asking the domain registry PublicDomainRegistry.com who had control over the domain name because there was a privacy shield (Stan Loewen, pages 196-197; Gordon Brown, pages 233 and 249-250; Naim Mirza, pages 507-508). Gordon Brown confirmed there was no information available to take further steps to contact the owner of the domain so there were no other efforts that they could take to get the domain back (page 263).

[128] Dr. Tahir denies being responsible for the domain name transfer. He says his father-in-law Javed Aziz in Pakistan reached out to an individual in Pakistan named Adnan Ahmed who owned the domain name BioFert.net (pages 1426 & 1494). Dr. Tahir says that Adnan’s name was discovered based on WhoIs information around August, September, or October of 2015 (pages 1428-1429). His evidence on how he discovered Adnan Ahmad was behind the domain name was unclear given that the WhoIs information only disclosed “Ahmad@biofert.net.” In discovery Dr. Tahir gave evidence that his father-in-law said “it was an individual named Hassan

Ahmad, an IT services provider at a textiles company where Mr. Aziz is the general manager, who obtained the contact information of Mr. Adnan” in August or September 2015 (book of read-ins at page 208, response to undertaking 81).

[129] In discovery Dr. Tahir explained that his father-in-law paid 250,000 rupees (approximately \$3,000.00 Canadian) for access to the BioFert.net domain name and email addresses associated with the domain name (book of read-ins, sidebarred at 249; currency exchange details are stated above the read-in and are cited here for context). Dr. Tahir said this domain name would be used “towards the domain hosting for BioFert Manufacturing Private Limited” in Pakistan (book of read-ins at pages 248-249). However, on cross-examination Dr. Tahir acknowledged that he planned to use BioFert.net as an online address for the corporate Defendants and not for the Pakistan company, and he admitted that he prepared marketing materials for the corporate Defendants featuring BioFert.net on them (1429-1430). Dr. Tahir testified that he got control of the Mahmood@BioFert.net email account because his father-in-law “gave access to me” (page 1494). Once he got access to the BioFert.net emails, he said whatever emails came to email addresses ending in BioFert.net were sent to his Mahmood@BioFert.net email account and he admitted he would have seen any emails that came to the address in January 2016 (book of read-ins at pages 242-243).

[130] As I have noted a few times above, the parties agree that a website became active on the BioFert.net domain around late January 2016 (agreed statement of facts at para 20; see also Stan Loewen, page 159). The parties again differed on who was responsible for the content of this website. The Plaintiff says it was the Defendants. On the other hand Dr. Tahir maintains that he

had never actually seen the website until he was served with the cease-and-desist letter even though the website featured Agrisol's address and phone number and made no reference to BioFert Pakistan (pages 1430-1431).

[131] Dr. Tahir gave evidence that he did not remember exactly what happened after receiving the cease-and-desist letter. At first he testified that he told his business partners it was made by "the Pakistan guys" but when he was shown his transcript from discovery he confirmed that he never actually told his business partners this (page 1433). In any event the website was taken down by the end of January 2016 but the domain name remained outside the Plaintiff's hands.

[132] The privacy protection information continued to appear on the WhoIs entries from July 25, 2016 to July 26, 2016 (Exhibit P5, Tab 166 at pages 780-817). Then, on September 16, 2016, the WhoIs report was no longer privacy-protected (Exhibit P5, Tab 166 at page 778). Instead, it listed the registrant as Muhammad Adnan with a listed address in Lahore, Pakistan and an email address of biofertpk@gmail.com (Exhibit P5, Tab 166 at page 778). The same information is repeated below for "admin name" and "tech name." Naim Mirza said these details appeared "probably because it's no longer behind a privacy protection" (page 509). This revelation caused the Plaintiff to add Muhammad Adnan as a defendant to this action in October 2017.

[133] Since BioFert.net was inaccessible the Plaintiff had to alter its marketing plan. Naim Mirza indicated that "because it had been used in the market for so long and all the marketing material had that website address" they would have liked to have used BioFert.net (page 442). Instead, the Plaintiff chose to use BioFert.ca (Naim Mirza, page 499). The Plaintiff had to

commence a separate domain name proceeding to recover control of the Biofert.net domain name in November 2017 (agreed statement of facts at para 27). The Plaintiff never located Muhammad Adnan so he was removed as a defendant in October 2019. To this date the Plaintiff is using BioFert.ca and BioFert.net simply redirects to BioFert.ca (Naim Mirza, page 534).

[134] Due to the privacy protection shield in place, I am unable to conclude on a balance of probabilities that Dr. Tahir “stole” the BioFert.net domain name from the Plaintiff. It is unclear who transferred control over the domain name and then renewed it to prevent the Plaintiff from taking possession of the domain name. However, Dr. Tahir has acknowledged receiving emails sent to BioFert.net accounts using his Mahmood@BioFert.net account after his father-in-law gave him access. I find, on a balance of probabilities, that Dr. Tahir directed the material posted to the website in January 2016 based on the following facts:

- Dr. Tahir admitted that in late 2015 he was planning to use BioFert.net address for the corporate Defendants’ online address (page 1429);
- The business cards, podium, brochures, and handouts that were prepared for the January 2016 trade show included the BioFert.net domain on them, confirming an intention to use that domain name as part of the corporate Defendants’ business (pages 1429-1430);
- Dr. Tahir admits every email sent to the BioFert.net domain name came to his Mahmood@BioFert.net account, further suggesting the corporate Defendants planned to use BioFert.net as their website (book of read-ins at pages 242-243);
- The address, phone number, and fax number listed on the contact information section belonged to Agrisol in Aldergrove, BC and not a Pakistan company (page 1431; see also Exhibit P4, Tab 83 at page 435);

- The website was taken down shortly after the cease-and-desist letter, suggesting the Defendants at least had some control over the content;
- Dr. Tahir's testimony on his the actions after the cease-and-desist letter was vague and unhelpful. Also, Dr. Tahir did not produce the emails between him and Irfan Ali related to BioFert.net which the Plaintiff had requested (pages 1393-1394); and
- For the other website Dr. Tahir was operating on the domain name Agrisolinc.com. Dr. Tahir's evidence was "Irfan was taking care of that website" but Dr. Tahir was "managing" it (page 1496) and for other changes to marketing materials Dr. Tahir instructed Irfan Ali in Pakistan to make the changes (Imran Ahmad, page 714).

[135] These facts allow the Court to find on a balance of probabilities that Dr. Tahir sent and received emails from his Mahmood@BioFert.net account and directed the posting of content to the BioFert.net website which contained infringements.

(4) Alleged infringements that were **not** proven on a balance of probabilities

[136] There are some other activities that the Plaintiff put into evidence that could also have constituted trademark infringement but were not successfully proven on a balance of probabilities:

- The Plaintiff claimed someone on the phone at Agrisol named Steven failed to correct Gurtaj Sandhu when he posed as a customer and asked for "BioStix," which was now a new BioFert product and had been an old BioFert product. Agrisol sells Agri Stix which is a similar product. Gurtaj Sandhu said Steven told him that Agrisol was carrying the same BioStix that Terralink was selling (page 614). However, Dr. Tahir said Agrisol

employees did not bring up the subject of old BioFert and when asked if this was BioFert they were told to respond “no this is Agrisol, how can we help you” (book of read-ins at page 208, response to undertaking 85). The Plaintiff has not shown that there were infringements on the phone or that anyone named Steven actually worked for Agrisol or BNA.

- Agrisol registered phone and fax numbers that had been used by old BioFert for two years in Aldergrove. The phone number was 604-607-1344 (Imran Ahmad, pages 753-754; Kamal Bahga, pages 819-820; Dr. Tahir, pages 1390-1391). However this was done five months after new BioFert took control of all old BioFert assets and no efforts were made by the receiver or by new BioFert to secure control over these numbers. Further Stan Loewen confirmed he had not checked whether that area code could in fact be used by Terralink in the Abbotsford facilities and Dr. Tahir suggested physical location could have been an obstacle for the Plaintiff using the area code in this phone number (Stan Loewen, page 194; Dr. Tahir, page 1481). In any event Dr. Tahir suggested it was uncommon for customers to make phone orders: “they never called most of the time. It was only companies, our vendors, they called... Customers, they called cell phone majority of the time. It is the vendors, they call those numbers from where we purchasing all the material” (book of read-ins at page 194). Dr. Tahir further noted “Agrisol receives very few faxes, maybe 1 or 2 per season or less, and no one at Agrisol recalls having received a facsimile from any customer” (book of read-ins at page 209, response to undertaking 89). The Plaintiff has not satisfied me that this was an infringement;
- The Plaintiff asked me to infer that the infringing catalogues had not been edited in the way that Dr. Tahir claimed in time for the trade show, however the Plaintiff did not

convince me or provide any evidence that any infringing catalogues were distributed or used in Canada after the cease-and-desist letter. The Defendants convinced me that it would have been possible to make these changes in a short timespan which Dr. Tahir seems to have coordinated with Irfan Ali in Pakistan;

- A BioFert catalogue was reportedly found in Pakistan in September 2017 (Mr. Syed's testimony, pages 1594-1600) but the Plaintiff has not provided sufficient information for this to be found to be part of the infringements;
- There were also allegations that Kamal Bahga stole mixers from old BioFert to use in Agrisol but this has not been proven on a balance of probabilities and is likely a matter related to the BC Supreme Court action and not related to this action.

[137] However even though the Plaintiff did not prove these things, they have still shown trademark infringement based on the analysis above at paras 92 to 135. The Defendants' activities constituted trademark infringement, passing off, and making misleading descriptions of their goods. I also find that the Defendants infringed the Plaintiff's registered trademark in a manner that was likely to depreciate the value of goodwill, as customers would have associated the registered 894 mark with the businesses of both the Plaintiff and the Defendants.

[138] I conclude that the Defendants breached sections 20, 7(b), 7(d) and 22 of the *Trademarks Act*.

B. *Did the Defendants infringe the Plaintiff's copyright contrary to sections 3 and 27 of the Copyright Act?*

[139] Section 3(1) of the *Copyright Act* defines copyright as “the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever...” and includes the sole right “to authorize such acts.”

[140] Once copyright has been established, the question becomes whether the copyrighted material was reproduced in a manner contrary to section 27(1) of the *Copyright Act*. Section 27(1) simply states that “It is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do.”

[141] The Plaintiff pled that they owned the copyright in the BioFert logo (Figure 3) and the About Us section of the BioFert.ca website and that the Defendants infringed both.

[142] The Plaintiff submitted an assignment of copyright in the logo dated February 28, 2016 and signed by Toby Woo of the now-dissolved company Blue Bananas to New BioFert (Exhibit P5, Tab 160). The Plaintiff argued that this “confirms on a nunc pro tunc basis the intention of the parties that the ownership of the copyright of the BioFert logo vested in Old BioFert as of creation of the work, whose assets – including all intellectual property – were then transferred to the Plaintiff.”

[143] In the Amended Statement of Defence and Counterclaim, the Defendants pled that the Plaintiff does not own the logo and the About Us page (para 16). The Defendants allege that the designer of the logo pictured in Figure 3 did not assign the logo to New BioFert. Dr. Tahir alleges that as no documentary evidence was adduced by the Plaintiff regarding creation of the logo or invoicing by Blue Bananas for creation of the logo, the assignment is not authentic.

[144] I do not accept this argument and I find that the Defendants infringed the two copyrighted works owned by the Plaintiff without permission or authority.

(1) Ownership of the logo

[145] Beginning with the first copyrighted work of the BioFert logo, conflicting evidence was led concerning who was the original creator of the old BioFert logo. Toby Woo's evidence was that his partner at Blue Bananas, Ryan George, designed this logo (page 622). Blue Bananas was in existence from 2005 until 2012 when it ceased operating. No documentary evidence including draft logos or emails or invoices by either party regarding authorship was presented. Moreover, Mr. Woo's evidence was he did not know old BioFert had gone bankrupt when he signed the assignment.

[146] Conflicting with Mr. Woo's evidence is the evidence of Yasir Syed and Dr. Tahir who both say a graphic designer named Tanya developed the logo and not Blue Bananas (Dr. Tahir, page 1263). Tanya has an unknown Russian last name, possibly Sultana, and worked with Dr. Tahir and Yasir at Grotek before they created old BioFert (Dr. Tahir, page 1263; Yasir Syed discovery read-ins at page 17). The evidence was that though she worked at Grotek she did

private work at home as she had been diagnosed with cancer (Dr. Tahir, page 1263). During discovery, Yasir further suggested that Ryan George would have created two or three concepts for the logo and then that Tanya improved the logo and that Tanya's version of the logo was used when Blue Bananas then created the website and possibly the business cards (Yasir Syed discovery read-ins at pages 58-62 & 144-146).

[147] Where the evidence is not at odds is that Blue Bananas did design artwork for old BioFert from 2005-2007 (Toby Woo, page 623) and has never worked for new BioFert (Yasir Syed discovery read-ins at page 150). Also there was no dispute that if Blue Bananas did design the logo that the logo was to be owned by old BioFert and not the artist (Toby Woo, page 623). There was no dispute that there had been no assignment signed by old BioFert and Blue Bananas. Finally there is no dispute that there is a document labelled "copyright assignment" in evidence signed by Toby Woo on behalf of Blue Bananas on February 28, 2016 which was two days before the Plaintiff filed its statement of claim (Exhibit P5, Tab 160).

[148] I will rely on Yasir Syed's evidence on this point as he was in charge of marketing when old BioFert was formed and would have the best recollection. As Mr. Syed indicated, the logo was created by both Tanya and Ryan George for the use of the old BioFert business.

[149] Ultimately I do not find there is any issue that the BioFert logo was owned by old BioFert. Whether the final author of the work was Tanya or Ryan George the fact is they had transferred those rights to old BioFert.

[150] As mentioned above, the intellectual property at issue was seized by Bowra Group when they were appointed receivers when old BioFert went bankrupt. This property was part of the sale to new BioFert. Two days before the Statement of Claim in this litigation was issued on March 1, 2016 new BioFert had Blue Bananas sign the assignment (February 28, 2016- leap year). I will give the retroactive assignment no weight as it was unsupported by underlying evidence of creation and in this situation is of no probative value as it was executed long after Bowra Group had already seized or old BioFert was to legally surrender all the intellectual property to the receivers. Old BioFert was therefore no longer the owner of this property from the bankruptcy onwards (see *Planet Earth Productions Inc v Rowlands* (1990), 73 OR (2d) 505 at paras 35–36 (Ont Sup Ct) and *746278 Ontario Ltd v Courtot*, [1987] FCJ No 1136 (in the context of an injunction)).

[151] Bowra Group then assigned all the intellectual property on July 31, 2015 to TL Acquisition Corp which is now the Plaintiff new BioFert (agreed statement of facts para 11). Though I note that there was no specific mention of the logo in the assignment, Bowra Group was selling “all intellectual property owned by BioFert Manufacturing Inc.” and does not limit the transfer to the listed IP only. This means the logo was the lawful property of the Plaintiff beginning on July 31, 2015.

(2) Ownership of the About Us page

[152] As for the second copyrighted work which is the About Us page, the parties in the agreed statement of facts at para 9 agreed old BioFert owned copyrighted content on the website associated with the domain name <BioFert.net>. In addition evidence was provided by Naim

Mirza who had been employed by old BioFert and now is employed by new BioFert's parent company Terraink. Naim Mirza said he created the About Us page at old BioFert along with other colleagues (page 498; see also agreed statement of facts para 7).

[153] This old BioFert About Us page wording was almost identical to the Profile page later featured on the Plaintiff's website, in January 2016 (Exhibit P5 at Tab 112; pages 499–500). Old BioFert's intellectual property including the About Us portion of the website was later transferred from old BioFert to Bowra Group in the bankruptcy. As was the case with the logo, the About Us page was transferred from Bowra Group to the Plaintiff when it acquired all the assets of old BioFert since it was covered by the term "intellectual property" (see also deemed admission 20).

(3) The Defendants reproduced the two copyrighted works without authorization

[154] There was evidence that the infringing logo (as shown as Figure 4 above) was used on the BioFert.net website in January 2016 and at the Pacific Agriculture Show on display materials including the podiums, business cards, pamphlets and catalogue. The infringing logo, which was substantially similar to the logo belonging to the Plaintiff (see Figures 3 and 4 above) was produced at the instruction of the Defendants and was done without authorization of the owner of the logo. I find that the Plaintiff's copyrighted logo was infringed pursuant to section 27 of the *Copyright Act*.

[155] As for the About Us page, when asked to compare the old BioFert website and what was on the Defendants' BioFert.net website in January 2016 Naim Mirza found they are nearly

identical (pages 499 and 500; see also Exhibit P4, Tab 84; Exhibit P5, tabs 111-112). The evidence found at Tab 111 of Exhibit P5 shows the old BioFert website on April 24, 2015 and the evidence at Tab 112 of Exhibit P5 shows the Plaintiff's BioFert.ca website on January 27, 2016. Meanwhile the Defendants' website BioFert.net is shown at Tab 84 of Exhibit P4 as it appeared in January 27, 2016 at 11:30 as printed by the Plaintiff's paralegal Amy Jobson (Naim Mirza, pages 497-498).

[156] I find the Defendants substantially reproduced the copyrighted About Us page. The slight differences in the words "About Us" vs. "Profile" and the minor differences in the wording of the sections do not affect the finding of copyright infringement. None of the individual Defendants necessarily produced the About Us page but as I found above, Dr. Tahir did *direct* that the webpage be created and then he reviewed it before it was put before the public, which is sufficient to find an infringement according to section 3(1) of the *Copyright Act*.

[157] There was no evidence that the Plaintiff authorized the Defendants to use these works owned by new BioFert, which means the reproductions by the Defendants were unauthorized.

[158] Based on the analysis above, I have concluded the Defendants breached sections 3 and 27 of the *Copyright Act*.

C. *Should the corporate Defendants be held jointly and severally liable?*

[159] Before assessing each individual Defendant's liability, I find that both corporate Defendants should be held jointly and severally liable for all of the infringements. This Court has

said that two corporations can be jointly and severally liable for infringements where one corporation is controlling another (*Weatherford Canada Ltd. v Corlac Inc.*, 2010 FC 602 at paras 211–214).

[160] I find this to be the case here. First, the individuals behind Agrisol and BNA are the same. Second, BNA was incorporated on August 26, 2015 after Agrisol had been operating for over a month. Third, Saif gave testimony that BNA never operated, never had separate bank accounts or GST numbers, and is now a numbered company that is not doing business (pages 1170–1171; Exhibit P2, Tab 32 page 203). Fourth, many of the instances of trademark infringement took place on documents that contained both the Agrisol and BNA logo: this includes the double-sided business cards and the Agrisol catalogues. It would be hard to assign blame to one company for these actions. Fifth, the individual Defendants have not distinguished in their testimony or in their closing submissions between acting in their capacity with Agrisol or with BNA, suggesting they in fact viewed their operations as one in the same. Farrah even confirmed they did not think about which company was performing each action (book of read-ins at page 112). Sixth, before they were abandoned by their counsel on the opening day of trial, the two corporations were instructing the same counsel who submitted documents to this Court on behalf of both corporations. The documents did not distinguish between the liability of each corporation. These six reasons support joint and several liability between the two corporate Defendants.

D. *Are any of the four individual Defendants personally liable for the infringing conduct of the corporate Defendants?*

[161] The leading case on personal liability for infringements by a corporation is *Mentmore Manufacturing Co. v National Merchandise Manufacturing Co.* (1978), 40 CPR (2d) 164 (FCA) [*Mentmore*]. Justice Le Dain noted there is a “general rule” that officers, directors, and shareholders “enjoy the benefit of the limited liability afforded by incorporation” (*Mentmore* at 171). On the other hand, there is a “principle that everyone should answer for his tortious acts.” This is a case-specific balancing act, where “room must be left for a broad appreciation of the circumstances of each case to determine whether as a matter of policy they call for personal liability.” Justice Le Dain summarized the test (at 174):

... in my opinion there must be circumstances from which it is reasonable to conclude that the purpose of the director or officer was not the direction of the manufacturing and selling activity of the company in the ordinary course of his relationship to it but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it.

[162] The *Mentmore* test has been consistently applied by this Court to scrutinize the facts and to assess whether they meet the threshold for personal liability. The *Mentmore* test has also been adopted by the Supreme Court of Canada (*Cinar Corporation v Robinson*, 2013 SCC 73 at para 60). When there are multiple individuals behind a corporate veil, this Court has at times applied the *Mentmore* test to find some of the individuals personally liable and others not liable (*1429539 Ontario Ltd. v Café Mirage Inc.*, 2011 FC 1290 at paras 139–140; *Driving Alternative Inc. v Keyz Thankz Inc.*, 2014 FC 559 at paras 38–45).

(1) Dr. Tahir

[163] Of the four individual Defendants, Dr. Tahir had the most extensive involvement in the Agrisol and BNA business. Dr. Tahir was aware of the Plaintiff's trademark rights as he was a directing mind of old BioFert and unsuccessfully attempted to bid on old BioFert's assets when they went bankrupt. The request for offers to purchase the old BioFert assets explicitly said the BioFert mark was included amongst the intellectual property of old BioFert (Exhibit P2, Tab 1 and Exhibit P3, Tabs 38–39). After his bid was unsuccessful, as CEO of Agrisol and BNA he made several business decisions that reflected either knowing infringement of the Plaintiff's mark, or indifference to the Plaintiff's rights:

- Dr. Tahir directed the use of the BioFert name by BNA and directed Saif to incorporate BNA (Agreed Statement of Facts para 15; Saif page 1205; book of read-ins at 183);
- In September 2015 Dr. Tahir caused Agrisol to apply for trademarks for Earth Boost and Assist, which were owned by the Plaintiff (Agreed Statement of Facts para 16; Dr. Tahir, pages 1385–1386);
- Dr. Tahir picked the product names for the new business (Dr. Tahir, page 1406);
- Dr. Tahir replied to an email from his mahmood@BioFert.net email address in November 22, 2015, telling the customer Yasir Syed was “no longer part of BioFert Group” even though Yasir worked for the Plaintiff new BioFert (Agreed Statement of Facts para 18; Exhibit P61);
- Four colleagues raised concerns about use of the BioFert name and the confusion it would cause but Dr. Tahir ignored them (Dr. Tahir, page 1387; Imran Ahmad, page 648–

649; book of read-ins at pages 126-127 for Farrah warning Dr. Tahir & pages 189-190 for Saif warning Dr. Tahir); and

- When served with a cease-and-desist letter Dr. Tahir was the one who replied to the Plaintiff's counsel (Exhibit P2, Tab 25; Stan Loewen, page 164) and directed the changes to the catalogue (Imran Ahmad, page 714; Dr. Tahir, pages 1407–1408).

[164] I find Dr. Mahmood was the controlling mind of the corporate Defendants. He engaged in a knowing or reckless course of conduct that was likely to constitute infringement of the Plaintiff's copyright and trademark rights. For these reasons, he is jointly and severally liable for the conduct of the corporations.

(2) Farrah

[165] The Plaintiff argued that since the evidence showed Farrah was having meetings with the Dr. Tahir, Saif, and Amaran in the lead up to the Pacific Agriculture Show, this Court should find her personally liable for the infringements. The Plaintiff says the Court should infer that these meetings could only have been about marketing due to the lack of technical or agricultural knowledge possessed by Farrah, Saif, and Amaran.

[166] Farrah confirmed that she was a shareholder in Agrisol and BNA. She is the wife of Dr. Tahir and mother of their children. She invested in the business, she guaranteed a loan, and she was involved in the unsuccessful bid for the property and equipment of old BioFert (Dr. Tahir, pages 1378 & 1476). She attended regular meetings with Dr. Tahir, Saif, and Amaran. The extent of her involvement in these meetings and in the business was unclear. The evidence showed that

Farrah took some courses in accounting, and at times she attended the Agrisol offices, though her involvement seemed to be limited to help with the accounting (Kamal Bahga, pages 798, 803 & 835; Saif, page 1168). She claimed that she was never involved in sales, creating marketing materials, or visiting customers (Farrah, pages 1083-1084 & 1114).

[167] In cross-examination she confirmed that she had been shown the infringing BNA logo (Figure 4) prior to the 2016 Pacific Agriculture Show (Farrah, pages 1105–1106). Farrah also indicated that she saw Bowra Group’s request for offers to purchase (pages 1100–1103). She was familiar with the old BioFert business as it was run by her husband and she confirmed that she used to visit old BioFert “often” (page 1096). She also agreed that she had discussed how many BioFerts are in the world after doing internet searches “for fun” (page 1091). Farrah indicated that she told Dr. Tahir she preferred the Agrisol name to the BNA name, but she thought the BNA name would be permissible because it was different from the name of the Plaintiff (BioFert Manufacturing Inc.) and so she went along with what Dr. Tahir suggested (book of read-ins at pages 97–99 & 126–127 for Farrah’s answers and book of read-ins pages 190–191 for Dr. Tahir’s answers).

[168] The Plaintiff suggests the evidence shows Farrah’s awareness of the course of conduct that led to infringement. The Plaintiff further suggests that there was an intentional effort for Dr. Tahir to “take the fall” on behalf of his wife and the other Defendants, even though they were all aware of the Plaintiff’s trademark rights and did nothing to stop the infringements. The Plaintiff argues she should have attempted to stop or redirect business away from the “BioFert” name but did not object to the name.

[169] Even though Farrah did not stop her husband from deliberately setting out on a course of conduct that infringed the Plaintiff's intellectual property, the Plaintiff has the burden of proof in establishing facts that give rise to personal liability. They have not done so. Given that her primary involvement seems to be as a shareholder of the corporate Defendants who was somewhat removed from the business and marketing decisions, I find that Farrah's conduct did not meet the test for personal liability.

(3) Saif

[170] Saif eventually became Agrisol's managing director where he "was working in office as a bookkeeper kind of stuff to manage the office" after his own business Asian Rugs and Art closed (Saif, page 1154). He invested money, met with Bowra Group when trying to buy old Biofert, met frequently with his Agrisol partners, and he attended the Agrisol facilities. He leased a truck, personally, for Agrisol's use (page 1190), and dealt with shipments to Agrisol as well as coordinating Agrisol's hydro and gas (book of read-ins at page 6). He also sent invoices to buyers (book of read-ins at page 11).

[171] Saif came to the new company with business experience working as a salesperson at Asian Rugs and Art (page 1182). He was the one who brought Amaran into the corporations to take over the 30% shareholding from Liaqat Ali Khan. Saif was aware of the printed materials for the 2016 Pacific Agriculture Show. He acknowledges that he attended the show. He did not, however, make suggestions about any products or the infringing brochure, labels, pamphlets, or banners using the BioFert name (Dr. Tahir, page 1485). There is no evidence indicating Saif was aware of the website or otherwise involved in the infringements.

[172] These facts alone are not enough to support personal liability. The one piece of evidence that makes Saif's liability a possibility is that Saif agrees that he, at Dr. Tahir's request, caused BNA to be incorporated in BC (agreed statement of facts at para 15). Specifically, he submitted a name request for BNA to the BC Registry and when he received confirmation that he could register the name, after forwarding this confirmation to his partners and he registered the name (Saif, page 1211; see also Exhibits P49–P51).

[173] In *Pick v 1180475 Alberta Ltd.*, 2011 FC 1008 at para 46, a director either ignored or neglected to perform preliminary corporate name searches. The director was held personally liable for knowingly or indifferently engaging in trademark infringement.

[174] Here, however, Saif did the search and obtained approval for the name from the BC registry. As well he had not been involved with old BioFert like Dr. Tahir and knew nothing of the products the fertilizer business. It was Dr. Tahir who told Saif to make the name request. Saif said "I didn't know anything about BioFert" at that time (Dr. Tahir, page 1369; book of read-ins at page 28) but he did know Dr. Tahir was trying to save the BioFert name so it could be used in the future (book of read-ins at pages 27-28 & 43-44).

[175] Saif's conduct as managing director ultimately did not meet the *Mentmore* threshold of "deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it." Other than the administrative action of registering the name at the direction of Dr. Tahir, Saif's conduct was otherwise that of an ordinary director acting in the course of business. He is not personally liable.

(4) Amaran

[176] Amaran invested about \$680,000 and guaranteed loans for Agrisol (page 1623). He described his role as “an investor with very limited involvement” (page 1617).

[177] Amaran met repeatedly with the other partners in the lead-up to the Pacific Agriculture Show (Farrah, page 1120). He sometimes attended the Agrisol facilities (Kamal Bahga, pages 801–802; Manjinder Gill, pages 897-899; Saif, page 1167). Additionally, he helped Dr. Tahir lease the Agrisol workspace (Dr. Tahir, page 1389). He did not have any training in agriculture or farming (Saif, page 1182) and the Defendants say that Amaran never performed any sales or marketing work (Saif, page 1168; Dr. Tahir, page 1485; Amaran, page 1624).

[178] However, Amaran did travel to China and Pakistan with Dr. Tahir to meet with suppliers in November or December 2015 (Amaran, page 1626). He later attended the 2016 Pacific Agriculture Show (Exhibit P60). During the show he forwarded the cease-and-desist letter to the Defendants’ counsel and later gave his “certification of compliance” once the Defendants took down the infringing materials (Exhibit P2, Tabs 26 and 27; Stan Loewen, page 165). Amaran later incorporated a new entity called Agrisol Solutions Inc. with his wife, Monica as the sole shareholder to help provide financing and credit for the Agrisol business (pages 1638-1639). Each of these acts suggest a degree of control and involvement in the Defendants’ business.

[179] Amaran told Dr. Tahir in November or December 2015 that using the BioFert name was a bad idea (Dr. Tahir, page 1387). He says he was confused as to why BNA was incorporated: “I

was kind of wondering why we were doing two different companies, but I assumed that we had a company with that name, there was nothing wrong with it” (pages 1623–1624). When confronted with the cease-and-desist letter he immediately told Dr. Tahir to immediately take down all the material and shut down the website (Dr. Tahir, page 1497).

[180] While Amaran was certainly involved in some business decisions, there is not quite enough to suggest his activities went beyond the course of ordinary corporate activity. He did not direct Agrisol and BNA down the path of conduct that led to infringement, and in fact vocalized his opposition to using the BioFert brand. I do not find Amaran personally liable.

[181] Therefore I have found Dr. Tahir to be personally liable but I dismiss the claims against Farrah, Saif, and Amaran in their personal capacities without costs to any party.

E. *Counterclaim: should the 894 mark be declared invalid because it is clearly descriptive, or deceptively misdescriptive, of the goods being sold by the Plaintiff?*

[182] The Defendants counterclaimed against the Plaintiff saying the registered 894 mark (pictured at Figure 1) “was either clearly descriptive or deceptively misdescriptive of the character or quality of the goods in association with which it was allegedly used, at the date of registration.” Either of these two grounds could make the mark “not registrable” at the date of registration. Based on this, the Defendants requested a declaration that the 894 mark is invalid, the expungement of the registered mark, and costs. However, I am not granting the Defendants any of the relief they asked for in the Counterclaim.

[183] For a trademark to be expunged because it is clearly descriptive, the Court is to consider the “average retailer, consumer, or everyday user of the type of goods or services in question” (*American Express Marketing & Development Corp. v Black Card LLC*, 2018 FC 362 at para 60). For “coined” words to be clearly descriptive there must be a descriptive meaning that is “readily discernible from the combination” and the “impression the whole trade mark has on the mind must be considered; it should not be dissected” (*Clarkson Gordon v Canada (Registrar of Trade Marks)* (1985), 5 CPR (3d) 252 (FCTD)).

[184] The Plaintiff’s Defence to the Counterclaim indicates BioFert simply a coined term with no English or French meaning, as “bio” has many different connotations (para 7). Dr. Tahir asked Shahzad Nazir his impression of the term BioFert and he said “Bio is a large term - it’s a very broad term. It includes everything. It includes everything that comes into the biodiversity ecosystem. Anything that comes in the bio life. So it’s a company that is dealing with alive fertilizers. Living, plants, crops” (pages 386–387). The Defendants led no convincing evidence and made no arguments to suggest “Bio” and “Fert” when placed together are clearly descriptive of the fertilizers being offered for sale. The Defendants have not shown the registered mark to be clearly descriptive.

[185] Alternatively, the Defendants claimed the registered mark is deceptively misdescriptive. A trademark might be deceptively misdescriptive if an item is “advertised for sale as containing certain components which, in truth, it does not have” (*Canada (Deputy Attorney-General) v Biggs Laboratories (Canada) Ltd.* (1964), 42 CPR 129 at 130 (FCTD)). However, for a trademark to be expunged because it is deceptively misdescriptive, it must first be descriptive of something

(*Molson Co. v Carling O'Keefe Breweries of Canada Ltd.* (1981), 55 CPR (2d) 15 at 20 (FCTD)).

[186] The Defendants led very little evidence on what the term “BioFert” describes, and how that description is misdescriptive. Dr. Tahir indicated the name was chosen to cater to greenhouses and organic markets (page 1262) and new BioFert sold more than just organic products, but this is not enough to suggest the name is somehow deceptive.

[187] Therefore I am dismissing the counterclaim without costs to any party.

VII. Damages & Remedies

[188] The Plaintiff argued that the infringements of Agrisol, BNA, and the individual Defendants have caused a loss in sales for new BioFert over the July 31, 2015 to July 31, 2016 period which was the first year of new BioFert’s operations. They have quantified the damages they are seeking by relying on sales by old BioFert which was active from 2007 until May 2015.

[189] The Plaintiff requests four forms of remedies. First, the Plaintiff asks for compensatory damages for infringements of the *Trademarks Act* in the amount of \$942,330 based on a comparison of old and new BioFert sales. Second, the Plaintiff seeks the maximum of \$20,000 per infringement in statutory damages under the *Copyright Act* for the two copyright infringements discussed above (the About Us section, and BioFert logo). Third, the Plaintiff asks this Court for punitive and exemplary damages. They seek \$100,000 in punitive damages if they obtain compensatory damages in the amount they want, or \$200,000 in punitive damages if

compensatory damages are not awarded as sought. Fourth, the Plaintiff asks for various forms of declaratory and injunctive relief.

[190] Meanwhile, the Defendants argue the Plaintiff is not entitled to any damages. Dr. Tahir and Farrah requested compensation for “three years of Dr. Mahmood’s life that was wasted in this lawsuit,” health effects, loss of investment in Agrisol, anxiety and depression, and loss of reputation. Amaran asked for “damages, expenses, legal and time cost incurred while attending to this lawsuit.” Saif requested “damages, expenses and legal cost in this matter.”

A. *Compensatory damages*

[191] The Plaintiff argues a compensatory damages award should reflect not only the actual loss of sales but also the depreciation of goodwill that indirectly resulted from the misconduct. The Plaintiff relies on data from the July 31, 2015 to July 31, 2016 period to suggest new BioFert’s sales in its first operational year were far lower than they would have been without the confusion caused by the infringements. Alternatively, they point to Agrisol’s 2016 sales and say a similar amount should be awarded since those sales may have been linked to the confusion.

[192] The Defendants’ position is that neither of these methods reflect the true amount of damages in this case. Dr. Tahir suggests that when new BioFert took over the BioFert name and trademark, the bankruptcy and product quality issues meant there was limited goodwill left in the BioFert name. Dr. Tahir points out that new BioFert was selling to different customers than old BioFert, that there is no evidence of actual customer confusion, and that new BioFert did not

continue selling certain old BioFert products. Dr. Tahir also says “BioFert only sell Organic products as BioFert is an Organic subsidiary of Terralink” (Dr. Tahir’s closings at page 18).

[193] Regarding the testimony of some witnesses Dr. Tahir makes comments such as “this whole story was cooked,” “he doesn’t know what he was talking about,” and “this witness is a classic example of what incentives and threat can do to create witness against parties.” I did not find those comments helpful or give any weight to them.

[194] After the Defendants made their closing submissions and pointed out some miscalculations made by the Plaintiff, the Plaintiff corrected their calculations and reduced the amount of damages they are seeking.

(1) Plaintiff’s first proposed method

[195] The first proposed method is to examine old BioFert’s annual profits from 2009 until 2014. The Plaintiff requests damages that reflect the gap between the expected profits based on old BioFert sales and new BioFert’s actual profits for July 31, 2015 to July 31, 2016. The Plaintiff uses this timeframe because it took control of the old BioFert assets on July 31, 2015, so this reflects its first year of business.

[196] Old BioFert’s sales and profits of BioFert-branded products were extracted by Esther Quinlan, a current employee of Terralink who was familiar with old BioFert’s Citrix accounting system. Esther Quinlan accessed the system and provided the data to Julia Schmidt, the CFO of Terralink. Julia Schmidt then created annual summaries which became Tab 54 in Exhibit P4.

[197] Unlike the Excel summaries created by Julia Schmidt, the profit margins came from review engagement reports prepared for old BioFert found at Tabs 48, 49 and 50 of Exhibit P3. No financial statements were provided for 2009 or 2014 so there are no profit margins available for those years. The Plaintiff then combined this information and provided the following chart in the corrections to written representations in closing after the Defendants pointed out some initial errors:

Year	2009	2010	2011	2012	2013	2014
Total sales	\$3,742,554	\$4,807,048	\$6,231,577	\$6,518,199	\$5,357,792	\$5,860,575
Total sales of BioFert branded product	\$3,456,757	\$4,486,210	\$5,946,067	\$6,259,460	\$4,784,862	\$5,043,640
Profit margin	N/A	43%	44%	34%	42%	N/A

“Figure 6”

[198] The Plaintiff says the chart above would suggest sales of BioFert-branded products should have been about \$5 million in 2015 and 2016. The Plaintiff argues its parent company Terralink could potentially have helped to increase the Plaintiff’s 2015-2016 sales because of their combined sales force and because organic sales were often attributed to BioFert from Terralink. Yet even with these favourable adjustments, new BioFert’s sales of BioFert branded products were just \$2,687,815 for July, 31 2015 to July 31, 2016 (Exhibit P4 at Tab 75 and Exhibit D8).

[199] Initially in their written submissions the Plaintiff was seeking between **\$420,000** (the approximate drop in profits from the early old BioFert year of 2009 to new BioFert’s first year of

2015-2016) to **\$1,260,000** (the approximate drop in profits from old BioFert's 2014 to new BioFert's 2015-2016 profits). They alternatively suggested a figure around **\$640,000** in para 473 of their written closings to reflect Agrisol's own sales in 2016, as will be discussed below.

[200] To add to the confusion, during oral arguments the Plaintiff revised their calculations. They now instead ask the Court to award **\$942,330** using the method of comparing old and new BioFert sales (page 1960). Their revised calculations suggest a \$2.36 million drop in sales over 2014 (old BioFert's most recent sales year). Assuming profits were 40% of sales based on the annual profit margins in Figure 6, the Plaintiff argues this reflects a **\$942,330** drop in profits from 2014, the most recent sales year rather than the \$1,260,000 figure cited in the written closing submissions. What is plain from this confusion is that neither method suggested by the Plaintiff is appropriate for the facts of this case.

[201] The first method, which reflects that previous years' profit earned by a plaintiff might be considered when calculating damages against the infringing defendant, is supported by jurisprudence. However, the previous years' sales figures were really those of old BioFert which was a different entity than new BioFert. The damages award must reflect this reality as well as other contingencies. The cumulative effect of the evidence at trial does not support a damages award using the first method proposed by the Plaintiff. There were several issues with the Plaintiff's attempt to compare old BioFert and new BioFert sales figures. This method appeared

to be comparing apples to oranges. Contingencies that do not support the first method put forward by the Plaintiff are as follows:

- a) **The Plaintiff was a new company:** Terralink purchased a bankrupt company for \$575,000 and it could not expect to continue the smooth sailing of an ongoing profitable business. Clearly old BioFert was not as it went bankrupt. The monthly sales data (Exhibit D8) shows the Plaintiff was slow to build its sales throughout late 2015 which is to be expected given that the bankruptcy was in May 2015 and they started with new BioFert on July 31, 2015.
- b) **The infringements stopped after the cease-and-desist letter:** The Plaintiff is claiming lost sales until July 31, 2016 but throughout February to July 2016 it is not clear that the Defendants were holding themselves out as BioFert in any way. Even taking into account the Plaintiff's argument that some indirect effects of the infringement leading to an ongoing loss of sales can be taken into account in compensatory damages, I do not find that the roughly \$2.3 million drop in sales that happened in 2014 to the Plaintiff can all be attributed to the short period of infringing activities.
- c) **The infringement period was short:** The Defendants' misleading marketing to the public (aside from behind-the-scenes registration of the BNA name and attempts to register product trademarks) did not begin until nearly four months of the Plaintiff's damages period had passed. On November 22, 2015 Dr. Tahir answered an email sent to Yasir's former BioFert email address. Dr. Tahir later admitted responding and to sending other emails using a BioFert email address. However, while the Defendants were planning their business throughout August to November 2015, it cannot be said that new BioFert was losing any sales whatsoever from July 31 until mid-November 2015 based

on the evidence before this court. The infringement then all but ended after the Pacific Agriculture Show.

- d) **Sales to AG Global and Blackstone:** Esther Quinlan indicated AG Global is an Ontario-based company that was “our biggest customer out that way” for old BioFert (page 336). She confirmed new BioFert never made sales to AG Global because AG Global went bankrupt around the time old BioFert went bankrupt (page 337). Blackstone Agriculture was another Ontario-based business that bought significant products from old BioFert (Stan Loewen, pages 189-190). Dr. Tahir said they were buying old BioFert products for marketing in both Ontario and the U.S.A., specifically organic granular and water soluble blends (page 1295). They bought \$200,000 to \$300,000 in product in each of 2012 and 2013, according to Dr. Tahir. However he said Blackstone was later disappointed in the product quality of old BioFert and filed a civil suit against old BioFert (pages 1295-1296). The loss of major customers like these prior to the trademark infringement suggests new BioFert could not have been expected to achieve the full amount of sales old BioFert was making without building its own customer base and sales team.
- e) **Overseas sales:** At old BioFert, Dr. Tahir estimated that 40 to 50 percent of sales were sent overseas “and the major client at that time was Pakistan” (Dr. Tahir, pages 1268 & 1297). Similarly Yasir Syed estimated 35 to 40 percent of old BioFert sales were overseas (Yasir Syed discovery read-ins at page 112). Esther Quinlan confirmed a large order went to Pakistan in 2014 (page 338). Dr. Tahir clarified that their largest client in Pakistan was a company called FMC who bought liquid fertilizers called Bumper Cotton (page 1297). Sales of a variety of old BioFert products were also made to India, Palestine, and Iran (page 1292). Shahzad Nazir Khan also said old BioFert used to sell liquid fertilizers

called Bumper Cot and Bumper Cane to Ali Akbar Group which was a major client in Pakistan (Shahzad Khan, page 387). Yasir Syed further confirmed BioSol was “sold in a rather big quantity in Pakistan for one or two occasions” (page 1543). New BioFert continued to sell in Pakistan (Shahzad Khan, page 390) but to a lesser extent. Stan Loewen estimated that the new BioFert sales data included only \$200,000 to \$250,000 in exports from July 31, 2015 to July 31, 2016 which were BioFish or other products labelled for export sales (Stan Loewen, pages 184-185). Shahzad and Yasir both confirmed new BioFert never made sales to Ali Akbar Group (pages 387 & 1561). Yasir further said phosphoric acid was only sold in a “small quantity” by new BioFert overseas (page 1564). While the figures lack clarity of the exact amount of the drop in overseas sales by new BioFert it is evident that old BioFert did have a significant amount of sales overseas. The drop in new Biofert overseas is generally unrelated to the infringements in Canada.

- f) **Old BioFert and New BioFert sold different products:** The two corporations were not only selling to a different clientele but they were also selling a different mix of products. Dr. Tahir said Bumper Cotton, BioCot, granular sulphur, 20-20-20 and Earth Boost were the main products sold to Ali Akbar Group (page 1308). He estimated \$200,000 of 20-20-20 and \$160,000 of BioCot were sold to Pakistan for Ali Akbar Group in 2014 and he also showed substantial sales of these products in earlier years (page 1309-1314). Kamal Bahga also testified that old BioFert sold water soluble bags that came from the China using the BioFert name and logo to customers in Pakistan (page 844). On the other hand, Shahzad confirmed new BioFert did not sell BioCot, BioCane, or the other specialty export products (page 389). Naim Mirza confirmed new BioFert sells no specialty

products for cotton, sugar cane, or potatoes unlike old BioFert (page 558-559). Esther Quinlan and Yasir both suggested new BioFert did not sell pesticides during the period for which damages are sought (pages 334 & 1550). As for the water solubles, new BioFert only sold what was left from inventory (Stan Loewen, page 204; Shahzad Khan, pages 389-390; Naim Mirza, page 557).

- g) **Former employees of Old Biofert now working for New BioFert and Agrisol** When old BioFert went bankrupt, some employees went to work for the receiver Bowra Group (Gordon Brown, pages 236 and 243). The Plaintiff in their closing submissions acknowledged “the sales people from Old BioFert who had the relationship with Old BioFert customers had joined New BioFert, and Agrisol was operating with completely different sales people” (page 1823). This arrangement itself would also have generated confusion in the marketplace – for example, Shahzad Khan made sales for both new BioFert and Terralink, after previously working old BioFert with Dr. Tahir (pages 341-342). There were also field visits performed by all of old BioFert, new BioFert, and Agrisol with an overlapping cast of characters. Gary Tiwana’s confusion over this had to be corrected and it was corrected, but the natural confusion over old BioFert employees joining Terralink/new BioFert is not the fault of the Defendants.
- h) **The Plaintiff did not take control of the old BioFert production facilities until November 26, 2015:** When asked when the Plaintiff started to manufacture products to sell, the Plaintiff’s CFO Julia Schmidt testified that new BioFert did not start manufacturing new products to sell under the BioFert trademark until “December of 2015 or January of 2016 when we acquired the premises” (page 286). The Plaintiff in fact began selling inventory to fulfill orders from clients on July 8, 2015, before the sale of

the old BioFert to the Plaintiff was finalized, but it is unclear where these premature sales were included in the sales data. The new BioFert sales summary confirms they continued making sales from August 2015 onwards which I can only infer to have been additional inventory from old BioFert given that they had no production facility just a warehouse as the production facility was in Chilliwack and was yet to be acquired (Exhibit D8; Kamal Bahga discovery read-ins at page 54).

- i) **There was no evidence of actual confusion leading to purchases:** While actual confusion is not required, and while Barb Swash and Gary Tiwana expressed their confusion, they did not buy anything and their confusion was cleared up the same day or soon thereafter.
- j) **Domain name and corporate name:** The purchase price for old BioFert assets was amended to \$575,000.00 which was a \$25,000.00 reduction in price because Bowra Group (the receiver) did not provide the corporate name or the domain name at the time of purchase (see Figure 2 above). When the Plaintiff took control of the old BioFert assets they also had the benefit of the price reduction. Though this is a contingency there will still be an amount allocated for these infringements (see infringement section above).
- k) **Farmers and greenhouses:** Though there was evidence to support that old BioFert and Agrisol sold to the same customers (174 customers, nearly 70% of Agrisol's customers in the first year), Dr. Tahir argued that customers are not loyal to a single provider (page 90 in opening statement). Gary Tiwana confirmed this: he buys the majority of his product from Terralink but has also bought from other companies (315). When asked if customers buy only from Agrisol Imran Ahmad said they probably buy from "lots of other" providers as "we cannot provide all the things that they need... other products that

you might need... you can buy from somewhere else” (page 762). The parties consistently emphasized the importance of trade shows for selling fertilizer which further confirms a lack of long-term loyalty to a single producer (Stan Loewen, page 160; Imran Ahamd, page 790). Though the Plaintiff indicates that the Agrisol sales to the same farmers and greenhouses cannot be attributed to random farm visits, I accept that farmers were buying from multiple distributors to look after their own interests and due to the nature of the farming and greenhouse industries.

- 1) **Irregularities in the old BioFert sales data:** Old BioFert sales data was not tracked with the same attention to detail as the new BioFert sales data. Yasir Syed was the Plaintiff’s representative on examinations for discovery. He indicated that there was \$30,000 to \$40,000 missing from marketing and advertising expenses in 2013 (Yasir Syed discovery read-ins at page 65). Similar amounts were missing from the expenses data in 2011 and 2012 (Yasir Syed discovery read-ins at page 67). Yasir Syed also suggested \$500,000 was invoiced for sales that never took place at old BioFert (Yasir Syed discovery read-ins at page 170; also confirmed by Plaintiff in closings, page 1965). He said old BioFert’s accounting “from the get-go had extreme lack of clarity” and that he had “very little credibility in the numbers of my own company” (Yasir Syed discovery read-ins at pages 66-67). Yasir also noted that he contacted HSBC to report issues with old BioFert’s operations in late 2014, which ultimately resulted in an appointment of a receiver in bankruptcy in May 2015 (Yasir Syed discovery read-ins at pages 172-174). Yasir says the professional accounting firms he retained shortly before the bankruptcy confirmed the “books are being cooked” and were “so fudged and so... unreliable that there is no way we can deduce conclusions as to the credibility of financials” (Yasir Syed discovery read-

ins at page 174). The Court was not provided with an accountant's financial statements for 2014, or the trustee's financial statements from Bowra Group or new BioFert. As well, the Plaintiff indicates the profit margins for the Terralink sales attributed to BioFert were at a 29% profit margin (page 1679), not the potentially inflated 40% profit margin argued for in the closings. This lack of financial statements or an expert witness to distill the evidence calls into question the Plaintiff's suggestion that old BioFert was truly making close to \$1 million per year in profits (based on about \$2.3 million in sales).

m) **New BioFert is a subsidiary of Terralink:** Old BioFert was a standalone company while new BioFert is a subsidiary of Terralink. When the BioFert brand became associated with Terralink, sales representatives joined Terralink and 12-15 individuals sold products for both new BioFert and Terralink rather than being exclusively devoted to sales for one company (Stan Loewen, page 183; Yasir Syed discovery read-ins at page 228). The evidence shows sales were attributed back and forth between BioFert and Terralink. Stan Loewen indicated "if BioFert makes an organic product and it's a Terralink customer, they could go through Terralink" because both companies sell organic products (page 181). Yasir Syed speculated that sales were shifted between new BioFert and Terralink "all the time" (pages 1581-1582). Julia Schmidt explained: "the way our ERP [accounting] system works, sales are attributed based on the facility that product is shipped out of. So if a BioFert product was sold by a Terralink rep out of a Terralink facility the system would automatically attribute that sale to Terralink. So in order to properly allocate that sale to [new] BioFert we, on a monthly basis, recorded a journal entry to attribute those sales appropriately and vice-versa" (page 1673). Julia admitted it could be "difficult to distinguish" where to attribute certain sales of

conventional products (page 1676). Julia reviewed the records and stated \$164,000 in sales were allocated to Terralink from BioFert vs. \$764,000 in sales were allocated to BioFert from Terralink (1679). The Plaintiff argued this meant the parent-subsidary relationship increased new BioFert sales for the 2015-2016 period by about \$600,000 (\$550,000 with adjustments) (oral closings, page 1817). However, I find the very fact of these attributions and the ambiguity around them shows the issues that arise when comparing old and new BioFert.

- n) **Sales reps:** For the period where the Plaintiff is asking for compensatory damages, there were 60-70 sales reps for the Terralink group of corporations but Yasir was the only person employed exclusively by new BioFert (Stan Loewen, pages 182-183). Old BioFert had three additional sales and marketing staff working under Yasir (Exhibit P5, Tab 95). While the Plaintiff tries to persuade the shared sales reps with Terralink would have helped the new BioFert sales figures, I find during this first year of operations these sales reps were not devoted exclusively to new BioFert unlike the dedicated sales force for old BioFert.

[202] In light of these contingencies it is baffling to say I should award the Plaintiff an amount reflecting the approximate drop from the reported 2014 old BioFert profits (\$942,330) or Agrisol's 2016 profits (\$640,000) without an expert witnesses explaining how these contingencies would factor into the equation. While the new BioFert financial data provides a helpful reference point and shows a drop in sales when compared to old BioFert in 2014, the \$942,330 requested by the Plaintiff based on a 40% margin and \$2.3 million in sales is not

warranted in light of all these contingencies. I cannot rely on the difference in annual sales from past years of old BioFert to award damages to new BioFert.

[203] Turning to the Defendants' arguments, Dr. Tahir's claim that new BioFert sells "only" organic products cannot succeed. During the period where the Plaintiff is asking for damages, 2015 to 2016, Yasir Syed confirmed the new BioFert sales focus was not limited to organic products (page 1580). Shahzad Nazir noted that this was a corporate decision made during 2017 for new BioFert to sell organic only and not chemical fertilizers (pages 353 and 399). Of course, there are still other issues related to damages that are applicable to the Plaintiff's attempts to quantify the damages (see contingencies list above at para 201).

[204] Dr. Tahir further argued that the Plaintiff did not understand the difference between organic and organic-based fertilizers. This could have been relevant if the Plaintiff had stopped selling a certain type of product that old BioFert had been selling. However a review of the evidence shows the Plaintiff appreciated this distinction and Stan Loewen confirmed new BioFert continues to sell both organic and organic-based fertilizers (page 182).

(2) Plaintiff's second proposed method

[205] The Plaintiff alternatively suggests this Court can rely on the Defendants' actual sales in assessing damages for trademark infringement because the two business are similar in nature. The Plaintiff puts forward that "it is reasonable to assume that most, if not all, of the Defendants' sales in that first year, which were all made through Agrisol, would have been made by BioFert were it not for the infringements of the trademark, passing off and the deception to the public by

the Defendants.” The Plaintiff’s support for this claim is that nearly 70% of Agrisol customers had previously bought products from old BioFert, suggesting a loss in clients from the old BioFert business who would otherwise have bought from the Plaintiff (page 1823).

[206] Agrisol’s sales in 2016 were \$1,579,761 (Exhibit P2, Tab 34). The Plaintiff points out that Agrisol in fact did not start selling products until a few months into 2016, which suggest the \$1,579,761 figure would be a “conservative estimate” of the sales flowing from the infringements. Assuming the same 40% profit margin discussed above, that would equal approximately **\$640,000** in gross profits for Agrisol in 2016. The Plaintiff asks this Court to award a similar amount in compensatory damages. The Plaintiff even offers that the “actual losses” experienced by the Plaintiff are around this amount and not the **\$942,330** amount listed above (page 1824).

[207] This methodology is also inappropriate. As established above, there is no evidence of Agrisol using the BioFert logo, name, or trademark after the first month of 2016 and scant evidence of other infringements. The trade show was on January 27, 2016 and the website was taken down by the end of January. It cannot be said that all Agrisol sales for the next 11 months were attributable to the misleading conduct in late 2015 and January 2016 even if some sales were. Also, as noted above, customers could buy products from multiple suppliers so Agrisol sales are not reflective of what damages should be awarded.

(3) Compensatory damages awarded

[208] I find that the facts do not provide any evidence of a particular quantum of losses. As Justice Hughes noted in *Patterned Concrete Industries Inc. v Horta*, 2014 FC 359 at para 4, “Damages must be proved, generalizations are insufficient.”

[209] The Federal Court and Court of Appeal have indicated in infringement cases where the damages are not proved by the evidence, there are two approaches to take (see Annex B, categories 1 and 2 for a chart showing the primary two approaches). First, the Court has approved an arbitrary value being assigned to compensate the plaintiff. This is often case in default judgments or where there is a lack of a full financial picture before the Court. Second, the Court may attempt to perform a mathematical per-incident calculation which is often done in counterfeit cases.

[210] I propose to take a hybrid approach similar to what was used in *Stork Market Inc. v 1736735 Ontario Inc.*, 2017 FC 779; *1429539 Ontario Ltd. v Café Mirage Inc.*, 2011 FC 1290, and *Driving Alternative Inc. v Jarvis*, 2012 FC 1430 (see Annex B, category 3 for this hybrid approach). These cases used incomplete or flawed damages data as a baseline to then estimate a global compensatory figure for the period of infringement while keeping in mind a per-incident type of calculation.

[211] Using this approach I will award damages beginning with the first incident of infringement which was when the corporate Defendant BNA was registered in August 2015. The

infringements continued until the end of January 2016. I will also award compensatory damages for February 2016 due to a likely short-term impact of the January infringements on the February sales figures.

[212] The financial data of new BioFert confirms that roughly 21% of sales were made from August to February. In the July 31, 2015 to July 31, 2016, new BioFert sales records, just \$625,357 of the \$2,920,764 in total new BioFert sales were made during this timeframe. This is just 21% of annual sales that took place during these seven months.

[213] This seasonal deviance in sales for new BioFert sales mirrors the sales records from old BioFert from 2008 to 2014 where 20 to 30 percent of annual sales typically took place between August and February (Deemed admissions of authenticity of documents, Document 540). This comparison of monthly sales confirms that the August to February months where the Defendants benefitted from the infringing activities did not take overlap with the primary growing season in the lower mainland of B.C.

[214] Stan Loewen testified that the Pacific Agriculture Show is the “feature trade show” that “takes place annually at the end of January” that allows companies to advertise their products to the public and to other companies (page 160). Imran Ahmad confirmed April through July are the heavy sales months and that the Pacific Agriculture Show is important for the “upcoming” growing season (Imran Ahmad, pages 781 and 789-790). These seasonal trends were confirmed by both the Plaintiff and Dr. Tahir (in closings pages 1820 and 1909).

[215] I will award the following compensatory damages using this hybrid approach:

Month	Infringing activities	Amount of damages
August 2015	Defendants registered the misleading name BNA (confusing with the old BioFert name). Dr. Tahir refuses to change the name of old BioFert which means the Plaintiff has to use a different name.	\$10,000
September 2015	Defendants continue use of the misleading name BNA. Dr. Tahir applies for trademarks for Earth Boost and Assist . Defendants decide to use old BioFert product names for some of the Agrisol products. However, after a BC court order, old BioFert's name is changed to a numbered company and the Plaintiff is finally able to use the BioFert Manufacturing Inc. name.	\$10,000
October 2015	Defendants continue use of the misleading name BNA and prepare to launch the business.	\$8,000
November 2015	Defendants continue use of the misleading name BNA. Dr. Tahir was using a BioFert.net email account which infringes the BioFert trade name and is passing off.	\$10,000
December 2015	Defendants continue use of the misleading name BNA Defendants continue to use BioFert.net email accounts which infringe the BioFert trade name. Materials for Pacific Agriculture show are prepared by Imran and Dr. Tahir. Imran orders a podium with the BioFert logo . In late 2015 or early 2016 promotional flyers using the BioFert trade name are sent saying "employees of Biofert" are launching Agrisol which is passing off .	\$15,000
January 2016	Defendants continue use of the misleading name BNA. BioFert.net website goes online in late January featuring the BioFert name, logo, and product trademarks . Agrisol sends marketing flyers and emails to customers which are passing off the company as being BioFert. Catalogues are finalized and ordered for the trade show. The Defendants set up a booth at trade show	\$20,000

	<p>featuring the infringing logo on catalogues, leaflets, business cards, a podium, and a banner. The catalogues and leaflets also contained product trademarks that belonged to the Plaintiff.</p> <p>At trade show they are served with cease-and-desist letter. All infringing material is removed before the public attends and the show is open. BioFert.net website is taken down by the end of January.</p>	
February 2016	<p>Misleading name BNA is still on the corporate registry but is not used by the Defendants. Otherwise no infringements and the website is in maintenance mode. Cease-and-desist letter has been largely complied with other than the domain name which remained in the hands of a third party. Confusion from the marketing efforts that occurred from November to January may have bled into the February and onwards sales figures.</p>	\$8,000

“Figure 7”
[emphasis added to infringements]

[216] Adding up the monthly figures results in **\$81,000** in compensatory damages. The month-by-month approach mirrors the hybrid cases discussed above where the Court worked with the financial data it was provided. This amount is justifiable as either a per-incident type of award as shown on the chart and in the hybrid cases, or as a global compensatory award.

[217] As a global compensatory award, the figures on this chart realistically reflect the lost sales for the August 2015 to February 2016. As noted above, 20 to 30 percent of old BioFert and new BioFert sales typically took place in these months which is consistent with the witness testimony about the most lucrative sales season being in the spring. Looking at the chart above at Figure 6 where old BioFert sales were around \$5 million per year in 2013 and 2014, as I concluded above new BioFert could not have been expected to sell products at the same pace as the old company due to the bankruptcy and other contingencies (para 201 above). If it were

assumed that new BioFert would instead make around \$2 million in sales during its first year emerging from the bankruptcy at around a 20% profit margin reflecting the approximate margin for the sales transferred between Terralink and new BioFert (page 1679), that would indicate \$400,000 in expected profits for new BioFert's first year. Then, assuming 21% of those profits would have come in the August to February months that would result in \$84,000 in profits during the period of the infringement.

[218] Similarly, Agrisol made \$1,579,761 in sales throughout 2016 (Exhibit P2, Tab 34). At the 20% profit margin assigned above, that would create \$315,952 in profits. Assuming 21% of profits would be spread over January and February as well as August to December of that year, that would leave a figure of \$66,349.96 in profits during the period of the infringement.

[219] These are ballpark estimates given the lack of a full financial picture but it confirms the monthly hybrid approach displayed on the table above reflects an appropriate amount of compensation for the trademark infringements during the infringement period.

[220] The total compensatory damages awarded to the Plaintiff jointly and severally against the corporate Defendants and Dr. Tahir are \$81,000.

B. *Statutory damages for Copyright Act infringement*

[221] The Plaintiff elects statutory damages for the copyright infringement of the About Us page and BioFert logo. The Plaintiff is entitled for separate remedies for the infringements of

both the *Trademarks Act* and the *Copyright Act* (*Popsockets LLC v Case World Enterprises Ltd.*, 2019 FC 1154 at para 39 [*Popsockets*]).

[222] Section 38.1(1)(a) of the *Copyright Act* prescribes statutory damages of \$500 to \$20,000 per work infringed “for commercial purposes.” The Plaintiff indicates that bad faith, the conduct of the parties before and during the proceedings, and the need for deterrence are three factors that support a “high end” damage award. Their primary focus is that the Defendants’ activities showed bad faith, as they used the logo in marketing materials and the About Us page online, all with a view to selling themselves to the public as BioFert. The Plaintiff says this bad faith warrants the maximum of \$20,000 in statutory damages for each of the two works, for a total of \$40,000.

[223] The *Copyright Act* jurisprudence confirms this case is on the lower end of the statutory damages range. In *Setanta Sports Canada Ltd. v 840341 Alberta Ltd.*, 2011 FC 709 at para 19, factors supporting a high-end award were a failure to respond to written communications from the opposing party, breach of a court order, at least two clear violations of copyright of a broadcaster, and the need for a significant damages award to deter others. Similar factors were noted in *Microsoft Corp. v 9038-3746 Quebec Inc.*, 2006 FC 1509, where the defendants displayed bad faith and were “dismissive of law and order” (para 113). On the other hand, in *Century 21 Canada Ltd. Partnership v Rogers Communications Inc.*, 2011 BCSC 1196 [*Century 21*], a lower statutory amount was awarded because the infringements occurred over a “relatively short” period, there was no need for deterrence, there was no finding of bad faith, and the actual damages were not substantial (para 421).

[224] I find this case to be far closer to *Century 21* than the other cases. The Defendants pointed out that the website was taken down as soon as the cease-and-desist letter was served. As I indicated above, Stan Loewen confirmed the website was taken down “right away” after the cease-and-desist letter and put into maintenance mode (page 167). Stan Loewen confirmed the website was in “maintenance mode” by the end of January 2016 and remained this way, without any copyrighted works being visible (pages 167-168). On July 14, 2016 the website remained in maintenance mode and for all intents and purposes no longer existed (Exhibit P4, Tab 87). The Plaintiff noted that it had a button to subscribe on the bottom but no evidence was before the Court that it functions or where that information went. Stan Loewen’s evidence about the trade show was that all logos of BioFert were taken off before the show opened on January 28 at 9:00 AM (pages 166 & 167). This short period of copyright infringement means I will not be awarding a higher-end award for statutory damages.

[225] As a result I will award \$500 per infringement for each of the two copyrighted works for a total of \$1,000.

C. *Punitive and exemplary damages*

[226] Punitive damages are reserved for situations of “malicious, oppressive, and high-handed” conduct that “offends the court’s sense of decency” (*Hill v Church of Scientology of Toronto*, [1995] 2 SCR 1130 at para 196). The purposes of these damages are retribution, deterrence, and denunciation. Punitive damages are only to be awarded if compensatory damages are insufficient

to accomplish these objectives (*Whiten* at para 94). *Whiten* at para 113 sets out several factors that “may” influence the level of blameworthiness (citations omitted):

- (1) whether the misconduct was planned and deliberate;
- (2) the intent and motive of the defendant;
- (3) whether the defendant persisted in the outrageous conduct over a lengthy period of time;
- (4) whether the defendant concealed or attempted to cover up its misconduct;
- (5) the defendant’s awareness that what he or she was doing was wrong;
- (6) whether the defendant profited from its misconduct;
- (7) whether the interest violated by the misconduct was known to be deeply personal to the plaintiff.

[227] In addition to blameworthiness, the award must be proportionate to the degree of vulnerability of the Plaintiff, the harm directed at the Plaintiff, the need for deterrence, and the advantage wrongfully gained, and it must also be appropriate in light of the other penalties likely being inflicted for the same misconduct (*Whiten* at paras 114–125).

[228] The Plaintiff states that the Defendants were aware of the unsuccessful bid for old BioFert assets and then embarked on an attempt to deprive the Plaintiff of the benefits of those assets and to instead drive customers to Agrisol using the BioFert reputation. In its closing submissions, the Plaintiff specifically highlighted:

- a) Each Defendant except Dr. Tahir confirmed they thought they should not be using the BioFert name;

- b) The Plaintiff had to go to court to obtain the transfer of the corporate name and to go to a domain name dispute resolution proceeding to re-gain control of the domain name;
- c) There was a privacy shield on the WhoIs information for the domain name and the Defendants initially refused to concede their wrongdoing;
- d) The application for a BioFert company in New York by Dr. Tahir and his cousin. The New York application falsely used a photo of old BioFert product to demonstrate use by the U.S. corporation and used TahirMahmood@Agrisol.com as the email contact;
- e) The Canadian trademark applications for Earth Boost and Assist, two infringing product trademarks, were not abandoned immediately upon receipt of the cease-and-desist letter;
- f) Dr. Tahir and Farrah transferring their jointly-owned family home which was 4-5 months old to Farrah alone in April 2015 for \$1 (Exhibit P63; page 1473) which the Plaintiff says was nefarious; and
- g) The Plaintiff in oral submissions alleged that the employees of Dr. Tahir and Agrisol attempted tampering with the Plaintiff's witness Mr. Gill which further contributed to the argument about bad faith.

[229] The Plaintiff relied on Manjinder Gill's testimony translated from Punjabi and his witness statement in English that he indicates was read to him (page 875) dated October 30, 2017 (Exhibit P37) in support of their claim for punitive damages:

Manjinder Gill spoke to the bad faith of the defendants. Mr. Gill was not put on that stand to establish that goods had been stolen. Mr. Gill was put on that stand to confirm that he had made a witnesses statement that spoke to the defendants colluding as to their evidence with their employees in a related proceeding. And then the witness tampering that took place to try and get Mr. Gill to rescind his witness statement. Dr. Mahmood spent many pages of his argument attacking Mr. Gill.

[230] In light of this deliberate conduct, the Plaintiff asks for \$100,000 to \$200,000 in punitive damages, depending on whether or not the Court awards compensatory damages in the amount sought by the Plaintiff.

[231] Dr. Tahir argues the Defendants did not conceal anything and that none of their conduct was deliberate. All of the Defendants insist that after the cease-and-desist letter they immediately complied. Further the Defendants argue in their closings that the corporations did not profit off the misconduct (pages 1919) and Saif testified that “Agrisol never made any profit” (page 1084).

[232] Dr. Tahir minimizes his involvement with the domain name by saying until access to the BioFert.net domain name and emails were transferred to his father-in-law for approximately \$3,000.00 Canadian he had no idea who owned it so could not exercise control over it to transfer it to new Biofert.

[233] Dr. Tahir’s explanation for the New York BioFert company was that at the time his cousin started the company and planned to do business and the United States (book of read-ins at pages 169-170). When cross-examined by his wife, Dr. Tahir was asked what happened with BioFert New York and he said “It never builded. No business was done on that BioFert [sic]” (page 1500).

[234] As for the family home it was transferred on April 25, 2015 before the bankruptcy even occurred. I find the transfer of the family home was not done in relation to this litigation (which began in March 2016) and both Mahmoods have been transparent about the transfer of the home

(pages 1124 and 1473). This was not planned and deliberate conduct and it does not meet any of the other factors to be considered in awarding punitive damages.

[235] The Defendants are definitive in their position that this case does not rise to the “rare” extreme case where punitive damages are to be awarded. Dr. Tahir and Saif both said the conduct was not planned and deliberate as they never purposely did anything wrong and never tried to cover anything up (pages 1918 and 1945). As soon as they were provided the cease-and-desist letter they complied with all requests that were in their power to comply with and this should not affect their new company Agrisol when they were not even selling product until after the trade show and had stopped all alleged infringing before the show even started. Dr. Tahir noted that it was Mr. Adnan in Pakistan who retained control of the domain name but otherwise they did everything in their power to comply with the cease-and-desist letter (page 1920).

[236] When the factors from *Whiten* are reviewed the one factor that is glaringly clear is that as soon as the cease-and-desist letter was served in a matter of hours it was almost completely complied with. The only outstanding matters being the website being taken down which the evidence was also initiated at the time of the cease-and-desist letter, as the website was offline by the end of January 2016. The Defendants and their counsel corresponded immediately with the Plaintiff’s counsel and endeavored to comply with the requests in the cease-and-desist letter that were within their control.

[237] Tampering with a witness is a serious allegation that should not be levelled lightly. Mr. Gill worked for old BioFert as a labourer in the warehouse for five years though he could not

remember the dates (page 884) there or the last name of Dr. Tahir (page 882). As he cannot speak, read or write English, he was instructed by colours of the labels to add certain fertilizers to bags. After old BioFert went bankrupt he pressure washed trucks. He later joined Agrisol as a labourer though again he cannot remember the dates. It seems from Kamal Bahga's testimony that Mr. Gill started at Agrisol in March or April 2016 (Exhibit P36 at page 75). Mr. Bahga discussed Mr. Gill's limited role at Agrisol as a labourer blending fertilizers (pages 813-814; Exhibit P36 at pages 40-42). At Agrisol his work was solely in the warehouse and he only attended the office space to eat his lunch in a separate facility for the labourers. He has now been employed as a labourer at Terralink for roughly two years where he is stacking fertilizer bags and not doing any mixing (pages 886-887).

[238] On cross-examination, Mr. Gill's lack of sophistication became apparent. It would not have been possible for Mr. Gill to have overhead conversations regarding witness tampering given Mr. Gill's location in the warehouse and his work hours. I will not give any weight to Mr. Gill's written statement or his oral testimony.

[239] Regarding the alleged conversation with Kamal Bahga where he was asked to rescind his witness statement, I prefer the evidence of Mr. Bahga. Mr. Bahga was an adverse witness called by the Plaintiff and upon cross-examination by the Plaintiff's counsel he denied having any phone conversation with Mr. Gill (page 810). In all of this it must be remembered that Mr. Gill had been employed by old BioFert and is now employed by Terralink. Loyalties can shift as can memories fade.

[240] As a result I do not accept that there was any witness tampering or bad faith as suggested by Mr. Gill's evidence.

[241] The factor that is in support of punitive damages is that Dr. Tahir did not cooperate in the name change and then to register and utilize the name BNA can only be seen as somewhat nefarious. It is naïve to believe that Dr. Tahir would not have known that the use of the BioFert name, logo and other product trademarks on labels and marketing materials would infringe the Plaintiff's rights. Dr. Tahir's decisions to infringe the trademarks and copyright if not planned and deliberate was definitely calculated. However, I do not find that the Defendants profited from the short period they infringed and if they did it was a minimal profit.

[242] There was certainly animosity between Dr. Tahir of Agrisol and his former partner Yasir Syed. Dr. Tahir was motivated to have the new company succeed given that a bid to buy old BioFert was not successful and Yasir Syed was a part of the successful bidder for old BioFert assets. However, I have no evidence that the Defendants tried to cover up anything or profited from their misconduct.

[243] In a review of the jurisprudence of when punitive damages have been awarded in this court it is indeed rare and it is often in counterfeiting cases where the defendant has been profiting from the infringing act and attempted to cover up its behaviour. A finding that punitive damages are not warranted is consistent with this jurisprudence including the default judgment granted in *Popsockets* (cited above). In *Popsockets*, Justice Southcott declined to order punitive damages as it was a short infringement period and there was little indication that the defendants

intended to infringe or that they tried to cover up their misconduct (para 50). In that case the copyright infringement continued following the cease-and-desist letter as the infringing products remained on the shelves three months after the cease-and-desist letter (para 23). In the present case the Defendants complied immediately with the demands that were within their control to satisfy, which makes the arguments for punitive damages in this case even less convincing than in *Popsockets*.

[244] I am not prepared to order punitive damages against Dr. Tahir and as I did not find the other individual Defendants liable I will not award against them. Nor am I prepared to order punitive damages against the corporate Defendants. The facts of this case do not meet the high threshold for punitive damages which are reserved for exceptional cases.

D. *Declaratory and injunctive relief*

[245] In the Statement of Claim the Plaintiff asked for several declarations as well as injunctions. The Plaintiff did not provide any written or oral submissions regarding the need for these remedies.

[246] Some factors that courts have considered when deciding if these types of remedies are necessary are whether the infringements had clearly ceased and whether the relief would have any practical effect in resolving the issues between the parties (*British Columbia Automobile Assn v O.P.E.I.U., Local 378*, 2001 BCSC 156 at para 232). Dickson J in *Solosky v Canada* (1979), [1980] 1 SCR 821 at 832 noted that “a declaration will not normally be granted when the dispute is over and has become academic.”

[247] The evidence in this case shows the dispute is over and this relief would be academic given that the Defendants immediately complied with the cease-and-desist letter. The Plaintiff now has possession of the domain name, the Defendants no longer use the BNA name, and there have been four years without evidence of infringement.

VIII. Costs

[248] The parties provided written submissions on costs. The Plaintiff requested solicitor-client costs of \$915,945.83 inclusive of disbursements.

[249] The individual Defendants also submitted bills of costs but the two corporate Defendants did not. Dr. Tahir requests \$79,325 in his bill of costs, Saif asks for \$114,253.91 in costs, Amaran asks for \$117,000, and Farrah requests \$67,589. Furthermore, Dr. Tahir and Farrah asked for “100 percent cost on the highest tariff scale” in their written submissions.

[250] The Plaintiff requested and the Court agrees that after the decision is rendered that they be allowed provide further submissions as there are Rule 420 settlement offers. The Court has not had any Rule 420 settlement offers put before them at this stage and therefore will allow the parties the opportunity to provide further submissions regarding costs just in relation to the settlement offers.

[251] I will allow the Plaintiff to file written submissions no more than 3 pages on costs to explain the rejected settlement offer and why it should allow them to get double tariff costs after the rejected offer based on Rule 420(1) of the *Federal Courts Rules*. I would ask that these

submissions be filed and provided to the Defendants by email within 10 days of the date of this decision.

[252] The corporate Defendants and Dr. Tahir will then have 10 days to file with the Court and to provide the Plaintiff their response submissions of no more than three pages. That will conclude submissions regarding costs.

JUDGMENT IN T-377-16

THIS COURT'S JUDGMENT is that:

1. The Defendants Agrisol Manufacturing Inc. and BioFert NA Manufacturing Inc. [the corporate Defendants] and their CEO Tahir Mahmood are deemed to have infringed the Plaintiff's exclusive right to use the Canadian registered trademark TMA 854,894 [the Plaintiff's trademark] contrary to section 20 of the *Trademarks Act*;
2. The corporate Defendants and Tahir Mahmood have passed off their goods for those of the Plaintiff contrary to section 7(b) of the *Trademarks Act*;
3. The corporate Defendants and Tahir Mahmood have used in association with their goods a description which is false in a material respect and which is of such a nature as to mislead the public regarding the character, quality, or composition of such goods, contrary to section 7(d) of the *Trademarks Act*;
4. The corporate Defendants and Tahir Mahmood have used the Plaintiff's trademark in a manner likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to section 22 of the *Trademarks Act*;
5. The corporate Defendants and Tahir Mahmood have infringed the copyright in the two copyrighted works owned by the Plaintiff, contrary to sections 3 and 27 of the *Copyright Act*;
6. The corporate Defendants and Tahir Mahmood are liable jointly and severally, and shall pay to the Plaintiff, \$81,000 in compensatory damages arising from the trademark violations;

7. The corporate Defendants and Tahir Mahmood are liable jointly and severally, and shall pay to the Plaintiff, \$1,000.00 in statutory damages for the violations of the *Copyright Act*;
1. The claims against the remaining Defendants are dismissed without costs to any party;
2. The Plaintiff's claim against each Defendant for punitive damages is dismissed without costs to any party;
3. The Counterclaim is dismissed without costs to any party;
4. The corporate Defendants and Tahir Mahmood shall pay costs as determined following written submissions only with regards to the Rule 420 settlement offers, limited to 3 pages for the Plaintiff and each Defendant. The Plaintiff shall file their submissions and email them to the Defendants within 10 days of this judgment, then the corporate Defendants and Tahir Mahmood will have 10 days to file and email their submissions.

"Glennys McVeigh"

Judge

Annex A – Relevant legislation

Trademarks Act, RSC 1985, c T-13

Unfair Competition and Prohibited Signs

Prohibitions

7 No person shall

(a) make a false or misleading statement tending to discredit the business, goods or services of a competitor;

(b) direct public attention to his goods, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his goods, services or business and the goods, services or business of another;

(c) pass off other goods or services as and for those ordered or requested; or

(d) make use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to

(i) the character, quality, quantity or composition,

(ii) the geographical origin, or

(iii) the mode of the manufacture, production or performance

of the goods or services.

Loi sur les marques de commerce (L.R.C. (1985), ch. T-13)

Concurrence déloyale et signes interdits

Interdictions

7 Nul ne peut :

a) faire une déclaration fautive ou trompeuse tendant à discréditer l'entreprise, les produits ou les services d'un concurrent;

b) appeler l'attention du public sur ses produits, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention, entre ses produits, ses services ou son entreprise et ceux d'un autre;

c) faire passer d'autres produits ou services pour ceux qui sont commandés ou demandés;

d) employer, en liaison avec des produits ou services, une désignation qui est fautive sous un rapport essentiel et de nature à tromper le public en ce qui regarde :

(i) soit leurs caractéristiques, leur qualité, quantité ou composition,

(ii) soit leur origine géographique,

(iii) soit leur mode de fabrication, de production ou d'exécution.

Registrable Trademarks

When trademark registrable

12 (1) Subject to subsection (2), a trademark is registrable if it is not

... (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the goods 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;

When registration invalid

18 (1) The registration of a trademark is invalid if

- (a) the trademark was not registrable at the date of registration;
- (b) the trademark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;
- (c) the trademark has been abandoned;
- (d) subject to section 17, the applicant for registration was not the person entitled to secure the registration; or
- (e) the application for registration was filed in bad faith.

Rights conferred by registration

19 Subject to sections 21, 32 and 67, the registration of a trademark in respect of any goods or services, unless shown to be invalid, gives to the owner of the trademark the exclusive right to the use throughout Canada of the trademark in respect of those goods or services.

Marques de commerce enregistrables

Marque de commerce enregistrable

12 (1) Sous réserve du paragraphe (2), la marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

... (b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fausse et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des produits ou services en liaison avec lesquels elle est employée, ou en liaison avec lesquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou de leur lieu d'origine;

Quand l'enregistrement est invalide

18 (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

- a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
- b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;
- c) la marque de commerce a été abandonnée;
- d) sous réserve de l'article 17, l'auteur de la demande n'était pas la personne ayant droit d'obtenir l'enregistrement;
- e) la demande d'enregistrement a été produite de mauvaise foi.

Droits conférés par l'enregistrement

19 Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de produits ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces produits ou

Infringement

20 (1) The right of the owner of a registered trademark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who

- (a) sells, distributes or advertises any goods or services in association with a confusing trademark or trade name;
- (b) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any goods in association with a confusing trademark or trade name, for the purpose of their sale or distribution;
- (c) sells, offers for sale or distributes any label or packaging, in any form, bearing a trademark or trade name, if
 - (i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trademark, and
 - (ii) the sale, distribution or advertisement of the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trademark or trade name; or
- (d) manufactures, causes to be manufactured, possesses, imports, exports or attempts to export any label or packaging, in any form, bearing a trademark or trade name, for the purpose of its sale or distribution or for the purpose of the sale, distribution or advertisement of goods or services in association with it, if
 - (i) the person knows or ought to know that the label or packaging is intended to be associated with goods or services that are not those of the owner of the registered trademark, and
 - (ii) the sale, distribution or advertisement of

services.

Violation

20 (1) Le droit du propriétaire d'une marque de commerce déposée à l'emploi exclusif de cette dernière est réputé être violé par une personne qui est non admise à l'employer selon la présente loi et qui :

- a) soit vend, distribue ou annonce des produits ou services en liaison avec une marque de commerce ou un nom commercial créant de la confusion;
- b) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des produits, en vue de leur vente ou de leur distribution et en liaison avec une marque de commerce ou un nom commercial créant de la confusion;
- c) soit vend, offre en vente ou distribue des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial alors que :
 - (i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,
 - (ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion;
- d) soit fabrique, fait fabriquer, a en sa possession, importe, exporte ou tente d'exporter des étiquettes ou des emballages, quelle qu'en soit la forme, portant une marque de commerce ou un nom commercial, en vue de leur vente ou de leur distribution ou en vue de la vente, de la distribution ou de l'annonce de produits ou

the goods or services in association with the label or packaging would be a sale, distribution or advertisement in association with a confusing trademark or trade name.

Depreciation of goodwill

22 (1) No person shall use a trademark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

Copyright Act, RSC 1985, c C-42

Copyright in works

3 (1) For the purposes of this Act, copyright, in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof, and includes the sole right

(a) to produce, reproduce, perform or publish any translation of the work,

(b) in the case of a dramatic work, to convert it into a novel or other non-dramatic work,

(c) in the case of a novel or other non-dramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise,

services en liaison avec ceux-ci, alors que :

(i) d'une part, elle sait ou devrait savoir que les étiquettes ou les emballages sont destinés à être associés à des produits ou services qui ne sont pas ceux du propriétaire de la marque de commerce déposée,

(ii) d'autre part, la vente, la distribution ou l'annonce des produits ou services en liaison avec les étiquettes ou les emballages constituerait une vente, une distribution ou une annonce en liaison avec une marque de commerce ou un nom commercial créant de la confusion.

Dépréciation de l'achalandage

22 (1) Nul ne peut employer une marque de commerce déposée par une autre personne d'une manière susceptible d'entraîner la diminution de la valeur de l'achalandage attaché à cette marque de commerce.

Loi sur le droit d'auteur (L.R.C. (1985), ch. C-42)

Droit d'auteur sur l'œuvre

3 (1) Le droit d'auteur sur l'œuvre comporte le droit exclusif de produire ou reproduire la totalité ou une partie importante de l'œuvre, sous une forme matérielle quelconque, d'en exécuter ou d'en représenter la totalité ou une partie importante en public et, si l'œuvre n'est pas publiée, d'en publier la totalité ou une partie importante; ce droit comporte, en outre, le droit exclusif :

a) de produire, reproduire, représenter ou publier une traduction de l'œuvre;

b) s'il s'agit d'une œuvre dramatique, de la transformer en un roman ou en une autre œuvre non dramatique;

c) s'il s'agit d'un roman ou d'une autre œuvre non dramatique, ou d'une œuvre artistique, de

(d) in the case of a literary, dramatic or musical work, to make any sound recording, cinematograph film or other contrivance by means of which the work may be mechanically reproduced or performed,

(e) in the case of any literary, dramatic, musical or artistic work, to reproduce, adapt and publicly present the work as a cinematographic work,

(f) in the case of any literary, dramatic, musical or artistic work, to communicate the work to the public by telecommunication,

(g) to present at a public exhibition, for a purpose other than sale or hire, an artistic work created after June 7, 1988, other than a map, chart or plan,

(h) in the case of a computer program that can be reproduced in the ordinary course of its use, other than by a reproduction during its execution in conjunction with a machine, device or computer, to rent out the computer program,

(i) in the case of a musical work, to rent out a sound recording in which the work is embodied, and

(j) in the case of a work that is in the form of a tangible object, to sell or otherwise transfer ownership of the tangible object, as long as that ownership has never previously been transferred in or outside Canada with the authorization of the copyright owner,

and to authorize any such acts.

transformer cette œuvre en une œuvre dramatique, par voie de représentation publique ou autrement;

d) s'il s'agit d'une œuvre littéraire, dramatique ou musicale, d'en faire un enregistrement sonore, film cinématographique ou autre support, à l'aide desquels l'œuvre peut être reproduite, représentée ou exécutée mécaniquement;

e) s'il s'agit d'une œuvre littéraire, dramatique, musicale ou artistique, de reproduire, d'adapter et de présenter publiquement l'œuvre en tant qu'œuvre cinématographique;

f) de communiquer au public, par télécommunication, une œuvre littéraire, dramatique, musicale ou artistique;

g) de présenter au public lors d'une exposition, à des fins autres que la vente ou la location, une œuvre artistique — autre qu'une carte géographique ou marine, un plan ou un graphique — créée après le 7 juin 1988;

h) de louer un programme d'ordinateur qui peut être reproduit dans le cadre normal de son utilisation, sauf la reproduction effectuée pendant son exécution avec un ordinateur ou autre machine ou appareil;

i) s'il s'agit d'une œuvre musicale, d'en louer tout enregistrement sonore;

j) s'il s'agit d'une œuvre sous forme d'un objet tangible, d'effectuer le transfert de propriété, notamment par vente, de l'objet, dans la mesure où la propriété de celui-ci n'a jamais été transférée au Canada ou à l'étranger avec l'autorisation du titulaire du droit d'auteur.

Est inclus dans la présente définition le droit exclusif d'autoriser ces actes.

Infringement generally

27 (1) It is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do.

Federal Courts Rules, SOR/98-106

Corporations or unincorporated associations

120 A corporation, partnership or unincorporated association shall be represented by a solicitor in all proceedings, unless the Court in special circumstances grants leave to it to be represented by an officer, partner or member, as the case may be.

Effect of request to admit

256 A party who is served with a request to admit is deemed to admit a fact or the authenticity of a document set out in the request to admit unless that party serves a response to the request in Form 256 within 20 days after its service and denies the admission, setting out the grounds for the denial.

Multiple parties

274(2) Where the Court has made an order permitting two or more plaintiffs to put in separate cases, or where more than one defendant is separately represented, the order of presentation shall be as directed by the Court.

Règle générale

27 (1) Constitue une violation du droit d'auteur l'accomplissement, sans le consentement du titulaire de ce droit, d'un acte qu'en vertu de la présente loi seul ce titulaire a la faculté d'accomplir.

Règles des Cours fédérales (DORS/98-106)

Personne morale, société de personnes ou association

120 Une personne morale, une société de personnes ou une association sans personnalité morale se fait représenter par un avocat dans toute instance, à moins que la Cour, à cause de circonstances particulières, ne l'autorise à se faire représenter par un de ses dirigeants, associés ou membres, selon le cas.

Effet d'une telle demande

256 La partie qui reçoit signification d'une demande de reconnaissance est réputée reconnaître la véracité du fait ou l'authenticité du document qui en fait l'objet, sauf si elle signifie une dénégation établie selon la formule 256, avec motifs à l'appui, dans les 20 jours suivant la signification.

Parties multiples

274(2) Lorsque la Cour a rendu une ordonnance permettant à plus d'un demandeur de présenter leur cause d'action séparément ou lorsque les défendeurs ne sont pas tous représentés par le même avocat, l'ordre de présentation est fixé par la Cour.

Reading in examination at trial

288 A party may introduce as its own evidence at trial any part of its examination for discovery of an adverse party or of a person examined on behalf of an adverse party, whether or not the adverse party or person has already testified.

Consequences of failure to accept plaintiff's offer

420 (1) Unless otherwise ordered by the Court and subject to subsection (3), where a plaintiff makes a written offer to settle and obtains a judgment as favourable or more favourable than the terms of the offer to settle, the plaintiff is entitled to party-and-party costs to the date of service of the offer and costs calculated at double that rate, but not double disbursements, after that date.

Extrait des dépositions

288 Une partie peut, à l'instruction, présenter en preuve tout extrait des dépositions recueillies à l'interrogatoire préalable d'une partie adverse ou d'une personne interrogée pour le compte de celle-ci, que la partie adverse ou cette personne ait déjà témoigné ou non.

Conséquences de la non-acceptation de l'offre du demandeur

420 (1) Sauf ordonnance contraire de la Cour et sous réserve du paragraphe (3), si le demandeur fait au défendeur une offre écrite de règlement, et que le jugement qu'il obtient est aussi avantageux ou plus avantageux que les conditions de l'offre, il a droit aux dépens partie-partie jusqu'à la date de signification de l'offre et, par la suite, au double de ces dépens mais non au double des débours.

Annex B – Damages chart for cases with insufficient proof of damages

(1) Approach one: Assigning a global, arbitrary value for the infringement

	Case	Citation	Judge	Key points	Compensatory damages
1	Patterned Concrete Industries, Inc v Horta	2014 FC 359	Hughes J	Default judgment for passing off in concrete industry; affidavit evidence was speculative: “Damages must be proved, generalizations are insufficient. I will award nominal damages of \$1,000.00” (para 4).	\$1,000
2	Decommodification LLC v Burn BC Arts Cooperative	2015 FC 42	Hughes J	Default judgment case for passing off; Plaintiff sought \$25,000 but “there is no evidence as to the profits made” and so nominal damages had to be awarded – this is “usually based on an estimate of losses including an amount sufficient to serve as a deterrent to others contemplating similar activities” (para 14).	\$10,000
3	Black & Decker Corporation v Piranha Abrasives Inc.	2015 FC 185	Manson J	Infringement of two registered trademarks; four years of co-existence of the two marks but no evidence of actual customer confusion: “I find that the Applicants are not entitled to lost profits, but only to nominal damages in respect of trademark infringement” (para 111).	\$10,000
4	Maxwell Realty Inc. v Omax Realty Ltd.	2016 FC 1122	McDonald J	Passing off and trademark in realty industry leads to nominal damages; McDonald J cites Decommodification & Teavana to support the \$10,000 figure (para 28).	\$10,000
5	Teavana Corp. v Teayama Inc.	2014 FC 372	Bédard J	Plaintiff asked for \$25,000 but no evidence of drop in sales and no evidence of loss of goodwill: “The assessment of the true damages... will therefore remain speculative” and court can “simply fix an amount” (para 41).	\$10,000

6	Pick v 1180475 Alberta Ltd.	2011 FC 1008	Shore J	Default judgment case involving breach of sections 7(b) and 20 of Trademarks Act after defendant set up a booth at a farmer's market; "fixes" a sum of \$10,000 (para 52).	\$10,000
7	Thoi Bao Inc. v 1913075 Ontario Ltd.	2016 FC 1339	McDonald J	Trademark and copyright case involving ex-employee of a Vietnamese news website; plaintiff requests \$22,500. Cites Pick and also notes \$15,000 was minimum annual royalty Vietnamese company charges for use of its mark (para 46).	\$15,000
8	Alliance Laundry Systems LLC v Whirlpool Canada LP	2019 FC 724	Gagné J	Passing off case in appliance industry; inferred a loss would be suffered as a result of the passing off and so "I will be granting nominal damages in the amount of \$20,000" even though the products at issue were sold in low volume in Canada (para 62).	\$20,000
9	Trans-High Corp. v Conscious Consumption Inc.	2016 FC 949	Manson J	High Times trademark in "counterculture market" was infringed by defendant; applicant asks for \$150,000 to \$200,000 based on "lost licence fees" but there was "no evidence" to support these claims and \$25,000 was held to be more appropriate (paras 37-40).	\$25,000

(2) Category two: Assigning an approximate per-incident amount and multiplying it by the number of incidents (often in counterfeit goods cases)

	Case	Citation	Judge	Key points	Compensatory damages
10	Oakley Inc. v Jane Doe	2000 Carswell Nat 1995 (FCTD)	Pelletier J	Para 3 & footnote 1 refer to a scale and notes it has been accepted as a measure of damages: \$3,000 per incident for flea markets; \$6,000 for conventional retail premises;	\$3,000 per incident in 2000 (\$4,236 per incident in 2019)

				<p><i>and</i></p> <p><i>\$24,000 for manufacturers or distributors.</i></p> <p><i>Para 23 calls these an “arbitrary benchmark as opposed to evidence of actual losses” and notes that defendant can put damages in issue and require plaintiff to prove there were damages. Subsequent decisions index this scale for inflation (see below).</i></p>	dollars)
11	D. & A.’s Pet Food ‘N More Ltd. v Seiveright	2006 FC 175	<i>Lemieux J</i>	<p><i>Summary judgment case where self-represented defendant used Pets N’ More name on his retail store and website for a short period. He later changed signage but did not give back website. Lemieux J cites Ragdoll case from the counterfeit goods context and fixes damages at \$6,000 because this is a retail store that performed one infringement (para 9).</i></p>	<p>\$6,000 per incident in 2006</p> <p>(\$7,495 per incident in 2019 dollars)</p>
12	Aquasmart Technologies Inc. v Klassen	2011 FC 212	<i>Shore J</i>	<p><i>Default judgment case involving water purification companies; defendant copied plaintiff’s business. Infringements were both online and in-person, as physical premises, vehicles, and sales people were part of the business practices and the business continued despite knowledge of plaintiff’s rights. Shore J referred to the scale from Oakley and ordered \$15,597.35 (para 74). This was \$12,000 in 1997 dollars which would be the amount for 2 conventional infringements on the Oakley scale.</i></p>	\$7,798.68 per incident
13	Popsockets LLC v Case World Enterprises Ltd.	2019 FC 1154	<i>Southcott J</i>	<p><i>“As damages for trademark infringement, the Plaintiff seeks so-called nominal or minimum compensatory damages, in the amount of \$8000.00 per incident of infringing activity at the retail level. I accept that such damages are appropriate in circumstances such as these, where proof of actual damages would be difficult, and that this figure is consistent with established authority”</i></p>	\$8,000 per incident

				(para 42).	
14	Chanel S. de R.L. v Lam Chan Kee Co.	2016 FC 987, <i>aff'd</i> in 2017 FCA 38	<i>Martineau J, aff'd by Rennie JA</i>	Counterfeit goods: <i>Martineau J</i> adjusts <i>Oakley</i> for inflation and awards to \$8,000 per act of infringement. Multiplies 4 acts x 2 plaintiffs = \$64,000 in nominal damages (para 39). Nominal damages ordered because lack of documents to show profits/losses; upheld by FCA.	\$8,000 per incident
15	Ragdoll Productions (UK) Ltd. v Jane Doe	2002 FCT 918	<i>Pelletier J</i>	Copyright infringement through sales of keychains and other counterfeit items. "There is nothing untoward about the award of nominal damages where no actual damages are shown" (para 18) & citing <i>Fox's Canadian Law of Trade Marks</i> says "the best reasonable estimate must be made" (para 40). A lack of proper accounting records of the defendant does not necessarily need to be limited to a low "nominal" amount like \$1; per-incident amount still should be compensatory (paras 45–48).	\$6,000 per incident in 2002 (\$8,063 per incident in 2019 dollars)
16	Louis Vuitton Malletier S.A. v Wang	2019 FC 1389	<i>Roy J</i>	Counterfeit goods; quantity and value of the items sold difficult to know but significant (para 120); <i>Roy J</i> explains that the phrase "nominal award" should still be an estimate of actual compensatory damages. Also criticizes counsel's request for \$17 million in damages as that was not reasonable (para 127). Calculations explained at para 174–180: \$8,500 per incident of infringement by the retail establishment. Total compensatory damages of \$476,500 due to the many acts of infringement.	\$8,500 per incident
17	Louis Vuitton Malletier S.A. v Yang	2007 FC 1179	<i>Snider J</i>	Plaintiff asked for \$240,000 to \$360,000 in profits based on estimated turnover of counterfeit goods (para 34). <i>Snider J</i> found a few problems with the methodology, the actual infringement period, and the assumptions being made (para 39). <i>Snider J</i> instead multiplied nominal amount of \$7,250 (the <i>Oakley</i> \$6,000 amount per infringement by a retail establishment, adjusted for inflation) x 6 distinct incidents x 2 plaintiffs = \$87,000 award (paras 41–	\$7,250 per incident in 2007 (\$8,837 per incident in 2019 dollars)

				44).	
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(3) Category three: Hybrid approach using sales figures then adjusting for contingencies, while considering a per-month or per-incident framework

	Case	Citation	Judge	Key points	Compensatory damages
18	Stork Market Inc. v 1736735 Ontario Inc.	2017 FC 779	Southcott J	Extrapolated numbers from “far from perfect information” about sales (para 84) to estimate how much defendants made from selling law signs in the relevant months, then rounded down to make it a conservative estimate (para 87).	\$30,000
19	1429539 Ontario Ltd. v Café Mirage Inc.	2011 FC 1290	Mandamin J	Defendant improperly operated restaurant with trademark and menu of plaintiff Symposium Café; Plaintiff tried to rely on what the monthly franchise fee would have been but since that evidence was inconsistent (e.g. perhaps a one-time payment of \$17,500 or perhaps a recurring monthly fee), “a global award of \$30,000 is appropriate” (para 155) – Mandamin J did not rely on Plaintiff’s figures and instead assessed the “variable” data to help arrive at an appropriate “global award.”	\$30,000
20	Driving Alternative Inc. v Jarvis	2012 FC 1430	Scott J	“Keyz Pleez” driving school case; plaintiff showed passing off, trademark infringement and depreciation of goodwill. Plaintiff asked for \$70,000 based on projections of royalties for if the defendant had instead legally opened up a franchise location to use the plaintiff’s brand and then performed \$5,000 in weekly sales over the relevant time span. Scott J finds there was insufficient proof that these figures would be appropriate, and since this estimate was too high he fixed \$50,000 in damages (paras 39-41).	\$50,000

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-377-16

STYLE OF CAUSE: AGRISOL MANUFACTURING INC. AND BIOFERT
NA MANUFACTURING INC., COLLECTIVELY DBA
BIOFERT, TAHIR MAHMOOD, AMARAN TYAB,
SAIF MAHMOOD, AND FARRAH MAHMOOD

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**REASONS FOR JUDGMENT
AND JUDGMENT:** MCVEIGH J.

DATED: MARCH 13, 2020

APPEARANCES:

Karen MacDonald
Mathew Brechtel

FOR THE PLAINTIFF

Tahir Mahmood
Amaran Tyab
Saif Mahmood
Farrah Mahmood

FOR THE DEFENDANTS,
ON THEIR OWN BEHALF

Usman Ghani

FOR THE DEFENDANTS,
AGRISOL MANUFACTURING INC. AND BIOFERT
NA MANUFACTURING INC.

SOLICITORS OF RECORD:

Karen MacDonald
Mat Brechtel
Norton Rose Fulbright Canada LLP
Vancouver, British Columbia

FOR THE PLAINTIFF

Usman Ghani
Ghani Law Corp.
Vancouver, British Columbia

FOR THE DEFENDANTS,
AGRISOL MANUFACTURING INC. AND BIOFERT
NA MANUFACTURING INC.