

Federal Court



Cour fédérale

Date: 20110818

Docket: T-681-11

Citation: 2011 FC 1008

Ottawa, Ontario, August 18, 2011

PRESENT: The Honourable Mr. Justice Shore

BETWEEN:

STEPHANIE ANNE PICK

Plaintiff

and

**1180475 ALBERTA LTD., OPERATING AS
QUEEN OF TARTS AND LINDA KEARNEY**

Defendants

REASONS FOR JUDGMENT AND JUDGMENT

I. Overview

[1] The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use, under the *Trade-marks Act*, RSC 1985, c T-13, who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name.

II. Introduction

[2] This is an action for, *inter alia*, trade-mark infringement and passing-off brought by the Plaintiff, Ms. Stephanie Ann Pick, pursuant to the *Trade-marks Act*, against the Defendants, 1180475 Alberta Ltd. and Ms. Linda Kearney.

[3] A Statement of Claim was issued on April 19, 2011 and served on the Defendants on May 11, 2011 (Affidavit of Stephanie Anne Pick).

[4] The Defendants have failed to deliver a Statement of Defence within the time prescribed under the *Federal Courts Rules*, SOR/98-106, or at all (Affidavit of Stephanie Anne Pick, sworn August 2, 2011).

[5] As a consequence of their failure to deliver a Statement of Defence, the Defendants are now in default under the *Federal Courts Rules* (Affidavit of Stephanie Anne Pick).

[6] In the present case, the Defendants have failed to serve and file a Statement of Defence within the prescribed time, or at all. As such, Ms. Pick was entitled to bring a motion *ex parte*, in writing.

III. Judicial Procedure

[7] Ms. Pick is seeking the relief through a Motion for Default Judgment:

- a) A declaration that Ms. Pick is the party exclusively entitled to use THE QUEEN OF TARTS trade-mark, or any confusingly similar variant thereof, in Canada, on and in connection with “Baked goods, namely tarts, cookies, cakes, cupcakes, loaves, hand-decorated gingerbread men and holiday cookies, quiches and savoury tarts; wholesale and retail store services specializing in baked goods;
- b) A declaration restricting the Defendants from using any trade-name or trade-mark utilizing the words THE QUEEN OF TARTS, QUEEN OF TARTS, or any confusingly similar variant thereof;
- c) A declaration that 1180475 has infringed or is deemed to have infringed Ms. Pick’s registered trade-mark, contrary to section 20 of the *Trade-marks Act*, and a declaration that Ms. Kearney has authorized or ordered the infringement to occur, in her capacity as sole Director of 1180475;
- d) A declaration that 118475 has directed public attention to its wares, services or business in such ways as to cause or be likely to cause confusion in Canada, at the time it commenced so to direct attention to them, between its wares, services or business and the wares, services or business of Ms. Pick, contrary to paragraph 7(b) of the *Trade-marks Act*, and a declaration that Ms. Kearney has authorized or ordered the passing off to occur, in her capacity as sole Director of 1180475;
- e) A permanent injunction restraining the Defendants, their promoters, officers, partners, directors, agents, licensees, employees and all those over whom they exercise control from, either directly or indirectly using the words THE QUEEN OF TARTS, QUEEN OF TARTS, or any confusingly similar variant thereof, in any trade-name or trade-mark;

- f) Damages for trade-mark infringement and passing off contrary to section 20 and paragraph 7(b) of the *Trade-marks Act* in the amount of \$10,000.00;
- g) Ms. Pick's costs in this action, as assessed;
- h) Any further and other relief this Court deems appropriate.

Parties Identified

[8] Ms. Pick is the owner of a registered trade-mark in Canada for THE QUEEN OF TARTS (TMA636,521). Ms. Pick completed her studies at the California Culinary Academy in San Francisco, California, and operated a bakery for over ten years in Toronto, Ontario (Affidavit of Stephanie Anne Pick).

[9] 1180475 operates a booth at a farmers market in downtown Edmonton, Alberta, as well as a retail bakery in Edmonton. Ms. Kearney is the sole Director of 1180745 (Affidavit of Stephanie Anne Pick).

Ms. Pick's Trademark and its Business

[10] In or around February 14, 1999, Ms. Pick adopted and commenced use of the trade-name and trade-mark THE QUEEN OF TARTS, on and in connection with "baked goods, namely, tarts, cookies, cakes, cupcakes, loaves, hand-decorated gingerbread men and holiday cookies, quiches and savoury tarts; wholesale and retail store services specializing in baked goods" (Affidavit of Stephanie Anne Pick).

[11] Ms. Pick is the owner of the following trade-mark registered in the Canadian Trade-marks Office: THE QUEEN OF TARTS (TMA636,521) registered March 31, 2005 for use in association with “baked goods, namely, tarts, cookies, cakes, cupcakes, loaves, hand-decorated gingerbread men and holiday cookies, quiches and savoury tarts; wholesale and retail store services specializing in baked goods” (Affidavit of Stephanie Anne Pick).

[12] The above-mentioned trade-mark registration is registered with the Canadian Trade-marks Office (Affidavit of Stephanie Anne Pick).

[13] Ms. Pick has extensively used and advertised THE QUEEN OF TARTS trade-mark in Canada, in connection with the advertisement and promotion of the Plaintiff’s products and services in newspapers, trade and consumer magazines, on television and radio, and through the internet (Affidavit of Stephanie Anne Pick).

[14] THE QUEEN OF TARTS trade-name and trade-mark have been prominently presented on Ms. Pick’s advertisements, web-sites, product packaging, and at their retail store location (Affidavit of Stephanie Anne Pick).

[15] By reason of such extensive use, advertising and promotion, THE QUEEN OF TARTS trade-mark is well known, instantaneously recognized and associated throughout Canada with quality baked goods and related services offered by Ms. Pick. THE QUEEN OF TARTS trade-mark is associated by the public with Ms. Pick as the source of goods and services sold and rendered (Affidavit of Stephanie Anne Pick).

The Defendants' Business and Illegal Activities

[16] Ms. Pick discovered that 1180475 was operating a booth at a farmers market in downtown Edmonton, Alberta, and that 1180475 opened a retail bakery in Edmonton in approximately November 2010. As a result of the Defendants' activities, Ms. Pick initiated an action as against both 1180475 and Ms. Kearney, to stop the infringement activities described above, and further, with a view to take steps to protect Ms. Pick from the likelihood of confusion associated with the Defendants' activities (Affidavit of Stephanie Anne Pick).

[17] Ms. Pick now seeks the relief from this Court to facilitate its further efforts to prevent and discourage both 1180475 and Ms. Kearney from persisting in the conduct described herein (Affidavit of Stephanie Anne Pick).

[18] The goodwill associated with Ms. Pick's trade-name/trade-mark essentially represents Ms. Pick's most valuable asset. In the circumstances, as outlined above, Ms. Pick is in a position to suffer damages to her reputation and goodwill together with the loss of such sales as would obviously be associated with the Defendants' conduct. Consumers may end up purchasing goods and services outside of Ms. Pick's normal supply chain and as a result such goods and services are outside of the control of Ms. Pick and, are potentially, of a different quality to negatively impact Ms. Pick's goodwill and reputation (Affidavit of Stephanie Anne Pick).

[19] Ms. Kearney is the sole Director of 1180475 and, as such, Ms. Kearney authorized or ordered the infringement and/or passing off to occur, in her capacity as sole Director, and is therefore jointly liable with 1180475 for the resulting acts of infringement and/or passing off that did occur. Ms. Pick's trade-mark registration would have come up in a clearance search such as NUANS search. Ms. Kearney either directed use of the QUEEN OF TARTS name without conducting any clearance searches to locate any potential conflicts (and therefore engaged in willful and knowing pursuit of conduct that was likely to constitute infringement and/or passing off) or else Ms. Kearney did conduct clearance searches to locate any potential conflicts, but chose to ignore those search results and engage in conduct that was likely to constitute passing off and/or infringement (and therefore reflected an indifference to the risk of infringement and/or passing off) (Affidavit of Stephanie Anne Pick).

[20] Furthermore, Ms. Kearney lived in Toronto prior to 2003, making it possible that Ms. Kearney would have heard of Ms. Pick's THE QUEEN OF TARTS trade-mark as Ms. Pick operated a retail location in Toronto during that same period (Affidavit of Stephanie Anne Pick).

[21] In the circumstances, Ms. Pick is ensuring preservation of her trade-mark in an effort to protect her reputation and goodwill as well as the interests of consumers throughout Canada (Affidavit of Stephanie Anne Pick).

Default

[22] A Statement of Claim was issued on April 19, 2011 and served on the Defendants on May 11, 2011 (Affidavit of Stephanie Anne Pick).

[23] The Defendants have failed to deliver a Statement of Defence within the time prescribed under the *Federal Courts Rules*, or at all (Affidavit of Stephanie Anne Pick).

[24] As a consequence of their failure to deliver a Statement of Defence, the Defendants are now in default under the *Federal Courts Rules* (Affidavit of Stephanie Anne Pick).

IV. Analysis

[25] Where a defendant fails to serve and file a Statement of Defence within the time set out in Rule 304 of the *Federal Courts Rules* (i.e. 30 days after service of the Statement of Claim if the defendant is served in Canada), a plaintiff may bring a Motion for Judgment against the defendant on the Statement of Claim (*Federal Courts Rules*, Rule 210(2)).

[26] Such motion may be brought *ex parte*, in writing (Rule 210(2) and Rule 369 of the *Federal Courts Rules*).

[27] In the present case, the Defendants have failed to serve and file a Statement of Defence within the prescribed time, or at all. As such, Ms. Pick was entitled to bring a motion *ex parte*, in writing (Affidavit of Stephanie Anne Pick).

[28] The Court is fully in accord with the position of the Plaintiff.

Section 19– Right to exclusive use of the Plaintiff’s trade-mark

[29] The registration of a trade-mark in respect of any wares or services gives to the owner of the trade-mark the exclusive right to their use throughout Canada of the trade-mark in respect of those wares and services (*Trade-marks Act*, s 19).

[30] Given that Ms. Pick's THE QUEEN OF TARTS trade-mark, as defined above, is validly registered in respect of various baked goods and related wholesale and retail services, Ms. Pick has the exclusive right to the use throughout Canada of such wares and services.

Section 20 - infringement

[31] The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under the *Trade-marks Act* who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name of the *Trade-marks Act*, s 20).

[32] Ms. Pick is the registered owner of THE QUEEN OF TARTS trade-mark and, as such, the sale, distribution or advertising of wares or services in association with a confusing trade-mark or trade-mark will be deemed to be an infringement of Ms. Pick's rights in THE QUEEN OF TARTS trade-mark.

[33] In the present case, 1180475 has engaged in the sale, distribution and/or the advertising of both wares (baked goods) and services (retail sale of baked goods) in association with a confusing trade-mark and/or trade-mark name, namely, the trade-mark/trade-name QUEEN OF TARTS.

[34] For the purposes of, *inter-alia*, section 20 of the *Trade-marks Act*, a trade-mark of trade-name is confusing or likely to cause confusion with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name (*Trade-marks Act*, ss 6(1)).

[35] More particularly, the use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same business, whether or not the wares or services are of the same general class (*Trade-marks Act*, ss 6(2)).

[36] Similarly, the use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to lead to the inference that the wares or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased, hired or performed by the same business, whether or not the wares or services are of the same general class (*Trade-marks Act*, ss 6(4)).

[37] The test to be applied in determining whether or not there is confusion in such circumstances is a matter of first impression in the mind of the casual consumer somewhat in a hurry who hears or sees the name QUEEN OF TARTS as part of 1180475's offering of goods and services, at a time when he or she has no more than an imperfect recollection of Ms. Pick's trade-mark, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks and/or name (*Veuve Clicquot Ponsardin, Maison Fondée en 1772 v Boutiques Cliquot Ltée.* (2006), 49 CPR (4th) 401 (SCC) at para 20).

[38] In order to determine whether a trade-mark (or a trade-name) is confusing within the meaning of the *Trade-marks Act*, that is, whether concurrent use is likely to lead a purchaser to believe that the associated products come from the same source, the surrounding circumstances, particularly the five major factors as prescribed under subsection 6(5) of the *Trade-marks Act*, must be taken into account (*Haw Par Brothers International Ltd. v Registrar of Trade Marks* (1979), 48 CPR (2d) 65 (FCTD) at p 70).

[39] The five major factors to be considered by this Court in determining whether trade-marks or trade-names are confusing as prescribed under subsection 6(5) of the *Trade-marks Act*, are:

- a) The inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
- b) The length of time the trade-marks or trade-names have been in use;
- c) The nature of the wares, services or business;
- d) The nature of the trade; and
- e) The degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

[40] In the present case, the subsection 6(5) of the *Trade-marks Act* factors mitigate in favour of a finding of confusion:

- i. Inherent distinctiveness and the extent to which they have become known.

THE QUEEN OF TARTS has become known over the last decade. By virtue of Ms. Pick's extensive use, advertising and promotion, THE QUEEN OF TARTS

trade-mark has become known, recognized and exclusively associated throughout Canada with a certain quality of baked goods and related services offered by Ms. Pick. Moreover, THE QUEEN OF TARTS trade-mark is associated by the public with Ms. Pick as the sole and exclusive source of the wares and services sold or rendered under such mark.

In contrast, 1180475 commenced use at a much later date, after Ms. Pick's trade-mark had already become known in Canada. 1180745's mark is neither inherently distinctive nor has it become well known or acquired any secondary meaning whatsoever.

- b. Length of time the trade-marks/trade-names have been in use. Ms. Pick has used its trade-marks since 1999, whereas, 1180475 has used the QUEEN OF TARTS trade-mark/trade-name from a later date. Ms. Pick does not know when 1180475 commenced using QUEEN OF TARTS trade-mark at the farmers market stall, and, to the best of Ms. Pick's knowledge, the retail bakery in Edmonton was opened in approximately November 2010.
- c.&d. Nature of the wares, services or business and nature of the trade. The wares and services offered by 1180475 under the QUEEN OF TARTS trade-mark/trade-name can be confused with those offered by Ms. Pick (baked goods and related services).
- e. Degree of resemblance between the trade-mark/trade-names in appearance or sound or ideas suggested. Generally speaking, the subject marks/names are to be considered on a "first impression basis, and not by way of and detailed comparison" (*Ortho Pharmaceutical Corp. v Mowatt & Moore Ltd.* (1972), 6 CPR (2d) 161 (FCTD) at p 166).

1180475's mark QUEEN OF TARTS replicates the entirety of Ms. Pick's mark THE QUEEN OF TARTS, but for the word "the". The two marks are very similar in sound, appearance and in the ideas suggested.

Surrounding circumstances

[41] In addition to the five factors dealt with above, subsection 6(5) of the *Trade-marks Act* also directs the Court to consider all surrounding circumstances. The trade-mark/trade-name QUEEN OF TARTS is clearly confusing and as such the use of same by 1180475 in the present case constitutes an act of infringement contrary to section 20 of the *Trade-marks Act*. The Defendants have not responded to Ms. Pick's Statement of Claim nor have they provided any explanation that would justify the use of a virtually identical trade-name and trade-mark.

Subsection 7(b)– statutory passing off

[42] The *Trade-marks Act* prohibits any business from directing public attention to its wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time the business commenced so to direct attention to them, between the wares, services or business and the wares, services or business of another (*Trade-marks Act*, ss 7(b))

[43] By virtue of its invoking the QUEEN OF TARTS trade-mark and trade-name in the context of operating a retail baker as described above, 1180475 has acted to direct public attention to its wares, services or business in the manner prohibited by subsection 7(b) of the *Trade-marks Act*.

[44] By virtue of its conduct, 1180475 has acted contrary to the provisions of subsection 7(b) of the *Trade-marks Act*.

Liability of Ms. Kearney

[45] A director of a corporate defendant attracts personal liability where the director engages in willful and knowing pursuit of conduct that was likely to constitute infringement and/or passing off (*Mentmore Manufacturing Co. v National Merchandise Manufacturing Co.* (1978) 40 CPR (2d) 164 (FCA)).

[46] Ms. Kearney is the sole Director of 1180475 and, as such, Ms. Kearney authorized or ordered the infringement and/or passing off to occur, in her capacity as sole Director, and is therefore jointly liable with 1180475 for the resulting acts of infringement and/or passing off that did occur. Ms. Kearney either directed use of the QUEEN OF TARTS name without conducting any preliminary searches to locate any potential conflicts (and therefore engaged in willful and knowing pursuit of conduct that was likely to constitute infringement and/or passing off) or else Ms. Kearney did conduct preliminary searches to locate any potential conflicts, but chose to ignore those search results and engage in conduct that was likely to constitute passing off and/or infringement and therefore reflected an indifference to the risk of infringement and/or passing off).

[47] Furthermore, Ms. Kearney did live in Toronto prior to 2003, making it possible that she would have heard of Ms. Pick's THE QUEEN OF TARTS trade-mark as Ms. Pick operated a retail location in Toronto during that same time period.

Damages

[48] The proper basis for the assessment of damages in the case of infringement or passing off is:

On the question of the measure of damages it has been held that the defendant is liable for all loss actually sustained by the plaintiff that is the natural and direct consequence of the unlawful acts of the defendant, including any loss of trade actually suffered by the plaintiff, either directly from the acts complained of or properly attributable thereto, that constitute an injury to the plaintiff's reputation, business, goodwill or trade ... Difficulty in assessing damages does not relieve the court from the duty of assessing them and doing the best it can. The court is entitled to draw inferences from the actions of the parties and the probable results that they would have. If damages cannot be estimated with exactitude, the best reasonable estimate must be made.

(*Ragdoll Productions (UK) Limited v Jane Doe* (2002), 21 CPR (4th) 213 (FCTD) at para 40).

[49] In the case of infringement and the related tort of passing-off (i.e. section 20 and subsection 7(b) of the *Trade-marks Act*), the authorities are to the effect that damages are presumed upon proof of passing-off (*Oakley, Inc. v Jane Doe* (2000), 8 CPR (4th) 506 (FCTD) at para 7)

[50] Moreover, even in a case of infringement without an allegation of passing-off, the Court may award damages for loss of goodwill without proof of actual damage (*Oakley*, above, at para 8).

[51] In default cases, the assessment of damages will always be difficult due to a lack of records and financial information. Nonetheless, owners of intellectual property have a right to damages arising from the Defendant's infringement conduct even without proof of actual damages or damage to goodwill (*Oakley*, above, at para 10).

[52] In the circumstances of default where proof of actual damages is lacking, the Court has awarded damages by convention (i.e. in the context of counterfeit infringement: \$3,000.00 in the

case of sales by street vendors, \$6,000.00 in the case of sales by fixed retail vendors and \$24,000.00 in the case of manufacturers and distributors) or by simply fixing an amount for compensatory damages as reflecting the infringement of the Plaintiff's legal rights without any need for proof of the actual quantum of damages (*Oakley*, above, at para 11; *Radgoll Productions*, above, at para 35, 42 and 43).

[53] In the present case, an award of damages fixed is fixed in the sum of \$10,000.00 as compensatory damages in relation to lost sales as well as in relation to the damage to Ms. Pick's reputation and goodwill caused by the Defendants' actions.

Ancillary Relief

[54] In all of the circumstances, Ms. Pick is entitled to the declaratory and injunctive relief set out in paragraphs 2(a), (b), (c), (d) and (e) above (*Horn Abbot Ltd. v Thurston Haze Developments Ltd.* (1997), 77 CPR (3rd) 10 (FCTD) at p 22; *Sullivan Entertainment Inc. v Anne of Green Gables Licensing Authority Inc.* (2000), 9 CPR (4th) 344 (FCTD) at para 11, 18 and 20; *Bagagerie SA v Bagagerie Willy Ltee.* (1992), 45 CPR (3d) 503 (FCA) at p 515; *Federal Courts Act*, section 44; *Federal Courts Rules*, Rule 64).

V. Conclusion

[55] In light of the Defendants' breach of section 20 and subsection 7(b) of the *Trade-marks Act* as described above, the judgment reflects the relief sought in the Order below.

JUDGMENT

THIS COURT ORDERS AND ADJUGES:

1. that Ms. Stephanie Anne Pick is the party exclusively entitled to use THE QUEEN OF TARTS trade-mark, or any confusingly similar variant thereof, in Canada, on and in connection with “Baked goods, namely tarts, cookies, cakes, cupcakes, loaves, hand-decorated gingerbread men and holiday cookies, quiches and savoury tarts; wholesale and retail store services specializing in baked goods”;
2. a restriction on the Defendants from using any trade-name or trade-mark utilizing the words THE QUEEN OF TARTS, QUEEN OF TARTS or any confusingly similar variant thereof;
3. it be known that 1180475 has infringed or is deemed to have infringed Ms. Pick's registered trade-mark contrary to section 20 of the *Trade-marks Act*, and Ms. Kearney has authorized or ordered the infringement to occur, in her capacity as sole Director of 1180475;
4. it be known that 1180475 has directed public attention to its wares, services or business in such ways as to cause or be likely to cause confusion in Canada, at the time it commenced so to direct attention to them, between its wares, services or business and the wares, services or business of Ms. Pick, contrary to paragraph 7(b) of the *Trade-marks Act*, and it be known that Ms. Kearney has authorized or ordered the passing off to occur, in her capacity as sole Director of 1180475;
5. a permanent injunction restraining the Defendants, their promoters, officers, partners, directors, agents, licensees, employees and all those over whom they exercise control, from either directly or indirectly using the words THE QUEEN OF TARTS, QUEEN OF TARTS, or any confusingly similar variant thereof, in any trade-name or trade-mark;

6. that Ms. Pick be entitled to damages and the Defendants shall be jointly and severally liable to pay such damages for trade-mark infringement and passing off contrary to sections 20 and paragraph 7(b) of the *Trade-marks Act* in the amount of \$10,000.00; and
7. that Ms. Pick be entitled to costs of this action as assessed.

This Judgment bears the interest as applied by this Court from this date.

“Michel M.J. Shore”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-681-11

STYLE OF CAUSE: STEPHANIE ANNE PICK v
1180475 ALBERTA LTD., OPERATING AS QUEEN
OF TARTS, AND LINDA KEARNEY

**MOTION IN WRITING CONSIDERED AT OTTAWA, ONTARIO PURSUANT TO
RULE 369**

**REASONS FOR ORDER
AND ORDER:** SHORE J.

DATED: August 18, 2011

APPEARANCES:

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