

Federal Court



Cour fédérale

Date: 20141024

Docket: T-1383-13

Citation: 2014 FC 1014

Ottawa, Ontario, October 24, 2014

PRESENT: The Honourable Mr. Justice S. Noël

BETWEEN:

SOURCE MEDIA GROUP CORP.

Plaintiff

and

**BLACK PRESS GROUP LTD. AND LISA
FARQUHARSON**

Defendants

JUDGMENT AND REASONS

I. Introduction

[1] This is a motion for a default judgment claiming relief under the *Trade-marks Act*, RSC, 1985 c T-13 (the Act) for the infringement of the Plaintiff's registered trade-mark NEW HOME LIVING (Registration Number TMA693,289) arising from the Defendants' unauthorised use of the trade-mark NEW HOME LIVING. Pursuant to the Order of Prothonotary Lafrenière dated August 11, 2014, the Defendants were granted a last minute extension of time to file their

responding motion record, which they did. On October 7, 2014, counsel for the Plaintiff filed a motion for an Order pursuant to Rule 312 of the *Federal Courts Rules*, SOR/98-106 granting leave to file the August 29, 2014 affidavit of Richard MacQuarrie and to consider it as rebuttal submissions. No responding material was submitted by the Defendants. Having reviewed the submissions, the motion is granted. It is worth noting that the Defendants did not file a Statement of Defence to the amended statement of claim. Furthermore, this Court dealt with the motion without appearance of counsel.

II. General Facts and Summary of the Submissions of the Parties

[2] The Plaintiff, Source Media Group Corp. (“Source Media”) is the owner of the mark NEW HOME LIVING. The trade-mark has been continuously used in Canada by the Plaintiff since January 2006 and is a registered trade-mark since August 2, 2007. It has also been promoted on the Plaintiff’s website “newhomelivingonline.com” since early 2008. The domain name was registered on July 18, 2007. The Plaintiff became aware of the Defendants’ use of the online publication “newhomelivingbc.com” and its printed publication “New Home Living” in 2012.

[3] The Defendant, Black Press Group (“BPG”), is a large publishing company that uses “New Home Living BC”. The Defendant, BPG and its publisher Lisa Farquharson, started utilizing NEW HOME LIVING, in a printed publication and an online publication in August 2011, after the Plaintiff’s adoption and registration of the mark NEW HOME LIVING and the Plaintiff’s use of the domain name on the website “newhomelivingonline.com”. The Defendants also created Twitter and Facebook accounts referring to “New Home Living BC”.

[4] The Plaintiff has never authorised the Defendants to utilize its registered trade-mark nor any confusingly similar marks. The Plaintiff is of the opinion that the phrase “New Home Living BC” and the Defendants’ website are confusing with Source Media’s trade-mark NEW HOME LIVING. For instance, the Plaintiff was contacted by media marketing representatives in British Columbia inquiring whether the publication of New Home Living had expanded into the Vancouver area.

[5] The Plaintiff’s wares and services are related to a magazine in the English language used mainly in association with new residential home purchasing and real estate, along with decorating, styles, improvement, maintenance, investment, construction, landscaping and gardening and for services such as advertising and publishing. It is focused in Alberta, more specifically in Calgary, and is looking into expanding into British Columbia.

[6] The Defendants’ magazine is printed largely in Chinese and presents itself as being a monthly lifestyle and real estate magazine, dealing also with fashion, luxury and restaurants. It is being distributed in the Metro Vancouver area while its website has a broader reach. It targets new and established immigrants from China. Although the language used by the Defendants in its publications is Chinese, the Defendants also use the exact reproduction of the Plaintiff’s registered mark NEW HOME LIVING in English in a predominant way.

[7] The Defendants are alleged to have directed public attention to the Defendants’ Black Press Group’s publications, wares, services and business in such a way as to cause or likely to cause confusion in Canada between the Defendants’ wares, services and business and those of

the Plaintiff, contrary to section 7(b) of the *Trade-marks Act*. The Defendants are also alleged to have used a trade-mark that is confusing with the Plaintiff's trade-mark. The Defendants are alleged to have infringed the Plaintiff's right to the exclusive use of its registered trade-mark contrary to section 20 of the *Trade-marks Act*. Further, the Defendants are also alleged to have passed off their wares and services as those of the Plaintiff, and have misappropriated the goodwill of the Plaintiff's registered trade-mark contrary to the provisions of section 22 of the Act.

[8] As a result of these activities, the Plaintiff submits that it has suffered injury and damage, including unfair competition, loss of business and reputation, the loss of distinctiveness and goodwill of the trade-mark. It is also submitted that the Defendants' behaviour shows a deliberate, knowledgeable, wilful intent to misuse the trade-mark or alternatively disregard of the Plaintiff's right. Finally, the Plaintiff submits that the Defendants disregarded the demand letters and these proceedings; but also improperly disclosed privileged settlement discussions. Therefore, the Plaintiff is claiming total damages in the \$15,000.00 to \$25,000.00 range plus costs on a full indemnity basis.

III. Issues

[9] The issues being raised in the present proceedings are as follows:

1. Whether the Defendants:

- a) Infringed the Plaintiff's registered trade-mark NEW HOME LIVING contrary to ss. 19 and 20 of the Act;

- b) Directed 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 it commenced so to direct public attention to them, between its wares, services or business and the wares, services or business of the Plaintiff contrary to section 7(b) of the Act;
- c) Used the Plaintiff's registered trade-mark NEW HOME LIVING in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to s. 22(1) of the Act; and
- d) Are liable to the Plaintiff for damages and costs, and if so, in what amount?

IV. Analysis

[10] The affidavit of the Defendant Lisa Farquharson, the Account Manager (“the Manager”) for the other Defendant BPG is telling. The Manager, on behalf of BPG, having personal knowledge of the facts and matters in this procedure, makes the following admissions and comments:

1. BPG launched the publication of New Home Living in print form and online via the website: www.newhomelivingbc.com;
2. The New Home Living publications dealt with Real Estate and new life style in the Chinese language for new, established immigrants in Vancouver and lower mainland of British Columbia;

3. The Plaintiff's New Home Living magazine is in the English language and deals with Real Estate (see Exhibit A of the Affidavit) located in the Calgary area;
4. BPG was not aware of the Plaintiff's registered trade-mark of "NEW HOME LIVING" until it received a letter from the Plaintiff's counsel dated November 15, 2012;
5. Following receipt of this letter, BPG continued to publish in Chinese under a different name (Enjoy living – Vancouver style) but continued to use the website reference: www.newhomelivingbc.com in its publication. It stopped using the website reference in January 2014;
6. BPG instructed counsel on November 14, 2014 to settle the proceedings and made three offers of settlement without success.

[11] The Plaintiff has a valid trade-mark registration, of "NEW HOME LIVING", since August 2007 for its wares and services related to a magazine dealing with real estate which has been promoted online on "newhomelivingonline.com".

[12] For the purposes of infringement and passing off, the test to be applied is if "a casual consumer somewhat in a hurry" seeing the Defendants' trade-name would likely consider, having a general imperfect memory of the Plaintiff's registered trade-mark, that the Defendants' wares or services are of the same class (see *Masterpiece Inc. v Alavida Lifestyles Inc.*, 2011 SCC

27, at paras 39-45). In analysing this, a Court must consider the relevant circumstances pursuant to section 6(5) of the Act:

1. The inherent distinctiveness of the trade-marks and the extent of their existence;
2. The length of time the trade-mark was used;
3. The nature of the wares, services or business;
4. The nature of the trade;
5. The degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

[13] As seen above, the Defendants admit that the exact registered trade-mark of the Plaintiff was used beginning in August 2011 when BPG launched the publication New Home Living in print form and online via the website “www.newhomelivingbc.com.” The Manager also admits that BPG’s New Home Living was launched as a new lifestyle and real estate magazine. The Defendants admit using the same registered trade-mark of the Plaintiff, NEW HOME LIVING, up until December 2012, in association with some of the same wares and services: home and real estate magazine.

[14] The Manager also admits that on or about December 2012, it stopped using “New Home Living” on its publication (for the name: Enjoy living – Vancouver style), but continued to use a reference to the web site www.newhomelivingbc.com. It only stopped using the reference in

January 2014. The Plaintiff has presented evidence that shows that the Defendants continued to use the reference which redirects to another website which is directed to some of the same class of wares and services as the Plaintiff's registered trade-mark (see affidavit of Richard MacQuarrie, August 29, 2014). It goes without saying that the addition of BC to the domain name does not make it distinct from the registered trade-mark and it can only add to the confusion that it creates between the registered trade-mark of the Plaintiff and the domain name being used. Furthermore, the Plaintiff's registered trade-mark extends to use across Canada (since August 2007 and has been using it actively since early 2006) as stated by section 19 of the *Trade-marks Act* and as specified by the Supreme Court of Canada in *Masterpiece Inc.*, supra, regardless of the location of the use of the trade-mark in Canada.

[15] It is important to note that the Defendants still continued to use a confusingly similar domain name to that of the Plaintiff, "newhomelivingbc.com", which redirects to another of the Defendants' publication, Vancouver Boulevard, in relation to the same wares and services of the Plaintiff's registered trade-mark. In fact, the Defendants did not cease to use the domain name "newhomelivingbc.com" in 2012 after receiving the Plaintiff's demand letters, but renewed the domain name on June 1, 2013. The Defendants therefore continued to perpetuate confusion with the Plaintiff's trade-mark up until at least January 2014. Therefore, the Defendants have infringed, as admitted, the Plaintiff's trade-mark for some of the same wares and services until December 2012 for the publication and continued to use the domain name as a reference until at least January 2014. Furthermore, the Defendants have passed off their publication, both in print and online form, as being associated or connected to the Plaintiff's trade-mark.

[16] As a last comment on these issues, the fact that the Defendants' publication and online website was in the Chinese language does not diminish the predominance the Defendants gave in English to the registered trade-mark.

[17] The Plaintiff also submits that the Defendants should not have included settlement discussions in their submissions, as these were subject to a settlement privilege. Specifically, the affidavit of Richard MacQuarrie submitted by the Plaintiff states that the parties had engaged in settlement discussions, but, without revealing the content of those discussions, he mentioned that the parties could not reach an acceptable resolution (affidavit of Richard MacQuarrie, page 5 at para 34). The affidavit of the Manager states that BPG instructed their legal counsel to initiate settlement discussions, which they did. The Defendants also provided a letter (via email) from the Plaintiff's counsel which discusses an offer made by the Defendants. The Manager's affidavit also refers to three (3) offers made (affidavit of Lisa Farquharson page 2 at paras 11 to 13).

[18] It is a well known principle that information relating to settlement discussions are protected by a settlement privilege. Settlement discussions are important to the judicial process and must be protected unless an overriding public interest can be identified. The jurisprudence has described the settlement privilege in the following way:

“Settlement privilege exists to support the public interest in encouraging parties to resolve disputes without recourse to litigation. It protects information, particularly admissions, shared between parties in the course of negotiations. There are limited exceptions to settlement privilege, including where disclosure is necessary to serve another, overriding public interest” (Mohawks of the *Bay of Quinte v. Canada (Minister of Indian Affairs and Northern Development)*, 2013 FC 669, [2013] 4 C.N.L.R. 196)

[19] In the present proceedings, there is no overriding public interest that would justify disclosure and, furthermore, the privilege was not waived by the Plaintiff. The Defendants, in order to show that they had participated in the proceedings disclosed information pertaining to the settlement discussions. It did not have to disclose some of the content of the settlement discussions in order to show participation. They could have limited their comments to the fact that they participated in settlement discussions. Such disclosure, as made by the Defendants, breaches the settlement privilege and should not be encouraged.

[20] As for the depreciation of goodwill pursuant to section 22 of the Act, there is insufficient evidence before me to support a finding of depreciation of goodwill. There is no evidence of the value of sales or market valuation that could be helpful in dealing with this issue (see *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23).

[21] For all the foregoing reasons, this Court concludes that the Defendants did infringe the Plaintiff's trade-mark pursuant to sections 19 and 20 of the *Trade-marks Act*, and has passed off its business and wares as being in some way connected or associated with the Plaintiff's business and wares, contrary to section 7(b) of the Act. No finding can be made on the depreciation of goodwill for the reasons mentioned above.

V. Damages

[22] The Plaintiff did not submit evidence that could justify the granting of serious, important damages. It limited itself to a factual demonstration of the infringement, the confusion created

and the passing-off, but did not submit evidence of loss of revenues, profits or clients, except for communications received from a media marketing representative and a customers' spokesperson to say that the Plaintiff was expanding in the Vancouver area after having seen the Defendants' publications.

[23] Having said that, it is now known that the Defendants, being publishing professionals, have infringed through publication of the Plaintiff's trade-mark for a little more than two years and have kept on using the trade-mark online via the website: www.newhomelivingbc.com until January 2014. By using and insisting in using the trade-mark, the Defendants demonstrated a reproachable attitude. Such a behaviour can only add to the damages of infringement sought. The Question is how much should be awarded when considering the lack of evidence on this matter. As noted above, no evidence of loss and goodwill was submitted.

[24] The Plaintiff submits that a damage award in the \$15,000 and \$25,000 range would be adequate and cites *Aquasmart Technologies Inc. v Robert Klassen*, 2011 FC 212, [2011] FCJ No 256 [*Aquasmart*] and *Trans-High Corporation v Hightimes Smokeshop and Gifts Inc.*, 2013 FC 1190, [2013] FCJ No 1306 [*Hightimes*] as supporting case law. In *Aquasmart*, the Plaintiff started using its mark in 1991 and registered it in 1994. Also, the Defendants' business practices in that case were found to be ill will and diminished the Plaintiff's goodwill. Justice Shore awarded damages in the amount of \$15,597.35. In *Hightimes*, Justice Manson found that the Respondent infringed the Applicant's trade-mark contrary to sections 19 and 20 of the *Trade-mark Act*, while also acting contrary to section 7(b) of the *Trade-mark Act* and awarded damages in the amount of \$25,000. In that case, there was an apparent wilful infringement and a failure by

the Respondent to even acknowledge the Applicant's trade-mark. In our case, when the Defendants were told to stop using the trade-mark on their publication, they did. As for the website reference, the registered trade-mark was used until January 2014. Having already noted that the Plaintiff did not present any factual evidence to support their damages sought, I also have to consider the Defendants' attitude of persistently using the registered trade-mark, therefore, I find that damages in the amount of \$15,000.00 are reasonable.

[25] As seen above, the Plaintiff also submits that the Defendants' inclusion of documents pertaining to settlement discussions between the parties is inappropriate and should attract cost sanctions. In *Trevor Nicholas Construction Co. v Canada (Minister of Public Work)*, 2005 FC 1201, cited by the Plaintiff, the Order of Justice Von Finckenstein stated "The Plaintiff is prohibited from raising the terms of the settlement in Court [...] and in any future proceedings without prior leave of this Court." No cost sanctions were awarded. While I agree with the Plaintiff that the Defendants' actions were inappropriate, I do not find that the Defendants' conduct rises to a level where cost sanctions are necessary. It may be that the Defendants disclosed more of the settlement discussions in order to show that they meaningfully participated in the proceedings. More is said on this in the following paragraph.

VI. Costs

[26] As for costs, the Plaintiff seeks legal costs on a full indemnity basis. Pursuant to Rules 400, 400(4) of the *Federal Courts Rules*, in addition to my earlier findings made against the Defendants, I consider that the Defendants have not meaningfully participated in the proceedings. They limited themselves to having settlement discussions. They did not file a

Statement of Defence to the Amended Statement of Claim and at the last moment obtained, on an exceptional basis, leave to file a motion record. These proceedings should not have gone that far. As seen above, upon receipt of the demand letter, the Defendants, in December 2012, ceased using the registered trade-mark on the publication, but kept on using the registered trade-mark reference at least until January 2014. Therefore, exercising my discretion, I grant costs to a lump sum amount of \$13,000.00 in favour of the Plaintiff.

[27] As for pre and post judgment interests, no specific submissions were made. I will therefore grant only post judgment interest at 5%, not compounded as established by section 4 of the *Interest Act*, RCS, 1985 c I 15 (the "*Interest Act*").

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. leave is granted to file the affidavit of Richard MacQuarrie dated August 29, 2014 so that it be used as rebuttal submissions;
2. the Defendants, Black Press Group and Lisa Furgharson (the Defendants), infringed the Plaintiff's NEW HOME LIVING trade-mark (Registration Number TMA693,289) contrary to section 20 of the *Trade-marks Act*;
3. the Defendants have directed public attention to the Defendants' Black Press Group's publications, wares, services and business in such a way as to cause or be likely to cause confusion in Canada between the Defendants' Black Press Group's wares and services and those of the Plaintiff, contrary to section 7(b) of the *Trade-marks Act*;
4. the Defendants have been found of passing off their wares and services as those of the Plaintiff contrary to the provisions of section 7(c) of the *Trade-marks Act*;

THE COURT ORDERS that:

1. the Defendants shall transfer to the Plaintiff ownership and all rights of access, administration and control for and over the domain name "newhomelivingbc.com" together with any other domain name, Facebook page, Twitter account registered to the Defendants containing NEW HOME LIVING or any confusingly similar trade-mark;

2. the Defendants forthwith and under oath and under the supervision of the Court shall deliver to the Plaintiff all business and promotional material and all other documents, signage and things in its possession, control or power which bears the depiction of NEW HOME LIVING, whether as a trade-mark, trade-name, logo, business name or domain name or otherwise, or such other trade-mark, trade-name, logo, business name or domain name that is confusingly similar to the Plaintiff's registered trade-mark NEW HOME LIVING;
3. The Defendants shall refrain from displaying the Plaintiff's trade-mark NEW HOME LIVING or such other trade-mark, trade name, logo, business name or domain name that is confusingly similar to the Plaintiff's Intellectual Property, in association with any magazine, newsletter, website, domain name, business cards, signage, brochures, billboards, invoices, order forms or sales materials which depict, display, use or advertise wares or services described in the Plaintiff's registered trade-mark NEW HOME LIVING;
4. The Defendants shall pay to Source Media Group, within 30 days of this judgment:
 - a) Damages for trade-mark infringement and passing off in the amount of \$15,000.00;
 - b) Costs of this action to an amount of \$13,000.00;

- c) Post judgment interest at 5%, not compounded, pursuant to section 4 of the *Interest Act*.

“Simon Noël”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1383-13

STYLE OF CAUSE: SOURCE MEDIA GROUP CORP. v BLACK PRESS
GROUP LTD. AND LISA FARQUHARSON

MOTION IN WRITING: CONSIDERED AT OTTAWA, ONTARIO

JUDGMENT AND REASONS: NOËL, S.J.

DATED: OCTOBER 24, 2014

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