

Federal Court



Cour fédérale

Date: 20110222

Docket: T-1630-10

Citation: 2011 FC 212

Vancouver, British Columbia, February 22, 2011

PRESENT: The Honourable Mr. Justice Shore

BETWEEN:

AQUASMART TECHNOLOGIES INC.

Plaintiff

and

ROBERT KLASSEN

Defendant

REASONS FOR ORDER AND ORDER

I. Introduction

[1] This is an action claiming relief under the *Trade-marks Act* for the infringement of the Plaintiff's registered trade-mark AQUASMART & Design arising from the Defendant's unauthorized use of the trade-mark/trade-name AQUASMART.

[2] The Plaintiff is the owner of the registered trade-mark AQUASMART & Design for use in association various water-related products, including water purifiers. The Plaintiff uses its trade-

mark in association with products distributed throughout Canada by telephone and Internet mail-order, as well as through a cross-country network of retailers. The Plaintiff has used its trade-mark for nearly 26 years (since at least as early as August 1, 1991). The Plaintiff has acquired a valuable reputation and goodwill in its trade-mark due to its long time and extensive usage and advertising.

[3] The Defendant carries on business selling water purification systems in Ontario by way of in-home sales presentations. Without the Plaintiff's authorization, the Defendant adopted and used in association with his business and water-purification systems sold by it the trade-mark/trade-name AQUASMART, which is confusing with the Plaintiff's trade-mark. The Defendant claims to have changed his trade-name, but it is still necessary to address in this action the Defendant's past unauthorized uses of the confusing trade-mark/trade-name and the Defendant's potential future use of the confusing trade-mark/trade-name.

[4] The Defendant has used a trade-mark/trade-name that is confusing with the Plaintiff's trade-mark, and the Defendant is thus deemed 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*, R.S.C. 1985, c. T-13. On this motion, the Plaintiff does not seek relief in respect of the allegations in the Statement of Claim that pertain to sections 7(b), 7(c) and 19 of the *Trade-marks Act*.

[5] The Court agrees and on the basis of the evidence is in accord with the position of the Plaintiff which it accepts. This is an appropriate case for default judgment. After being served personally with the Statement of Claim, the Defendant had failed to file a Statement of Defence in the time allowed for doing so. The Plaintiff has very ably through its counsel, Mr. Jeffrey W.

Robinson, led evidence that enables the Court to find, on a balance of probabilities, that there is liability, and that establishes the Plaintiff's entitlement to the relief claimed. Due to the Defendant's failure to participate in these proceedings, the Plaintiff has been unable to adequately develop a factual basis for entitlement to a particular amount of damages. The Plaintiff has thus proposed that the Court order lump-sum damages in accordance with the scale customarily applied by the Federal Court in analogous cases.

II. Background

A. *The Plaintiff's business and reputation in the AQUASMART trade-mark*

[6] The Plaintiff is the owner of the trade-mark AQUASMART & Design (the Registered Mark) registered under number TMA437,536 on December 30, 1994 for various water-related products, including water purifiers (the Plaintiff's Wares). The Registered Mark is depicted below.



(Reidel Affidavit, Exhibit "A"; Testa Affidavit, para. 4, Exhibit "A")

[7] Since about 1991, the Plaintiff or its predecessor Emily Testa Marketing Ltd. has carried on a business in Canada selling the Plaintiff's Wares. Since at least as early as 1991, the Registered Mark has been marked on the Plaintiff's Wares, and/or on the packages in which those wares are distributed, at the time possession of those wares is transferred, in the normal course of trade. Since

August 1997, the Plaintiff has carried on this business in association with the trade-name Aquasmart Technologies Inc. (the Plaintiff's Trade-name) (Testa Affidavit, paras. 4, 6-7, Exhibits "B", "C").

[8] The Plaintiff markets its water-related products to household consumers. Since at least as early as 1991, the Plaintiff has sold its products directly to household consumers by telephone order. The Plaintiff also sells its water-related products through its own retail showroom in Burnaby, B.C. and through retailers in each of Canada's provinces (Testa Affidavit, paras. 8-10, Exhibit "D").

[9] Since at least as early as September 1997, the Plaintiff has promoted and sold its products to the public on a Web site at www.aquasmart.com. At all times since September 1997, the Web site at www.aquasmart.com has displayed the Registered Mark and the Aquasmart Trade-name, and provided information about the Plaintiff's water-related products. Since June 2009 the Plaintiff's Web site has had the capability for customers to purchase the products on-line (Testa Affidavit, para. 11, Exhibit "E").

[10] The Plaintiff has not sold its products using in-home sales presentations. The Plaintiff has not conducted water tests of prospective customers' water as part of a sales presentation or otherwise (Testa Affidavit, para. 12).

[11] Since 1985, the Plaintiff has promoted and sold its products through tradeshow which target the health and wellness market. In 2010, the Plaintiff maintained a booth for the sale and promotion of its products at nine tradeshow in British Columbia, Manitoba and Ontario. This is typical of the Plaintiff's tradeshow activity over the years (Testa Affidavit, para. 13, Exhibit "F").

[12] Since 1990, the Plaintiff has run an advertisement in every monthly issue of the Canadian edition of *Alive* magazine, Canada's leading national magazine in the field of health and wellness. In 2010, the Plaintiff spent more than \$18,000 on advertising in *Alive* magazine. The current readership of *Alive* magazine is in excess of 500,000 individuals monthly (Testa Affidavit, paras. 14-15, Exhibits "G", "H", "I").

[13] Over the years, the Plaintiff has had substantial sales in Canada of its water-related products bearing the Registered Mark. In each of the past five years, the Plaintiff has sold its products directly to more than 10,000 unique customers. The Plaintiff has also had substantial sales in the geographic vicinity of St. Catharines, Ontario. In 2010 alone, the Plaintiff sold its products directly to more than 60 customers who provided contact phone numbers having a 905 area code, which area code includes St. Catharines, Ontario (Testa Affidavit, paras. 16-17).

[14] The Plaintiff has been recognized for the quality of its products and business and regularly receives testimonials from its customers (Testa Affidavit, para. 19, Exhibits "E", "J").

[15] The Plaintiff has not provided licence or consent to the Defendant to use or trade under the Registered Trade-mark, the Plaintiff's Trade-name or any trade-mark or trade-name that includes the word "Aquasmart" (Testa Affidavit, para. 43).

B. The Defendant's business and use of the AQUASMART name

[16] The Defendant is an individual who registered the business name AQUASMART for a sole proprietorship carrying out the activity of "WATER TREATMENT SALES AND SERVICE" in Ontario (Reidel Affidavit, Exhibit "B").

[17] The Defendant has carried on a business in St. Catharines, Ontario, that offers to sell, sells and installs water-purification systems (Brenchley Affidavit, paras. 2-6; McKeown Affidavit, paras. 7-8, 10-14, Exhibits "C"- "E"; Elizabeth Jansen Affidavit, paras. 7, 10-11, Exhibits "C", "E").

[18] The Defendant, through his employees, has offered to sell and sold water-purification systems in Canada in association with the trade-mark/trade-name AQUASMART. In particular, the Defendant, through his employees, has presented members of the public with business cards, product literature and sales invoices that all bear the trade-mark/trade-name AQUASMART. The Defendant has also used the trade-mark AQUASMART by including it in the body of the Defendant's sales invoices in association with the products being sold thereby (Brenchley Affidavit, para. 2-4, Exhibits "A", "B", "C"; McKeown Affidavit, para. 11).

[19] The Defendant, through his employees, has verbally used the trade-mark/trade-name AQUASMART to refer to both the Defendant's business and water-purification systems that it offers for sale (Brenchley Affidavit, para. 3; McKeown Affidavit, para. 11).

[20] The Defendant, through his employees, has installed water-purification systems in Canada in association with the trade-mark AQUASMART. In particular, the Defendant, through his

employees, has presented purchasers of the Defendant's water-purification systems with warranty certificates, bulletins and letters from the Defendant that all bear the trade-mark AQUASMART, at the time of installation of those systems (Brenchley Affidavit, para. 6, Exhibits "D", "E", "F").

[21] Vehicles used by employees of the Defendant who install the Defendant's water-purification systems have been outfitted with signs bearing the trade-name AQUASMART (McKeown Affidavit, para. 17).

[22] The Defendant has used the trade-name AQUASMART to identify his business in online job-postings (Testa Affidavit, Exhibits "O", "Q", "R", "W"; McKeown Affidavit, Exhibit "A"; Elizabeth Jansen Affidavit, Exhibit "A").

[23] Signs bearing the trade-name AQUASMART have been displayed to the public at the Defendant's place of business (Rene Jansen Affidavit, paras. 6, 8; Elizabeth Jansen Affidavit, para. 14).

[24] The Defendant's business has been listed under the trade-name AQUASMART in the *canada411.ca* online telephone directory. Telephone calls to phone numbers linked to the Defendant's business have been answered by recorded messages that identify the receiving party with the name AQUASMART (Testa Affidavit, paras. 34-35, 40).

[25] Advertisements promoting the Defendant's business posted on YouTube feature the trade-name/trade-mark "Aquasmart" audibly and/or visually. In these videos, the Defendant appears

personally, and refers to water treated with his business's water-purification systems as "Aquasmart water". In one of the videos, the Defendant is identified as "Robert Klassen President/CEO Aquasmart". The YouTube caption to this video reads, in part, "Aquasmart Water Purification Systems are the only way to combat all the different bacteria and chemicals we find today in our municipal drinking water." (Testa Affidavit, paras. 37-38, Exhibits "T", "U", "V".)

C. Actual confusion arising from the Defendant's activities

[26] The Defendant's use of the AQUASMART name has caused members of the public to falsely conclude that the Defendant and his business are associated with the Plaintiff. The Plaintiff has been contacted by disappointed purchasers of the Defendant's water-purification systems, by the Defendant's former employees who believe the Defendant has treated them unfairly, and by the father of a prospective employee of the Defendant who was suspicious of the Defendant's business, all of whom were under the impression that the Defendant and his business were associated with the Plaintiff (Testa Affidavit, paras. 20-22, 24-26, 37, 40-42, Exhibits "K", "L", "N", "X"; Brenchley Affidavit, paras. 10-13; Rene Jansen Affidavit, paras. 3-5)

D. The Defendant's persistent violations of the Plaintiff's trade-mark rights

[27] After the Defendant reacted aggressively to an initial complaint from the Plaintiff's president about the Defendant's violation of the Plaintiff's trade-mark rights, counsel for the Plaintiff contacted the Defendant on July 7, 2010. The Defendant then acknowledged to Plaintiff's counsel that he would need to obtain legal advice and make some changes to the name of his business. On July 29, 2010, Plaintiff's counsel again contacted the Defendant, who told Plaintiff's counsel that he would be seeing a lawyer and had reserved a new name for his company.

Thereafter, the Defendant failed to answer or return telephone calls from Plaintiff's counsel until served with the Statement of Claim in this action (Testa Affidavit, para. 27).

[28] The Defendant was personally served with the Plaintiff's Statement of Claim in this action on October 8, 2010. On November 18, 2010, the Defendant informed Plaintiff's counsel that in regard to the Defendant's use of the AQUASMART trade-mark/trade-name, except for a voicemail message on the Defendant's personal cell phone, "everything else" had been changed (Kuiper Affidavit, paras. 1-2; Testa Affidavit, para. 36).

[29] The Defendant's use of the AQUASMART trade-mark/trade-name continued after he was made aware of the Plaintiff's trade-mark rights, after he told Plaintiff's counsel that he had reserved a new name for his company, after the Statement of Claim in this action was served on him, and after he told Plaintiff's counsel that he had changed the name of his business (Testa Affidavit, paras. 28, 32-35, 37-40, Exhibits "O", "Q", "R", "T", "U", "V", "W"; McKeown Affidavit, paras. 2-4, 8-9, 11-12, 17, Exhibits "A"- "F", "H"; Elizabeth Jansen Affidavit, paras. 2-4, 7-11, 14).

E. Damage suffered by the Plaintiff

[30] The Plaintiff learned of the Defendant's violations of the Plaintiff's trade-mark rights through a complaint about the Defendant made by a customer of the Defendant. It is apparent that the Defendant's businesses practices have engendered considerable ill will towards the Defendant (Testa Affidavit, paras. 20-26, 32, 40-42, Exhibits "K", "M", "L", "P", "X").

[31] The Defendant has, apparently, been deceitful in his dealings with customers and employees. In particular, the Defendant has encouraged his employees to promise certain “bonus” products valued at more than \$5,000 in order to persuade customers to purchase water-purification systems, personally affirmed these promises to customers who have purchased water-purification systems, and then failed to deliver the promised products (McKeown Affidavit, para. 8, Exhibit “C”; Elizabeth Jansen Affidavit, para. 7, Exhibit “C”; Brenchley Affidavit, paras. 3, 7-9, 14; Testa Affidavit, Exhibit “X”).

[32] The Defendant, or someone in his office, has apparently falsely copied a signature onto a sales contract (McKeown Affidavit, paras. 12-14, Exhibit “G” and “H”).

[33] The Defendant has also offered an illusory “wage guarantee” to his employees (McKeown Affidavit, paras. 10, 18, Exhibits “A”, “D”).

[34] The Defendant has also encouraged his employees to make suspect product and health claims and use high-pressure sales tactics when offering to sell water purification systems in association with the AQUASMART trade-mark (McKeown Affidavit, para. 8, Exhibit “C”; Elizabeth Jansen Affidavit, para. 7, Exhibit “C”).

[35] Members of the public have falsely concluded that the Defendant is associated with the Plaintiff by virtue of the Defendant’s use of the AQUASMART trade-mark/trade-name. The Defendant’s activities have led at least one of the Defendant’s customers to warn friends

and family members against dealing with a business named “Aquasmart” (Brenchley Affidavit, para. 13; Testa Affidavit, paras. 20-26, 40-42, Exhibits “K”, “M”, “L”, “X”).

[36] The Defendant’s activities have prompted a public sharing of their negative opinions of the Defendant via messages posted on the Internet. In these messages, the AQUASMART trade-mark/trade-name is identified with the Defendant (Testa Affidavit, paras. 23, 25, Exhibits “M”, “N”).

[37] The Defendant has carried out these activities in a geographic area in which the Plaintiff currently has customers (Testa Affidavit, para. 17).

F. Facts in support of an order for default judgment

[38] On October 7, 2010, the Plaintiff filed its Statement of Claim in this action (Statement of Claim in Federal Court No. T-1630-10).

[39] On October 8, 2010, the Statement of Claim was served personally on the Defendant in Canada (Kuiper Affidavit, paras. 1-2).

[40] As of February 16, 2011, no Statement of Defence has been filed in this action.

III. Issues

[41] The issues are as follows:

1. Is the Defendant in default under Rule 210 of the *Federal Courts Rules* for not having a filed a defence within the deadline set by Rule 204 of the *Federal Courts Rules*?
2. On a motion for judgment under Rule 210 of the *Federal Courts Rules*, what is the Plaintiff's burden to establish its entitlement to the relief claimed?
3. Does the evidence in support of the motion make it possible to grant the judgment sought under Rule 210 of the *Federal Courts Rules*? In particular, does the evidence show, on a balance of probabilities that Canadian Trade-mark Registration No. TMA437,536 is valid and has been infringed by the Defendant?
4. What is the appropriate quantum of damages?

IV. Analysis

- (1) Is the Defendant in default under Rule 210 of the *Federal Courts Rules* for not having filed a defence within the deadline set by Rule 204 of the *Federal Courts Rules*?

[42] To establish that a Defendant is in default under Rule 210 of the *Rules*, the Plaintiff must establish that the Defendant was served with the Statement of Claim and has not filed a defence within the deadline specified in Rule 204 of the *Federal Courts Rules*, SOR/98-106 (Rule 210, *Federal Courts Rules*; *Louis Vuitton Malletier S.A. v. Yang*, 2007 FC 1179, 62 C.P.R. (4th) 362.

[43] A Defendant served in Canada with a Statement of Claim has 30 days to file a Statement of Defence (Rule 204(a), *Federal Courts Rules*).

[44] The Defendant was served personally in Canada with the Statement of Claim on October 8, 2010. The deadline under Rule 204 of the *Federal Courts Rules* for the Defendant to file his Statement of Defence expired on November 8, 2010. As of February 16, 2011 the Defendant had not filed a Statement of Defence (Kuiper Affidavit, paras. 1-2; Reidel Affidavit, Exhibit “D”).

- (2) On a motion for judgment under Rule 210 *Federal Courts Rules*, what is the Plaintiff’s burden to establish its entitlement to the relief claimed?

[45] On a motion for default judgment where no defence has been filed, every allegation in the Statement of Claim must be treated as denied. Evidence must be led that enables the Court to find, on a balance of probabilities, that there is liability. The Plaintiff must establish its entitlement to the relief claimed by affidavit evidence (*Louis Vuitton Malletier S.A. v. Yang*, 2007 FC 1179, 62 C.P.R. (4th) 362; *Ragdoll Productions (UK) Ltd. v. Jane Doe*, 2002 FCT 918, 21 C.P.R. (4th) 213).

- (3) Does the evidence in support of the motion make it possible to grant the judgment sought?

[46] At issue in this motion is the Plaintiff’s claim that the Defendant infringed the Plaintiff’s right to the exclusive use of the Plaintiff’s registered trade-mark contrary to Section 20 of the *Trade-marks Act* (Section 20, *Trade-marks Act*).

- (a) *Does the evidence show, on a balance of probabilities, that Canadian trade-mark registration No. TMA437,536 is valid and owned by the Plaintiff?*

[47] A copy of the record of the registration of a trade-mark purporting to be certified to be true by the Registrar is evidence of the facts set out therein and that the person named therein as owner is

the registered owner of the trade-mark for the purposes and within the territorial area therein defined (Section 54(3), *Trade-marks Act*).

- (b) *Does the evidence show, on a balance of probabilities, that Canadian trade-mark registration No. TMA437,536 has been infringed?*

[48] Section 19 of the *Trade-marks Act* provides that subject to sections 21, 32 and 67 of the *Trade-marks Act*, the registration of a trade-mark in respect of any wares or services, unless shown to be valid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares and services. Section 20(1) of the *Trade-Marks Act* provides that the right of the owner of a registered trade-mark to its exclusive use shall be deemed to be to be infringed by a person who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name (Sections 19 and 20, *Trade-Marks Act*).

[49] “Confusing” when applied as an adjective to a trade-mark or trade-name, means a trade-mark or trade-name the use of which would cause confusion in the manner and circumstances described in Section 6 (Section 2, *Trade-marks Act*).

[50] Confusion is dealt with in Section 6 of the *Trade-marks Act*, which provides as follows:

- 6.(1) For the purposes of this Act, a trade-mark or trade-name is confusing 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 in the manner and circumstances described in this section.
- (2) 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 person, whether or not the wares or services are of the same general class.

- (3) The use of a trade-mark causes confusion with a trade-name if the use of both the trade-mark and trade-name in the same area would be likely to lead to the inference that the wares or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.
- (4) 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 person, whether or not the wares or services are of the same general class.
- (5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including
 - (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.

(Section 6, *Trade-marks Act*)

[51] The section 6(5) list of circumstances is not exhaustive and the circumstances need not be given equal weight, but rather different circumstances will be given different weight depending on

the context of a particular case (*Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, paras. 51 and 54).

[52] The assessment of whether or not there is a likelihood of confusion is to be measured from the perspective of the average hurried consumer having an imperfect recollection of the first mark who might encounter the applicant's mark in the marketplace in association with the applicant's wares. The average consumer is owed a certain amount of credit; one must not proceed on the assumption that the average consumer is devoid of intelligence or of normal powers of recollection or are totally unaware or uninformed as to what goes on around them (*Mattel* , paras. 56, 57).

[53] It is not necessary for the Plaintiff to prove the Defendant's intent to infringe. A Defendant's intention has no relevance to the question of infringement (*Kun Shoulder Rest Inc. v. Joseph Kun Violin and Bow Maker Inc.* (1997) 76 C.P.R. (3d) 488 (F.C.T.D.)).

[54] The evidence in support of this motion establishes that the Defendant has, personally or through his employees, advertised, offered to sell, sold and installed water-purification systems in association with the trade-mark/trade-name AQUASMART. From a consideration of the surrounding circumstances, it is clear that the trade-mark/trade-name AQUASMART, as it has been used by the Defendant, is confusing with the Registered Mark.

(i) Section 6(5)(e) - Degree of Resemblance Between the Marks
(Appearance, Sound or Ideas Suggested)

[55] While Section 6(5) directs that all circumstances are to be taken into account when assessing the likelihood of confusion, the degree of resemblance between the trade-marks in appearance,

sound and meaning suggested by them is usually the most important (*Beverly Bedding & Upholstery Co. v. Regal Bedding Ltd.* (1980), 47 C.P.R. (2d) 145 at 149 (F.C.T.D.)).

[56] To constitute confusion it is not necessary that every part of a trade-mark is copied; it is sufficient if enough is copied to have a tendency to confuse the public (K. Gill and R.S. Joliffe, *Fox on Trade-marks and Unfair Competition*, 4th ed. (looseleaf) (Carswell, Toronto) at p. 8-56).

[57] As specified above, the Registered Mark contains the word element AQUASMART, which is identical to the AQUASMART trade-mark/trade-name used by the Defendant. This is accordingly a high degree of resemblance in appearance. Since the word element AQUASMART is the only word element in the Registered Mark, there is an identical resemblance in sound between the Registered Mark and the AQUASMART trade-mark/trade-name used by the Defendant.

[58] This factor weighs strongly in favour there being a likelihood of confusion between the Defendant's various trade-marks/trade-names and the Plaintiff's Registered Mark.

(ii) Sections 6(5)(c) and 6(5)(d) - Nature of the Wares and the Trade

[59] The Defendant advertises, offers to sell, sells and installs wares covered by the Plaintiff's Trade-mark Registration, namely water-purifiers. The Defendant and Plaintiff both sell their products to the same market segment, namely household consumers. The direct overlap in the wares and target markets strongly suggests a likelihood of confusion.

(iii) Sections 6(5)(b) – The Length Of Time The Trade-marks Have Been Used

[60] The Plaintiff has filed a certified copy of the record of its trade-mark registration, which is evidence of the facts set out therein and that the Plaintiff is the owner of the registered mark. The Plaintiff's registration evidences its use of its trade-mark since as early as August 1, 1991 (Section 54, *Trade-marks Act*; Reidel Affidavit, Exhibit "A").

[61] In comparison, the Defendant appears to have used the trade-mark/trade-name AQUASMART no earlier than May 2010 (Reidel Affidavit, Exhibit "B").

[62] The Plaintiff's evidence demonstrates that in the short time which the Defendant has used the AQUASMART trade-mark/trade-name, there have been several instances of actual confusion. Though the Plaintiff need not prove actual confusion, evidence of actual confusion lends significant weight to the Plaintiff's argument and thus to the outcome of the matter (*Mr. Submarine Ltd. v. Amandista Investments Ltd.* (1987), 19 C.P.R. (3d) 3 at 14 (C.A.)).

[63] In particular, the Plaintiff has provided direct evidence that the Defendant's use of the AQUASMART trade-mark/trade-name led to the inference that the Defendant's products and business were associated with the Plaintiff. This "reverse confusion" in which consumers seeing the mark of the senior user (the Plaintiff) believe it to come from the junior user (the Defendant), is actionable by the senior user under the definition provided by Section 6(2) (K. Gill and R.S. Joliffe, *Fox on Trade-marks and Unfair Competition*, 4th ed. (looseleaf) (Carswell, Toronto) at p. 8-4; *A & W Food Services of Canada Inc. v. McDonald's Restaurants of Canada Ltd.*, 2005 FC 406, paras. 23-33).

[64] The Affidavit of Ms. Emily Testa additionally provides circumstantial evidence of actual confusion. The fact that members of the public, in attempts to contact the Defendant, have contacted the Plaintiff due to the Defendant's use of a mark confusingly similar to the Registered Mark is circumstantial evidence that the Defendant's use of the AQUASMART trade-mark/trade-name has led to inferences that the Defendant's service and business are performed by the Plaintiff.

[65] The Plaintiff's long and extensive use of the Registered Mark, the relatively short period of time over which the Defendant has used the AQUASMART trade-mark/trade-name, and the several instances of actual confusion shown by the evidence strongly favour a likelihood of confusion.

(iv) Section 6(5)(a) - Inherent Distinctiveness And Extent
To Which The Marks Have Become Known

[66] With respect to inherent distinctiveness, invented or coined words are strong, inherently distinctive trade-marks which are entitled to a wide scope of protection while marks comprised of descriptive terms are weak marks entitled to only a narrow ambit of protection such that small differences will be sufficient to distinguish them (*Weetabix of Canada Ltd. v. Kellogg Canada Inc.*, 2002 FCT 724, para. 42).

[67] The Registered Mark contains the word element AQUASMART, which is a coined portmanteau of the words AQUA and SMART. The word element AQUASMART is suggestive, rather than descriptive of the Plaintiff's wares. As such, the Registered Mark is inherently distinctive, and entitled to a wide scope of protection.

[68] With regard to the extent to which the marks/names have become known, there can be little doubt that the Plaintiff's Registered Mark is known to a much greater extent than the Defendant's mark/name. The Plaintiff has advertised its trade-mark extensively, and has done so through various means, including advertisements in Canada's leading health and wellness magazine, tradeshow booths, a Web site, and exterior and interior signage at its retail store. The Plaintiff spent approximately \$18,000 in magazine advertising in 2010, and in recent years has had more than 10,000 unique customers annually. Through this extensive advertising and use, the Plaintiff's mark has undoubtedly become known to a considerably greater extent than any of the Defendant's mark, which were all used for relatively short periods of time.

V. Remedies

[69] The relief sought in the terms of the Order sought has been established for actions of this type and therefore is granted.

[70] The injunctive and delivery relief sought is within the parameters of relief that the Court awards in cases where a person has contravened the *Trade-marks Act* (Section 53.2, *Trade-marks Act*).

[71] Concerning monetary relief, the Court may make an order for the recovery of damages or profits. As the Defendant has not participated in these proceedings, the Plaintiff has been denied discovery, and thus left without a practicable method of accurately determining the true scope of the Defendant's infringements and profits; however, it is not necessary to prove actual damages with certainty. Once a plaintiff has proven infringement and that damage has occurred, it is entitled to the

court's best estimate of those damages without necessarily being limited to nominal damages (Section 53.2, *Trade-marks Act*; *Ragdoll Productions (UK) Ltd. v. Jane Doe*, 2002 FCT 918, 21 C.P.R. (4th) 213 at paras. 40-45; *Louis Vuitton Malletier S.A. v. Yang*, 2007 FC 1179, 62 C.P.R. (4th) 362 at para. 28).

[72] Where defendants' activities have made accurate assessments of trade-mark infringement damages impractical, the courts' assessments of plaintiffs' damages have been guided by the scale of the defendants' activities. In particular, past decisions of the court have defined a scale that sets appropriate plaintiffs' damages, in 1997 dollars, at \$3,000 in the case of street vendors and flea market operators, \$6,000 in the case of sales from fixed retail premises, and \$24,000 in the case of manufacturers and distributors. The court has recognized that this scale should be adjusted for inflation, and that finer gradations may be possible (*Oakley, Inc. v. Doe* (2000), 8 C.P.R. (4th) 506 at para. 3; *Ragdoll Productions, supra*, at para. 48; *D. & A.'s Pet Food'n More Ltd. v. Seiveright*, 2006 FC 175, 48 C.P.R. (4th) 281 at para. 9).

[73] One case has also applied a multiplier to the scale amount based on the number of distinct infringing activities proven by the plaintiff. In that case, the court awarded damages of \$87,000, as calculated by multiplying six distinct infringements by an inflation-adjusted award of \$6,000 (*Louis Vuitton, supra*, at para. 43).

[74] In the circumstances, it is submitted that it is appropriate to award the Plaintiff damages on the conventional scale, in the amount of \$15,597.35, which in today's dollars is equivalent to

\$12,000 1997 dollars. This amount is appropriate having regard to the proven scale and character of the Defendant's activities, including that:

- the Defendant carried on business five-days per week from physical premises identified with signs bearing a trade-name that infringed the Plaintiff's Registered Mark;
- the Defendant's business involved the use of vehicles identified with signs bearing a trade-name that infringed the Plaintiff's Registered Mark;
- the Defendant employed a network of "dealers" to distribute wares in association with a trade-mark/trade-name that infringed the Plaintiff's Registered Mark;
- the Defendant's wares were expensive, the evidence showing per-unit costs of approximately \$2,800 and \$5,600;
- the Defendant continued in the use of a trade-mark/trade-name that infringed the Plaintiff's Registered Mark after he was made aware of the Plaintiff's trade-mark rights, after he told Plaintiff's counsel that he had reserved a new name for his business, after the Statement of Claim in this action was served on him, and after he told Plaintiff's counsel that he had changed the name of his business;
- as per the evidence, the Defendant's business practices, which can be described as reprehensible, have generated significant ill will, and, as a result of the Defendant's use of a trade-mark/trade-name that infringed the Plaintiff's Registered Mark, this ill will has been linked to the Plaintiff and thereby diminished the Plaintiff's goodwill (Reidel Affidavit, Exhibit "C").

[75] The Plaintiff also seeks lump-sum costs, on a solicitor-client basis, for the action as part of the Order for Default Judgment. The Court has recently awarded costs on a solicitor-client basis in cases where the Defendant has flagrantly and deliberately disregarded the Plaintiff's intellectual property rights and failed to defend the action. On this basis, the Plaintiff seeks an award of costs and disbursements totalling \$10,000 (Rule 400, *Federal Court Rules*, 1998; *Microsoft Corporation v. PC Village Co. Ltd.*, 2009 FC 401 at para. 46; *Louis Vuitton*, *supra*, at para. 59).

ORDER

THIS COURT ORDERS that:

1. Default judgment be hereby granted in this action in favour of the Plaintiff.
2. It be hereby declared that the Defendant has infringed Canadian Trade-mark Registration No. TMA437,536 contrary to Section 20 of the *Trade-marks Act*.
3. A permanent injunction be hereby granted restraining the Defendant, his employees, agents, or otherwise from:
 - (a) infringing Canadian Trade-mark Registration No. TMA437,536;
 - (b) using, as or as part of a name, trade-mark, trade-name, Internet domain name or otherwise in association with the Defendant's wares, services and/or business, the business name or trade-mark AQUASMART or any other trade-mark or trade-name which is confusing with, or likely to be confused with, the trade-mark registered under No. TMA437,536;
 - (c) directing public attention to the Defendant's services or business in such a way as to cause or be likely to cause confusion in Canada between the Defendant's wares, services or business and the wares, services or business of the Plaintiff;
 - (d) passing off the Defendant's wares or services as and for those of the Plaintiff; and

- (e) falsely suggesting any association between the Defendant's wares, services and/or business and those of the Plaintiff;
4. The Defendant shall destroy under oath or deliver up to the Plaintiff all signage, wares, advertising materials, literature or other material under the power or control or in the possession or custody of the Defendant which are in violation of any of the foregoing injunctions.
5. The Defendant shall pay an amount of \$15,597.35 to the Plaintiff in respect of damages within thirty (30) days from the service of this Order (as per the jurisprudence cited in paragraphs 72 and 73 above).
6. The Defendant shall pay \$10,000 to the Plaintiff in respect of solicitor-client costs and disbursements within thirty (30) days from the service of this Order.

“Michel M.J. Shore”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1630-10

STYLE OF CAUSE: AQUASMART TECHNOLOGIES INC.
v. ROBERT KLASSEN

PLACE OF HEARING: Vancouver, BC

DATE OF HEARING: February 21, 2011

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

DATED: February 22, 2011

APPEARANCES:

Jeffrey W. Robinson

FOR THE PLAINTIFF

No one appearing

FOR THE DEFENDANT

SOLICITORS OF RECORD:

Oyen Wiggs Green & Mutala LLP
Vancouver, BC

FOR THE PLAINTIFF

n/a

FOR THE DEFENDANT