

Federal Court



Cour fédérale

Date: 20161006

Docket: T-1814-15

Citation: 2016 FC 1122

Ottawa, Ontario, October 6, 2016

PRESENT: The Honourable Madam Justice McDonald

BETWEEN:

MAXWELL REALTY INC.

Plaintiff

and

OMAX REALTY LTD.

Defendant

JUDGMENT AND REASONS

I. Introduction

[1] This is an ex-parte Motion by the Plaintiff, Maxwell Realty Inc. (Maxwell) pursuant to Rule 369 of the *Federal Courts Rules*, S.O.R./98-106 for default judgment against the Defendant Omax Realty Ltd. for trade-mark infringement pursuant to sections 19 and 20 of the *Trade-marks Act*, RSC, 1985, c T-13 [the *Act*].

[2] Maxwell is the registered owner of the MAXWELL trade-mark which uses the word MAXWELL within an oval design. The trade-mark is used in association with the operation of a real estate agency.

[3] The Defendant was served with the Maxwell Statement of Claim on November 6, 2015 and again on December 12, 2015. The Defendant did not file or serve a Statement of Defence as required by Rule 204 of the *Federal Courts Rules*.

[4] Pursuant to Rule 210 of the *Federal Courts Rules*, when a party has failed to file and serve a Statement of Defence within the time provided for, the Plaintiff may move for default judgment.

[5] In this Motion for default judgment, Maxwell seeks the following relief:

1. Default judgment under Rule 210 of the *Federal Courts Rules*;
2. A permanent injunction restraining the Defendant, individually, or by its servants, agents, employees or otherwise, from:
 - a) Infringing the Registered Mark;
 - b) Depreciating the goodwill in the Plaintiff's trade-mark contrary to Section 22 of the *Act*;
 - c) Directing public attention to its services or business in such a way that causes or is likely to cause confusion between the Defendant's services or business and those of the Plaintiff or its licensees; and

- d) Passing off its wares and services for those of the Plaintiff or a licensee of the Plaintiff's trade-mark.
3. An Order providing for the destruction or other disposition of any offending labels, and advertising material that bears a trade-mark or trade name which is the same or confusingly similar to the Plaintiff's Registered Mark pursuant to section 53.2 of the *Act*;
4. Fixed damages of \$15,000.00 or such other amounts as the Court deems appropriate.
5. In the alternative, an Order:
 - a) Directing a reference to determine the Defendant's profits;
 - b) Directing that this matter continue as a specially cased managed proceeding; and
 - c) Giving directions for the production of documents by, and examination for discovery of, the Defendant.
6. Costs on a solicitor and own client basis, or an award of a lump sum of costs, or on such other basis which may seem just to this Honourable Court, together with all applicable taxes.

II. Background

[6] In support of the Motion for default judgment, Maxwell relies upon the Affidavit of Johnny Alain sworn on May 25, 2016. According to the Alain Affidavit, Maxwell is a federally incorporated company with its head office in Calgary, Alberta. Maxwell operates a full service real estate agency and has several hundred real estate agents operating under the Maxwell trade-mark at 18 locations in Alberta and British Columbia.

[7] The Maxwell trade-mark was granted in 1999 (registration number TMA621803) and has been in use since that time. Additionally, Maxwell has granted franchises to others to use the trade-mark in the real estate business.

[8] In May 2015, the Plaintiff first learned of the Defendant's use of the term Maxwell in conjunction with real estate services as the result of an internet search. Mr. Alain states that he searched the word Maxwell on the Canadian Real Estate Association website and discovered agents associated with a company called Omaxwell Realty in British Columbia. Further searching indicated that Omaxwell Realty was associated with the Defendant.

[9] On June 8, 2015, Maxwell forwarded a cease and desist letter to the Defendant. A representative of the Defendant responded by inquiring about franchising opportunities with Maxwell.

[10] In October 2015, Mr. Alain conducted further internet searches and found that the Defendant had an on-line presence with the name "Omaxwell realty" and advertised itself as a real estate agency.

[11] Mr. Alain states that further searches on popular realtor websites of the name “Maxwell” returned search results for “Omaxwell Realty”

[12] Following service of the Statement of Claim, Mr. Alain’s on-line searches indicated that the Defendant is now associated with the Coldwell Banker franchise. However, the name Omaxwell Realty continues to be used and appeared to be used in conjunction with the website domain name: omaxwellrealty.com.

[13] Mr. Alain states that the use of the Omaxwell name is intended to create consumer confusion in the real estate business and is intended to allow the Defendant to take advantage of the Plaintiff’s established goodwill.

[14] There is evidence that a number of real estate agents associated with the Defendant have been, or are, subject to professional sanction for ethics violations. The Plaintiff argues that this has the possibility of damaging the Plaintiff’s reputation if there is a deemed association.

[15] Maxwell accordingly seeks a permanent injunction to enjoin the Defendant from using the word Omaxwell or the phrase Omaxwell Realty in association with the delivery of real estate services, as it is confusingly similar to the Plaintiff’s registered trade-mark Maxwell.

III. Issues

[16] The issues to be determined are as follows:

- A. Did the Defendant’s activities infringe on the Plaintiff’s registered trade-mark contrary to section 19 and 20 of the *Act*?

- B. Did the Defendant direct public attention to its services in such a way as to cause confusion contrary to section 7(b) of the *Act*?
- C. Did the Defendant use the Plaintiff's trade-mark in a manner likely to depreciate the value of the goodwill of the trade-mark contrary to section 22(1) of the *Act*?
- D. Is the plaintiff entitled to damages and costs?

IV. Analysis

- A. *Did the Defendant's activities infringe the Plaintiff's registered trade-mark contrary to section 19 and 20 of the Act?*

[17] The registration of a trade-mark gives the owner the exclusive right to use their trade-mark throughout Canada in respect of those services. The Maxwell trade-mark is registered and has been registered since 1999 in respect of real estate services. It is the Plaintiff who has the exclusive right to use that name in association with real estate services.

[18] The rights of the owner of a trade-mark are deemed infringed when a person, not entitled to use the trade-mark, advertises its services in association with a confusing trade-mark.

[19] Here, the Defendant advertises real estate services on line with the name Omaxwell - which is different from the trade mark name by one letter only. The evidence suggests this activity started in early 2015 and continues to this day

[20] The test to be applied to determine the presence of confusion is if "a casual consumer somewhat in a hurry" seeing the Defendant's trade name would consider that the Defendant's services were of the same class and quality as those offered by the Plaintiff (*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paras 39-40).

[21] This requires a consideration of the 5 factors outlined in section 6(5) of the *Act*, summarized as follows:

- (a) Inherent distinctiveness of the trade-mark or trade-name;
- (b) The length of time the trade-mark or trade-name has been in use;
- (c) The nature of the services;
- (d) The nature of the trade; and
- (e) The degree of resemblance between the trade-marks or trade-names in appearance or sounds.

[22] Here, the trade-mark has been used by the Plaintiff since 1999 in association with real estate services. The defendant only appears to have started to use the Omaxwell name in 2015. Evidently, as both the Plaintiff and the Defendant are in the real estate business primarily in western Canada, the risk of confusion is high.

[23] Finally, the degree of resemblance of the names in appearance, and more importantly in the sound of the names, adds to the potential confusion.

[24] I am satisfied that a consumer of real estate services would be confused, as the word Maxwell is the predominate word in the trade-mark. Additionally, the use of the word by the Defendant by simply placing an “O” in front of Maxwell still leaves the word Maxwell as the predominate characteristic of the phrase.

B. *Did the Defendant direct public attention to its services in such a way as to cause confusion contrary to sections 7(b) and (c) of the Act?*

[25] The Defendant's online presence with the prominent use of the word "Maxwell" preceded only by the letter "O" in the competitive field of real estate services is an attempt by the Defendant to pass off their real estate services as being associated with the Plaintiff. This activity is contrary to the *Act*.

C. *Did the Defendant use the Plaintiff's trade-mark in a manner likely to depreciate the value of the goodwill of the trade-mark contrary to section 22(1) of the Act?*

[26] The Plaintiff has provided evidence of professional sanctions against individual real estate agents associated with the Defendant. While the Plaintiff has not provided direct evidence of loss of goodwill, damages can be awarded in any event (*Oakley, Inc v Jane Doe*, [2000] FCJ No 1388 at para 10.).

D. *Is the Plaintiff entitled to damages and costs?*

[27] The Plaintiff has established that the Defendant has wrongfully infringed its trade-mark and is therefore entitled to damages. Damages can be assessed without evidence of actual damage (*Oakley, Inc*, above at para 10).

[28] In the circumstances, I award the Plaintiff compensatory damages of \$10,000.00 for the infringement (*Decommodification LLC v Burn BC Arts Cooperative*, 2015 FC 42; *Teavana Corp v Teayama Inc*, 2014 FC 372).

[29] The Plaintiff shall also have \$5,000.00 for costs.

JUDGMENT

THIS COURT'S JUDGMENT is that

1. The Defendant Omax Realty Ltd. infringed the Plaintiff's Maxwell Realty Ltd trade-mark (registration Number TMA621803) contrary to section 20 of the *Trade-marks Act*;
2. The Defendant, its officers, directors, employees, agents, contractors, servants, workers and anyone under its direction and control shall refrain from:
 - a) Advertising, promoting, displaying, distributing, providing, delivering, offering for sale or use, selling or otherwise using goods and services in association with the trade names or trade-marks OMAXWELL REALTY, OMAXWELL, or any other trade-mark or trade-name that is confusing with, or likely to be confusing with, the Plaintiff's Registered Mark;
 - b) Passing off or otherwise directing the attention of the public to the Defendant's goods, services and business in such a manner as to cause, or be likely to cause, confusion in Canada between the goods, services and business of the Defendant and the goods, services and business of the Plaintiff;
 - c) Using any trade-mark or trade name in a manner likely to have the effect of depreciating the value of the goodwill attaching to the

Plaintiff's Registered Mark, contrary to section 22(1) of the *Trade-marks Act*.

3. The Defendants shall pay to the Plaintiff:
 - (a) Damages for trade-mark infringement in the amount of \$10,000.00; and
 - (b) Costs of this action in the amount of \$5,000.00.

"Ann Marie McDonald"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1814-15
STYLE OF CAUSE: MAXWELL REALTY INC. v OMAX REALTY LTD.

**MOTION IN WRITING CONSIDERED AT OTTAWA, ONTARIO PURSUANT TO
RULE 369 OF THE *FEDERAL COURTS RULES***

JUDGMENT AND REASONS: MCDONALD J.

DATED: OCTOBER 6, 2016

WRITTEN REPRESENTATIONS BY:

Andrea Sam

FOR THE PLAINTIFF

SOLICITORS OF RECORD:

Burnet, Duckworth & Palmer LLP
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Calgary, Alberta

FOR THE PLAINTIFF