

Federal Court



Cour fédérale

Date: 20181019

Docket: T-1127-10

Citation: 2018 FC 1039

Ottawa, Ontario, October 19, 2018

PRESENT: The Honourable Mr. Justice Fothergill

BETWEEN:

SADHU SINGH HAMDARD TRUST

Plaintiff

and

**NAVSUN HOLDINGS LTD. AND 6178235
CANADA INC.**

Defendants

JUDGMENT AND REASONS

I. Overview

[1] The Plaintiff, Sadhu Singh Hamdard Trust [Hamdard], publishes the Daily Ajit, a newspaper founded in Punjab, India in 1955. The Daily Ajit is a widely-read and respected newspaper in India. Since 1984, the Daily Ajit has featured a logo on its masthead. The logo comprises the word “Ajit”, which means “unconquerable” or “invincible” in Punjabi, in stylised text.

[2] The Defendants and Plaintiffs by Counterclaim, Navsun Holdings Ltd and 6178235 Canada Inc [collectively Navsun], publish a separate newspaper called the Ajit Weekly. The Ajit Weekly is distributed free of charge in Vancouver, Montreal and the Greater Toronto Area through boxes in grocery stores, supermarkets, restaurants, temples and newspaper stands. From its inception in 1993 until 2010, the masthead of the Ajit Weekly featured a logo [original logo] that was very similar to the one displayed on the masthead of the Daily Ajit.

[3] In September 2007, pursuant to a partial settlement agreement concluded under the laws of the State of New York, United States of America, Navsun adopted a new logo [new logo]. Hamdard acknowledged that Navsun's new logo did not infringe its copyright.

[4] Hamdard commenced this action by Statement of Claim issued on July 1, 2010, alleging passing-off and trade-mark infringement, depreciation of goodwill and copyright infringement. In April 2014, Hamdard brought a motion for summary judgment or summary trial pursuant to Rules 215 and 216 of the *Federal Courts Rules*, SOR/98-106. Navsun responded with its own motion seeking dismissal of Hamdard's action, and a declaration that the registration of Hamdard's trade-mark is void *ab initio*.

[5] In *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2014 FC 1139 [*Hamdard FC*], this Court found the matter suitable for determination by summary trial, and dismissed both Hamdard's action and Navsun's counterclaim. Hamdard appealed. The Federal Court of Appeal allowed the appeal respecting the action, but did not overturn the dismissal of Navsun's counterclaim (*Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 [*Hamdard*

FCA). The motions for summary judgment or summary trial were returned to this Court for redetermination.

[6] For the reasons that follow, Hamdard has established its claims of passing-off, depreciation of goodwill and copyright infringement, but only with respect to Navsun's original logo. Due to limitations and defences, Hamdard may recover damages only for the period July 2007 to September 2009. Hamdard has not met its burden of establishing passing-off, trade-mark infringement, depreciation of goodwill or copyright infringement with respect to Navsun's new logo. These claims are therefore dismissed.

II. Background

A. *Parties*

[7] Hamdard is a public charitable trust established under the laws of India, with its head office in Jalandhar, Punjab. It was created in 1977 for the purpose of publishing the Daily Ajit newspaper.

[8] Navsun comprises two corporations established under the laws of Ontario. It is based in Mississauga, Ontario. The Ajit Weekly was originally run by the Bains family as a proprietorship. In 2005, the family incorporated a company called Ajit Newspaper Advertising, Marketing and Communications Inc [ANAMCI], and transferred all of the assets from the Ajit Weekly to ANAMCI. In April 2005, ANAMCI changed its name to Navsun Holdings Inc.

[9] Since January 2004, Navsun has licensed its trademark to 6178235 Canada Inc. This corporation publishes the Ajit Weekly and operates the website www.ajitweekly.com.

B. *Facts*

[10] The Daily Ajit was founded in 1955. The newspaper was transferred to Hamdard in 1977. According to Hamdard, the Daily Ajit is very well known to Punjabi readers. Canadian Punjabis read the Daily Ajit on-line using a computer or an app on their phones and tablets.

[11] Navsun maintains that the Daily Ajit is available outside India only by subscription. Depending on the source of the estimates, subscriptions in Canada peaked at 21 (or 43) in 1991, declined to 19 (or 23) by 1993, and dropped to seven by 2010. Navsun says there is no evidence of subscriptions after 2010.

[12] The Daily Ajit's logo has been on the front page and elsewhere in the newspaper since 1984. Hamdard says it was created by one of its employees. The logo is red in colour and looks like this:



[13] In 2015, Hamdard registered this logo as a design mark in Canada to be used in association with newspapers and online publications, among other things. The registration was unopposed. Hamdard says its logo is an original design, and not just the word “Ajit” in a particular font.

[14] Hamdard launched its website, ajitjalandhar.com, in May 2002.

[15] On January 11, 2016, Hamdard applied to register the word-mark AJIT. However, Navsun successfully opposed the application based on a lack of distinctiveness (*Trust v Navsun Holdings Ltd*, 2018 FC 42).

[16] The Ajit Weekly’s original logo appeared in a number of different colours, including red, and looked like this:



[17] In 1998, Navsun launched the website www.ajitweekly.com and began to use the word “Ajit” in connection with electronic services.

[18] Navsun registered its original logo as a trade-mark in Canada in 2005. In 2010, Hamdard applied to expunge Navsun's registration based on its prior rights in the trade-mark. Navsun cancelled its registration, and Hamdard's expungement application was dismissed as moot.

[19] In 2004, Hamdard commenced an action against Navsun in the State of New York for trade-mark and copyright infringement. The trade-mark issue was decided in favour of Navsun (*Sadhu Singh Hamdard Trust v Ajit Newspaper Adv*, 503 F Supp (2d) 577 (ED NY 2007)). The copyright issue was resolved by a partial settlement agreement [PSA]; partial, because it dealt only with the copyright issue. The PSA required Navsun to make certain changes to its logo. Navsun's logo is now green in colour and looks like this:



[20] Navsun's newspaper Ajit Weekly publishes advertisements for sorcery and wizardry, and for gender selection clinics and pills. Hamdard says these are offensive to readers of the Daily Ajit, and bring its brand into disrepute.

C. *Partial Settlement Agreement*

[21] The parties have a long history of litigation in Canada, the United States and the United Kingdom. One of the U.S. proceedings resulted in the PSA, which was incorporated into an order of the United States District Court for the Eastern District of New York issued on October 1, 2009. The PSA granted a limited licence to Navsun to use its original logo for the remainder of 2009. Thereafter, Navsun was granted permission to use an approved variation of its logo subject to the conditions specified in the PSA. One condition was that the licence would “in no way affect the Parties’ respectively asserted trademark and other rights in any jurisdiction”.

[22] The PSA did not include a release of claims for copyright infringement that pre-dated its execution. However, the PSA serves as a complete defence to any claim of copyright infringement based on the grants of the licences therein.

[23] The PSA states that it is governed by the laws of New York, and the New York courts retain jurisdiction over its interpretation and implementation. However, because the alleged infringement occurred within Canada, the Federal Court of Appeal held in *Hamdard FCA* at paragraph 17 that this Court may exercise jurisdiction over the copyright claim by virtue of s 20(2) of the *Federal Courts Act*, RSC 1985, c F-7 and s 41.24 of the *Copyright Act*, RSC 1985, c C-42.

III. Evidence

[24] On October 24, 2017, Prothonotary Kevin Aalto granted Hamdard leave to move for summary judgment, and to file a thrice-amended statement of claim, a re-amended notice of motion and further evidence. Navsun was granted leave to file a re-amended statement of defence and further evidence.

[25] An overview of the relevant evidence presented by the parties in the initial motions for summary judgment or summary trial may be found in *Hamdard FC* at paragraphs 32 to 57. Neither the Federal Court of Appeal nor the parties expressed concern about this Court's prior evidentiary findings, and they are incorporated into these Reasons for Judgment.

[26] The following is a summary of the supplementary affidavits provided by Hamdard.

- (a) Affidavit of Dr. Barjinder Singh Hamdard dated October 17, 2016: Dr. Hamdard is a citizen of India, and Editor-in-Chief of the Daily Ajit. Dr. Hamdard describes the history and expansion of the Daily Ajit. He also provides a list of the number of Canadian subscribers to the Daily Ajit from 1990 to 2010, and a list of approximately 160 letters to the editor from Punjabi readers in Canada. He discusses the logo of the Daily Ajit, and states that the "hook" above the word is the most unusual part. Dr. Hamdard explains how he first became aware of the Ajit Weekly when he visited Canada in April 1995. He issued a statement that Hamdard had no connection with the Ajit Weekly. He says that Mr. Bains knew

of the Daily Ajit and its style and content. He also says that the misuse of the name “Ajit” by the Ajit Weekly has handicapped Hamdard’s ability to expand its publishing in Canada. He says that Hamdard could not oppose Navsun’s trade-mark application in 2004 because the Registrar overlooked its request for an extension of time. Hamdard applied to expunge Navsun’s registered trade-mark in 2010, causing Navsun to cancel it.

- (b) Affidavit of Jasjit Singh Dhami dated October 14, 2016: Mr. Dhami has been a correspondent for the Daily Ajit since 1995. He came to Canada in 2005. He says that the Daily Ajit is well known among Canadian Punjabis. When told he worked for the Daily Ajit, Canadian Punjabis would automatically think he was working for the Ajit Weekly. Canadian Punjabis assume that the Daily Ajit and Ajit Weekly are connected, and have asked him why the Daily Ajit publishes offensive advertisements.
- (c) Affidavit of Narinderjit Kaur Kanwal dated October 18, 2016: Ms. Kanwal is a restaurant worker who migrated to Canada in 1988. She read the Daily Ajit in India, and thought the Ajit Weekly was connected with the Daily Ajit when she saw the publication in stores. She found the content differences between the two confusing.

- (d) Affidavit of Baldev Singh dated October 15, 2016: Mr. Singh is a religious preacher and truck driver. He read the Daily Ajit in India. After coming to Canada in 2002, he first thought the Ajit Weekly was a product of the Daily Ajit.

- (e) Affidavit of Gurdial Singh Kanwal dated October 15, 2016: Mr. Kanwal is a retired publisher, author and journalist, and the current president of the Canadian International Punjab Sahit Academy. He has known of the Daily Ajit since 1964, and after immigrating to Canada, he used the Daily Ajit to inform his own newspaper. He assumed the Ajit Weekly was a product of the Daily Ajit, and only realized they were distinct when he heard about the litigation between the two. Mr. Bains told him that Dr. Hamdard was his friend.

- (f) Affidavit of Amritpal Singh Saini dated October 15, 2016: Mr. Saini has been a correspondent for the Daily Ajit since 2009. He immigrated to Canada in 2000, and thought the Ajit Weekly was the Daily Ajit. He says the Canadian Punjabi community knows and respects the Daily Ajit newspaper and website. Since he began working for the Daily Ajit, people ask if he also works for Ajit Weekly, wrongly assuming the two are connected.

- (g) Affidavit of Surjit Kaur Saini dated October 15, 2016: Ms. Saini is a heavy equipment operator who immigrated to Canada in 2004. She read the Daily Ajit in India, and when she first saw Ajit Weekly in Canada, she thought it was the Daily Ajit. She has been reading the Daily Ajit online for many years.

- (h) Affidavit of Karnail Singh dated October 15, 2016: Mr. Singh is a truck driver and volunteer preacher of the Sikh religion. He has lived in Canada since 2005. He became familiar with the Daily Ajit while living in India. When he first arrived in Canada, he thought the Ajit Weekly was published by the Daily Ajit or Hamdard. He was shocked by the offensive advertisements in the Ajit Weekly. He called a Canadian correspondent of the Daily Ajit, and only then did he learn of the distinction between the two.

- (i) Affidavit of Rajinder Kaur dated October 15, 2016: Ms. Kaur is a factory worker who has lived in Canada since 2009. She was an avid reader of the Daily Ajit while living in India, and was confused about whether the Ajit Weekly and the Daily Ajit were related.

- (j) Affidavit of Sukhjinder Singh Dhariwal dated October 15, 2016: Mr. Dhariwal is a truck driver who immigrated to Canada in 2005. He has read the Daily Ajit since the fifth grade. He learned that the Daily Ajit and the Ajit Weekly had different owners after two or three years, once he heard about the litigation. He and his friends read the Daily Ajit online.

- (k) Affidavit of Karmjeet Kaur Chahal dated October 15, 2016: Ms. Chahal immigrated to Canada in 2003. Her family in India subscribed to the Daily Ajit. She found the similarity between the name and logo of the Daily Ajit and the Ajit Weekly to be confusing.

- (l) Affidavit of Satinderpal Singh Chahal dated October 15, 2016: Mr. Chahal is an owner and operator of a courier company who immigrated to Canada in 2000. He knows the Daily Ajit from India, and says the newspaper is well-known. He thought the Ajit Weekly was published by the Daily Ajit when he first saw it. He was offended by the advertisements in the Ajit Weekly. He found out there was no connection between the two when he called a correspondent of the Daily Ajit.
- (m) Affidavit of Satpaul Singh Johal dated January 28, 2017: Mr. Johal is a journalist and correspondent of the Daily Ajit. He attaches what purport to be portions of a 2010 Hindi language newspaper called Ajeet Patrika, and states that Hindi is a different language from Punjabi with a different alphabet. A Punjabi person would not be able to read a Hindi language newspaper unless he or she was also familiar with written Hindi. Hamdard was unaware of Ajeet Patrika until it was raised in litigation by Mr. Bains. Hamdard was unable to locate the newspaper in its own investigation. It appears that Ajeet Patrika was registered in another state and has not submitted the required annual filings in a long time.
- (n) Affidavit of Sukhvinder Singh dated October 17, 2016: Mr. Singh has been the marketing manager of the Daily Ajit for two years. He operates the website www.ajitjalandhar.com. The Daily Ajit has published the full daily newspaper on the website since 2002. He monitors website traffic using Google Analytics, and attaches records that demonstrate 909,405 visits to the website from Canada

between May 11, 2008 and August 31, 2008. He also attaches reports from 2013 to 2015.

- (o) Affidavit of Satpaul Singh Johal dated September 21, 2017: Mr. Johal is a journalist and has been a correspondent for the Daily Ajit since 2001. He says that the Daily Ajit publishes stories of interest to Punjabis in Canada. In December 2012, Hamdard released apps for mobile digital devices. Mr. Johal produces a table showing the download history. He says that the Daily Ajit logo is not produced by a font, and the letters overlap.

[27] Navsun has provided the affidavit of Kanwar (Sunny) Bains dated December 13, 2017.

Mr. Bains deposes as follows:

- (a) Mr. Bains is a shareholder and director of Navsun. He states that in June 2010, Hamdard applied to register the trade-mark AJIT. In 2015, Navsun successfully opposed the application before the Trade-mark Opposition Board for lack of distinctiveness.
- (b) Hamdard applied to register its design mark, and Navsun did not oppose. However, Hamdard applied a second time to register its word mark, which Navsun is opposing. Mr. Bains states that Navsun is seeking to expunge Hamdard's mark only because Hamdard alleges infringement and makes false claims about first use. Mr. Bains maintains that Hamdard could not have used its

mark in association with electronic goods and services since 1984 because it did not launch its website until 2002; Hamdard does not publish magazines; and the word “Ajit” is very common in Punjabi, and is used for many businesses.

- (c) Ajit Weekly’s website has approximately 12,500 to 30,000 visits per month. It prints around 12,000 newspapers per week in Vancouver and Toronto.
- (d) Mr. Bains is not aware of any actual confusion between the two websites or newspapers. He believes immigrants can read the English word “Weekly” in Navsun’s mark, and are therefore able to distinguish the two publications.

IV. Issues

[28] These motions for summary judgment or summary trial raise the following issues:

- A. Has Navsun engaged in passing-off?
- B. Has Navsun infringed Hamdard’s trade-mark?
- C. Has there been depreciation of Hamdard’s goodwill pursuant to s 22 of the *Trade-marks Act*?
- D. Has Navsun infringed Hamdard’s copyright?

E. Should injunctive relief be granted?

F. Can Navsun pursue its counterclaim?

V. Analysis

A. *Has Navsun engaged in passing-off?*

[29] To establish a claim for passing-off under common law and s 7(b) of the *Trade-marks Act*, RSC 1985, c T-13, a plaintiff must prove the existence of goodwill, deception of the public due to a misrepresentation, and actual or potential damage to the plaintiff (*Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at paras 66-69 [*Kirkbi*]). The Court must therefore examine four separate matters: goodwill, confusion, damages, and any defences that may be available.

(1) Goodwill

[30] The existence of goodwill is tested by determining whether the party has established that its goods are known in the market by reason of their distinctive features (*Kirkbi* at para 67). The material date for determining the existence of goodwill is 1993, when Navsun began to publish the *Ajit Weekly*.

[31] According to Hamdard, as of 1993 the *Daily Ajit* was the largest Punjabi newspaper in the world, while Navsun's newspaper was unknown. Hamdard says that goodwill in Canada may

arise from knowledge acquired abroad, and no sales in Canada are required (although the Daily Ajit was in fact sold in Canada at all material times). Hamdard therefore maintains that the Ajit Daily's international reputation was sufficient to support the existence of goodwill in Canada in 1993 (*Hamdard FCA* at para 25).

[32] Navsun argues that in 1993 Hamdard's mark was not sufficiently well-known in Canada to generate any goodwill. Foreign marks are not protected only because they are known to individuals who migrate from another country. Rather "[g]oodwill can be created as a result of the use of a trade-mark in Canada and the use of a trade-mark in another country where that trade-mark comes to the attention of Canadians, either through use or through advertising which reaches Canadians" (*Enterprise Rent-a-Car Co v Singer*, [1996] 2 FC 694). Navsun notes that Hamdard had a very low number of subscribers in 1993, there is insufficient evidence of reputation among individuals who migrated from Punjab, no edition of the Daily Ajit was targeted at Canadians or an international audience, and Hamdard did not advertise the Daily Ajit in Canada in 1993 or before.

[33] Furthermore, Navsun says that Hamdard's design mark has been used in only a few subscriptions; there is no evidence of market penetration in Canada, only anecdotal affidavit evidence; there is no evidence that the design mark was famous or identified with a particular quality; and the design mark has always had a low degree of distinctiveness.

[34] Navsun says the existence of Hamdard's goodwill in Canada as of 1993 should be determined with reference to the following factors (citing *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23 at para 54 [*Veuve Clicquot*]):

While "fame" is not a requirement of s. 22, a court required to determine the existence of goodwill capable of depreciation by a "non-confusing" use (as here) will want to take that approach into consideration, as well as more general factors such as the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant's mark, the extent and duration of advertising and publicity accorded the claimant's mark, the geographic reach of the claimant's mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant's mark are confined to a narrow or specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality.

[35] *Veuve Clicquot* concerned s 22 of the *Trade-marks Act*, which prohibits use of a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto. Assuming that similar factors may be used to determine the existence of goodwill in a claim for passing-off, their application in this case may be summarized as follows:

- (a) degree of recognition of the mark within the relevant universe of consumers:
Hamdard's mark is highly recognizable among Punjabi-Canadians, the relevant market;
- (b) volume of sales and depth of market penetration of products associated with the claimant's mark: these are low for Hamdard's mark;

- (c) extent and duration of advertising and publicity accorded the claimant's mark, the geographic reach of the claimant's mark: these are low for Hamdard's mark;
- (d) degree of inherent or acquired distinctiveness: Hamdard's Daily Ajit is the only newspaper in the world named "Ajit", with the exception of Navsun's Ajit Weekly (Navsun says there is a Hindi language newspaper with a similar name, but it is unclear whether the publication exists); and
- (e) whether products associated with the claimant's mark are confined to a narrow or specialized channel of trade, or move in multiple channels: Hamdard's products are confined to newspapers and advertising.

[36] On balance, I find that the high degree of recognition of Hamdard's mark among the relevant universe of consumers, together with its distinctiveness and the narrow, specialized channel of trade, support the conclusion that, as of 1993, Hamdard enjoyed sufficient goodwill within Canada to sustain a claim of passing-off. As I discuss below, Navsun has offered no credible explanation for its decision to use the "Ajit" name in Canada when it launched the Ajit Weekly in 1993. Its decision to use the "Ajit" name supports the inference that the name had commercial value in Canada at that time (*Orkin Exterminating Co Inc v Pestco Co of Canada Ltd* (1985), 50 OR (2d) 726 (ONCA) at para 56 [*Orkin*]).

(2) Confusion

[37] The second element of misrepresentation is satisfied if a plaintiff establishes that the defendant has used a trade-mark that is likely to be confused with the plaintiff's distinctive mark (*Ciba-Geigy Canada Ltd v Apotex Inc*, [1992] 3 SCR 120 at 136-137, 140). The non-exhaustive factors to be considered are listed in s 6(5) of the *Trade-marks Act*:

6(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 goods, 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.

6(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, se lon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

- a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
- b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
- c) le genre de produits, services ou entreprises;
- d) la nature du commerce;
- e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[38] The most important factor is often the degree of resemblance between the marks (*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 49). The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry (*Veuve Clicquot* at para 20).

[39] Hamdard says its affidavits confirm that actual confusion has occurred. In the alternative, Hamdard maintains there is a likelihood of confusion. The Ajit Weekly's marks are confusingly similar to the Daily Ajit's mark. The two newspapers offer the same goods and services (news of Punjab), and have the same customers (readers of the Punjabi language). Both publications are written almost entirely in Punjabi, and the marks are roughly the same size. There are only very slight differences between the marks. The inclusion of the word "Weekly" in Navsun's mark is irrelevant, as "Ajit" written in Punjabi is the dominant feature. It is set apart by size, style and language, and is perceived and sounded without the additional English words. Furthermore, Navsun has taken no measures to differentiate its products and services, and its business depends on exploiting Ajit's reputation.

[40] Navsun responds that "Ajit" is a weak mark, because it is a very popular name for individuals and businesses in India. Although Hamdard has used its mark for a long period of time, this should be given little weight because its use in Canada is meagre. Furthermore, consumers of the Ajit Weekly are not limited to those who can read the Punjabi language. English is used in the Ajit Weekly's logo, and the publication has other English content. Navsun therefore asserts that the casual consumer would likely have some knowledge of both languages, and would understand that the word "Weekly" distinguishes the Ajit Weekly from the Daily Ajit.

[41] According to Navsun, in 1993 the Internet was in its infancy and all newspapers were inherently local. The Ajit Weekly targeted the Punjabi community in Toronto, while the Daily Ajit was delivered to only the very small number of Canadians who subscribed. Moreover, Hamdard characterizes the Daily Ajit as a “professional paper”, while the Ajit Weekly is a free, grocery shop paper.

[42] Navsun argues that Hamdard’s evidence of actual confusion does not withstand scrutiny. It is anecdotal. The affiants are friends of Hamdard’s correspondents in Canada, and lack credibility. The evidence of Mr. Johal that people think he is a correspondent for the Ajit Weekly instead of the Daily Ajit does not constitute confusion in the marketplace.

[43] With respect to the Internet domain name, www.ajitweekly.com, Navsun notes that Hamdard did not launch its website until four years after the launch of the Ajit Weekly’s website. Moreover, the inclusion of the word “Weekly” in the domain name disclaims any association with Hamdard.

[44] With respect to its new logo, Navsun says it uses a different font, is green in colour, and includes an English word. Once again, Navsun argues that the inclusion of the word “Weekly” distinguishes its services from those offered by Hamdard.

[45] Navsun has offered no satisfactory explanation of how its original logo was produced. At one point, Navsun suggested it was simply the word “Ajit” written in a commercially-available

font, specifically “Nanak Heavy”. The Federal Court of Appeal said the following respecting the originality of Hamdard’s mark (*Hamdard FCA* at para 30):

[...] the evidence before the Federal Court indicated that the stylized version of the word “Ajit” that appears on the masthead of the Ajit Daily was developed by an employee of Hamdard Trust and that the copyright for the Nanak heavy font was acquired only in 1995, two years *after* the Ajit Weekly had begun using the Ajit Daily logo in Canada. These facts support the originality of the stylized Ajit Daily trade-mark. If the trade-mark were original, its use by [Navsun] is more likely to have been a result of a deliberate attempt to copy the Ajit Daily trade-mark, which may well have led to confusion.[...]

[46] The Federal Court of Appeal also noted the need to consider evidence of the reputation enjoyed by the Daily Ajit, which may have contributed to the mark’s acquiring distinctiveness.

[47] I have no hesitation in concluding that Hamdard’s logo appearing on the masthead of the Daily Ajit, particularly with its stylized “hook”, is original and distinctive. Navsun’s original logo was confusingly similar, and likely copied from Hamdard’s logo. As the Federal Court of Appeal noted in *Hamdard FCA* at paragraph 28, the trade-marks in this case “are not simply the word “Ajit” but, rather, the word and the stylized way in which it is written, that both papers use as their logos”.

[48] However, I am not persuaded that Navsun’s new logo is also confusingly similar to Hamdard’s mark. The only evidence before this Court regarding the distinctiveness of Hamdard’s logo is the “hook” above the word, which extends further to the left than if the word “Ajit” were written in a standard font. Hamdard admitted in the PSA that Navsun’s new logo was sufficiently distinct for copyright purposes.

[49] Navsun's new logo dispenses with the stylized "hook" of Hamdard's mark, and is now green in colour. If the new logo is sufficiently different to avoid infringing Hamdard's copyright in the image, then it is counterintuitive to suggest it is not sufficiently different to avoid confusion in the marketplace. I agree with Navsun that it is inconsistent for Hamdard to permit use of the new logo for copyright purposes, while objecting to its use as an instance of passing-off. I am therefore not satisfied that Hamdard has met its onus of demonstrating that Navsun's new logo is confusingly similar to Hamdard's mark.

[50] Navsun's Internet domain name, www.ajitweekly.com, is less confusing still. It consists only of words, and lacks the stylized way in which "Ajit" is written, which the Federal Court of Appeal recognized as a significant aspect of the marks in issue. Again, I am not satisfied that Hamdard has met its onus of demonstrating that Navsun's Internet domain name is confusingly similar to Hamdard's mark.

(3) Damages

[51] In *Hamdard FCA*, the Federal Court of Appeal held that the presence of the requisite damages to found a claim in passing-off may be established through proof of a loss of control over reputation, image or goodwill (citing *Cheung v Target Event Production Ltd*, 2010 FCA 255 at paras 24, 27-28; *Orkin* at paras 48-49). Hamdard says that actual damages need not be proven. The potential for damages is enough.

[52] Hamdard maintains that the Ajit Weekly is a direct competitor of the Daily Ajit, because both compete for advertisements. The diversion of readers from the Daily Ajit to the Ajit Weekly can only have had the effect of depressing the prices Hamdard is able to charge for advertising. Hamdard claims that the Ajit Weekly's presence has handicapped the Daily Ajit's ability to expand within Canada. Hamdard has offered little in the way of proof of either claim.

[53] Hamdard also argues that the Daily Ajit's brand is damaged by the Ajit Weekly's advertisements for sorcerers, wizards, and gender selection services and pills, as well as the negative publicity the Ajit Weekly has received due to a raid of its premises and criminal charges in India. Navsun objects to the evidence of Indian criminal proceedings as unreliable, untested and highly prejudicial.

[54] Hamdard asserts that the differences between the two publications in tone, subject-matter, outlook, length and perspective affirm the harm that has been done to the Daily Ajit's brand. Because Navsun misrepresents its newspaper as the one published by Hamdard, its content differs markedly from readers' expectations.

[55] Hamdard acknowledges that its damages are incapable of precise quantification, and invites the Court to determine an appropriate amount.

[56] Navsun contends that Hamdard has not suffered any damages at all. Gurrinder Johal and Narinderjit Kanwal were cross-examined on the allegedly offensive advertisements in the Ajit Weekly, and both admitted they continued to read the paper despite the advertisements. Satpaul

Johal and Gurdial Kanwal acknowledged that many Punjabis are not offended by the advertisements. The Daily Ajit and the Ajit Weekly are not direct competitors, but rather complementary publications: several witnesses admitted to reading both, and people often place classified advertisements in both. The Ajit Weekly does not interfere with the Daily Ajit's subscriptions or the availability of its website in Canada. If the Daily Ajit were ever offered in Canada, Dr. Hamdard made it clear that it would never appear in a grocery store beside the Ajit Weekly.

[57] While there is jurisprudence to guide the quantification of damages under s 22 of the *Trade-marks Act*, the courts have had less to say about damages for depreciation of goodwill in actions for passing-off. Cases involving trade-mark infringement “in the absence of specific damages” (*Ragdoll Productions (UK) Ltd v Jane Doe (TD)*, 2002 FCT 918 at para 43 [*Ragdoll*]) may be helpful, because the power to grant relief under the *Trade-marks Act* extends to “any act has been done contrary to this Act”, including trade-mark infringement and passing-off (s 53.2(1)).

[58] In *Ragdoll*, Justice Denis Pelletier cited *Aluminum Co of Canada Ltd et al v Tisco Home Building Products (Ontario) Ltd et al* (1977), 33 CPR (2d) 145 (FCTD) at paragraph 40 and reproduced the following excerpt from Fox's *Canadian Law of Trade Marks and Unfair Competition*:

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. Speculative and unproven damages must be deleted from the calculation. The court will estimate the damages on the same basis as would a jury and damages may take into contemplation injury to the plaintiff's goodwill, for the court, acting as a jury and applying ordinary business knowledge and common sense, is entitled to consider that there cannot be deceptive trading without inflicting some measure of damage on the goodwill. 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.

[59] A review of previous cases involving depreciation of goodwill in circumstances where it was difficult to quantify damages suggests that the quantum is typically modest:

<i>British Columbia Automobile Assn v OPEIU, Local 378</i> , [2001] 4 WWR 95 (BCSC)	\$2,500.00
<i>Rose et al v Interprovincial Brotherhood of Electrical Workers</i> (1984), 1 CPR (3d) 34 (FCTD)	\$3,500.00
<i>Marc-Aurele v. Ducharme</i> (1976), 34 CPR (2d) 155 (FCTD)	\$3,000.00
<i>Ragdoll</i>	\$6,000.00
<i>Teavana Corporation v Teayama Inc</i> , 2014 FC 372	\$10,000.00
<i>Maxwell Realty Inc v Omax Realty Ltd</i> , 2016 FC 1122	\$10,000.00
<i>Société pour l'expansion des tissus fins v Marimac, Inc</i> (1984), 78 CPR (2d) 112 (Que SC) [<i>Marimac</i>]	\$25,000.00

[60] The awards of damages in these cases were not intended just to acknowledge the depreciation of goodwill. They also reflected the courts' estimates of the compensatory damages owed to the plaintiffs or the profits wrongly obtained by the defendants. In two of the cases, the courts awarded \$10,000.00 because the defendants were not represented, and the plaintiffs did

not have access to documents that could have permitted a more accurate estimate of their damages or the defendants' profits (*Clearview Plumbing & Heating Ltd v Clockwork IP, LLC*, 2018 FC 169 at para 50). In *Marimac*, the plaintiff was awarded \$25,000.00 in damages based on an estimate of the business lost by the plaintiff due to the defendant's infringing activities.

[61] In this case, there is no direct or circumstantial evidence that Navsun's activities had any real impact on Hamdard's business. The damages to which Hamdard is entitled are for depreciation of goodwill alone, and should be towards the lower end of the scale. I would set those damages at \$5,000.00.

[62] Hamdard also seeks punitive damages equivalent to two years of Navsun's revenue (approximately \$1.5 million), in order to deter others from similar conduct. It argues that Navsun has engaged in a deliberate scheme to profit from the goodwill of a Punjabi charitable institution at the expense of a vulnerable population, namely Punjabi immigrants, and this ought to offend the Court's sense of decency.

[63] In *Bauer Hockey Corp v Sport Masko Inc (Reebok-CCM Hockey)*, 2014 FCA 158, the Federal Court of Appeal said the following regarding the availability of punitive damages in actions for trade-mark infringement:

[26] Punitive damages "are very much the exception rather than the rule" and "should be resorted to only in exceptional cases and with restraint". Such damages should only be awarded where the evidence shows that there has been high-handed, malicious, arbitrary or highly reprehensible conduct that departs to a marked degree from the ordinary standards of decent behaviour. This is a high threshold that considerably limits the circumstances in which punitive damages may be awarded. [citations omitted]

[64] I am not persuaded that Navsun's conduct in this case has been sufficiently reprehensible to justify an award of punitive damages.

(4) Defences

[65] Navsun raises the defences of estoppel by convention and licence.

[66] Estoppel by convention arises where (a) the parties to a contract have put a particular construction on the contract through the course of their dealings based on commonly held assumptions of fact or law, regardless of whether those assumptions are correct; (b) the contract as understood by the parties has regulated their subsequent dealings; and (c) it would be unjust or unconscionable if one of the parties were to resile from the convention and rely on the strict wording of the contract (*Capro Investments Ltd v Tartan Development Corp*, [1998] OJ No 1763 (ONCJ) at 31).

[67] Navsun claims it was granted a retroactive licence by the PSA to use its original logo in both Canada and the United States. According to Navsun, it would be absurd for Navsun to change its logo in Canada and agree not to dispute Hamdard's copyright in any jurisdiction, but still leave open the possibility of being sued for passing-off in Canada.

[68] Hamdard replies that the PSA explicitly preserved its right to sue for all causes of action except as provided in the agreement. The PSA was limited to Hamdard's allegation of copyright infringement, and therefore does not preclude an action for passing-off.

[69] Even if I accept that Navsun was granted a licence to use its original logo in Canada until December 31, 2009, that licence came into force on September 15, 2009, the date on which the PSA was executed by the parties. Article C clearly states that the licence takes effect “upon execution” of the PSA. The licence does not purport to be retroactive:

Upon execution of this Partial Settlement Agreement, Defendants shall enjoy a limited, non-transferable, no-fee License to use the Daily Ajit logo. Said License shall expire on December 31, 2009, at 11:59:59 p.m. Eastern Standard Time.

[70] Hamdard’s action for passing-off encompasses the period July 2007, three years before this action was commenced, to January 2010, when Navsun adopted its new logo. Navsun may rely on the licence granted by the PSA with respect to the use of its original logo only for the period September 15, 2009 to December 31, 2009. This serves as only a partial defence to Hamdard’s passing-off claim for the period July 2007 to September 15, 2009. Given its short duration, the licence would not alter the Court’s assessment of damages.

[71] I have rejected Hamdard’s claim of passing-off with respect to Navsun’s new logo, and it is therefore unnecessary for Navsun to rely on the defences of estoppel by convention or licence with respect to the new logo. I note, however, that when Navsun adopted its new logo, it covered the original logo on its Canadian newspaper boxes with stickers bearing the new logo. Over time, some of the stickers came unstuck, revealing the original logo underneath. Hamdard sent correspondence to Navsun alleging this was in contravention of the PSA, and demanding the offending logos be removed. Hamdard thereby construed the PSA as having effect within Canada. Furthermore, Navsun complied with the PSA by changing the Ajit Weekly’s logo within Canada, with the full knowledge, approval and encouragement of Hamdard.

[72] Were it necessary for me to do so, I would find that Hamdard, through its actions, applied the PSA to the parties' conduct within Canada. Hamdard permitted Navsun to use its new logo in Canada pursuant to the PSA, and cannot therefore object to Navsun's use of the new logo in accordance with that agreement.

B. *Has Navsun infringed Hamdard's trade-mark?*

[73] Hamdard registered its logo as a design mark in Canada in 2015. To establish infringement under ss 19 and 20 of the *Trade-marks Act*, this Court must consider the non-exhaustive factors listed in s 6(5). The analysis is similar to the one applied to the assertion of passing-off. Indeed, the parties largely rely on the same arguments advanced in support of their respective positions regarding the allegation of passing-off, despite the difference in material dates. The material date for trade-mark infringement is July 10, 2018, the date of the hearing before this Court (*Alticor Inc v Nutravite Pharmaceuticals Inc*, 2005 FCA 269 at para 12; *Cartier Inc v Cartier Optical Ltd* (1988), 20 CPR (3d) 68 (FCTD) at para 48).

[74] For the reasons explained above, I am not persuaded that Hamdard has met its burden of demonstrating that Navsun's new logo is confusingly similar to its registered mark. Nor are the Internet domain names of the two publications confusingly similar. Hamdard's claim of trade-mark infringement must therefore be dismissed.

C. *Has there been depreciation of Hamdard's goodwill pursuant to s 22 of the Trade-marks Act?*

[75] Depreciation of goodwill under s 22 of the *Trade-marks Act* is limited to registered marks. Hamdard did not register its logo as a design mark in Canada until 2015. Given my conclusion that neither Navsun's new logo nor its Internet domain name are confusingly similar to Hamdard's registered mark, there can be no depreciation of goodwill pursuant to s 22.

D. *Has Navsun infringed Hamdard's copyright?*

[76] Hamdard alleges copyright infringement only with respect to Navsun's original logo. Pursuant to Article B(1) of the PSA, Navsun has agreed not to contest Hamdard's copyright in the logo that appears on the masthead of the Daily Ajit.

[77] Subsection 43.1(1) of the *Copyright Act* prescribes a three year limitation period for claims of copyright infringement. Hamdard may therefore advance its claim for copyright infringement only from July 2007 onward, *i.e.*, three years before it commenced this action (*Hamdard FCA* at para 10).

[78] Hamdard maintains that Navsun's original logo infringed its copyright. Copying may be presumed due to the similarity of design (citing *Construction Denis Desjardins Inc c Jeanson*, 2010 QCCA 1287 at 29). Hamdard seeks damages equivalent to the cost to Navsun substituting legitimate copies of the artistic work for the infringing logo, which it estimates to be more than

\$2 million. However, this estimate assumes continuous copyright infringement from 2007 to the present day. Hamdard also seeks punitive damages.

[79] Damages for copyright infringement are compensatory in nature (*Copyright Act*, s 35(1); *Dictionnaires Robert Canada SCC v Librairie du Nomade Inc* (1987), 11 FTR 44 (Fed TD), *aff'd* (1990), 37 FTR 240 (note) (FCA)). While I accept Hamdard's assertion that Navsun's original logo infringed its copyright, there is no evidence that Hamdard suffered compensable damages as a result. The analysis is similar to the one performed in respect of Hamdard's passing-off claim, discussed above.

[80] Damages may be recovered only for the period July 2007, three years before this action was commenced, to September 2009, when the PSA was executed. Consistent with the nominal damages awarded for passing-off, I would set damages for copyright infringement at \$5,000.00. Once again, I am not persuaded that Navsun's conduct in this case has been sufficiently reprehensible to justify an award of punitive damages.

E. *Should injunctive relief be granted?*

[81] Hamdard's claims of passing-off and copyright infringement have been established only with respect to Navsun's original logo. The claims advanced in respect of Navsun's new logo have not been proven. There is no evidence that Navsun intends to revert to its original logo. There is therefore no need to grant injunctive relief in this case. Nor is there any need to

consider Navsun's objections to injunctive relief based on the equitable doctrines of acquiescence and laches.

F. *Can Navsun pursue its counterclaim?*

[82] Navsun's counterclaim was dismissed by this Court in *Hamdard FC*. The Federal Court of Appeal affirmed the dismissal of the counterclaim in *Hamdard FCA*. While Prothonotary Aalto granted Navsun leave to file an amended statement of defence, this could not have the effect of reviving Navsun's counterclaim given its prior dismissal. The counterclaim no longer forms a part of these proceedings.

VI. Conclusion

[83] Hamdard has established its claims of passing-off and copyright infringement, but only with respect to Navsun's original logo. Due to limitations and defences, Hamdard may recover damages only for the period July 2007 to September 2009. Hamdard's damages for passing-off and copyright infringement are set at \$10,000.00.

[84] Hamdard's claims of passing-off, trade-mark infringement, depreciation of goodwill and copyright infringement with respect to Navsun's new logo are dismissed.

[85] Navsun's counterclaim was previously dismissed by this Court in *Hamdard FC*, and no longer forms a part of these proceedings.

[86] As success on these motions for summary judgment or summary trial is evenly divided, no costs are awarded to any party.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The Defendants Navsun Holdings Ltd and 6178235 Canada Inc [collectively Navsun] are liable for passing-off and copyright infringement for the period July 2007 to September 2009 with respect to the logo that appears on the masthead of the Daily Ajit newspaper published by the Plaintiff Sadhu Singh Hamdard Trust [Hamdard].
2. Navsun shall pay to Hamdard damages for passing-off and copyright infringement in the amount of \$10,000.00.
3. Hamdard's claims of passing-off, trade-mark infringement, depreciation of goodwill and copyright infringement for the period September 2009 to the present are dismissed.
4. No costs are awarded to any party.

"Simon Fothergill"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1127-10

STYLE OF CAUSE: SADHU SINGH HAMDARD TRUST v NAVSUN
HOLDINGS LTD., MASTERS WEB INC. AND 6178235
CANADA INC.

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: JULY 10, 2018

JUDGMENT AND REASONS: FOTHERGILL J.

DATED: OCTOBER 19, 2018

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