

Federal Court



Cour fédérale

Date: 20180213

Docket: T-1569-13

Citation: 2018 FC 169

Ottawa, Ontario, February 13, 2018

PRESENT: The Honourable Madam Justice McVeigh

BETWEEN:

**CLEARVIEW PLUMBING & HEATING LTD.
AND GIRAFFE CORP**

Plaintiffs / Defendants by Counterclaim

and

**CLOCKWORK IP, LLC, BENJAMIN
FRANKLIN FRANCHISING, LLC, GREGG'S
PLUMBING & HEATING LTD. OPERATING
AS "BENJAMIN FRANKLIN PLUMBING –
SASKATOON, SK", AIRTIME CANADA ULC
OPERATING AS "JAMES WALL PLUMBING
& HEATING"**

Defendants / Plaintiffs by Counterclaim

JUDGMENT AND REASONS

I. Introduction

[1] When this action began, both parties claimed trademark infringement against each other.

Thereafter, the parties filed an agreed statement of facts, and later, an amended agreed statement

of facts. As a result, the trial is now limited to the assessment of damages for trademark infringement in the action and counteraction.

[2] Both parties have agreed that they infringed each other's trademark and that there has been no confusion or any loss suffered as a result of the infringement.

[3] So why are we here when neither party had any lost sales, confusion, or lost revenue?

[4] Clearview agrees that the company has suffered no economic damages. But Clearview submits we are here because Clearview is seeking "damages at large" or, in the alternative, punitive damages in an amount of \$40,000.00. According to Clearview, I should award these higher net "damages at large" to Clearview because of Clockwork's conduct.

[5] Clockwork says there is no reason to be here and no damages should be awarded. But if any damages are awarded, Clockwork submits they should be set-off. The parties did agree that any damages awarded should be set-off.

[6] To succeed in this claim for punitive damages, Clearview must prove Clockwork's conduct satisfies the high test for punitive damages.

Clearview did not satisfy me that damages in large should be awarded. Nor do I find that Clearview's claim that Clockwork's conduct was high-handed, malicious, arbitrary, or highly

reprehensible and will not award punitive damages. The reasons that no damages are awarded are as follows.

A. *Preliminary*

[7] Clearview discontinued the action against Gregg's Plumbing & Heating Ltd.

B. *Two Objections*

[8] At trial, Clearview objected to the affidavit filed by former Clockwork employee Michelle Schlingmann. The affidavit will be given no weight. I have no doubt as to her integrity but since the parties agree that there has been mutual infringement, the affidavit is not relevant for this damages trial.

[9] During cross-examinations, Clockwork objected to Clearview's counsel reference to litigation in the United States of America (USA) that is also proceeding on these issues. I will disregard the USA litigation other than Mr. Baker's answer during cross-examination that Clockwork sued Clearview in the USA. I will allow that as an answer towards actions that Clearview say indicate conduct that go towards punitive damages.

II. Background

[10] The amended agreed statement of facts is attached as Appendix A and will be relied on as the facts.

A. *“The Punctual Plumber”*

[11] The two Plaintiffs (also the Defendants by Counterclaim) are corporations registered under the *Alberta Business Corporations Act*, RSA 2000, c B-9. The first of these corporations, Giraffe Corp, is a holding company. The second corporation, Clearview Plumbing & Heating Ltd [Clearview], provides plumbing and heating services in Calgary, Alberta and area. The shareholders of both of these companies are Kyle Lumsden and his wife Melanie Lumsden. Mr. Lumsden is also the president of Clearview. Clearview registered the trademark for “The Punctual Plumber” and assigned the trademark to Giraffe which then licensed the trademark to Clearview. Clearview claims damages for the “use and infringement” of their registered Canadian trademark “The Punctual Plumber.”

[12] I will refer throughout the decision to both corporations as the singular Plaintiff or as Clearview.

(1) *“The Punctual Plumber”* Canadian Registered Trademark Owner

[13] In Canada, around the year 2002, Clearview began marketing a promise to provide its services on-time. At least by February 2004, Clearview used a clock or stopwatch design in its marketing.

[14] On June 2, 2003, Clearview applied to register the trademark “The Punctual Plumber” for use in association with “plumbing, heating, drain cleaning, carpet cleaning and furnace and duct cleaning services.” On July 17, 2006, registration was granted. Clearview later assigned this

mark to Giraffe, who now licenses the trademark back to Clearview. Clockwork did not contest the Canadian mark.

(2) *“The Punctual Plumber”* United States of America Registered Trademark Owner

[15] The principal Defendant is Clockwork IP LLC [Clockwork], a Delaware registered corporation, who owns the trademark “The Punctual Plumber” in the USA. Direct Energy is the parent company that bought Clockwork in 2010. Clockwork filed its USA trademark application for the “Punctual Plumber” on April 9, 2007. On December 25, 2007, the USA registration was granted and it states the first commercial use of that mark was “20020300.”

[16] The other Defendants (Benjamin Franklin Franchising LLC, Airtime Canada ULC, and Gregg’s Plumbing & Heating Ltd) are all related to Clockwork through a franchise network. Benjamin Franklin Franchising LLC is registered in Missouri. Airtime Canada ULC is registered in Nova Scotia and extra provincially in both Ontario and Manitoba. Gregg’s Plumbing & Heating Ltd is registered in Saskatchewan but as noted above has had the action against them discontinued.

[17] In both the USA and Canada, Clockwork used “The Punctual Plumber” trademark in association with services that are the same or very similar to Clearview’s. By the summer of 2016, it appears all the Defendants stopped using “The Punctual Plumber” in Canada.

[18] Another aspect of Clockwork’s business is that Clockwork provides assistance to contractors who do not want to franchise, but who do want to increase profits. In this capacity,

Clockwork operates in Canada the non-affiliated company Plumbers' Success Canada Inc doing business as Success Group Canada Inc [SGI]. Contractors who receive assistance are called Affinity Group members.

[19] Clearview had been a member of the practise group Contractors 2000 which later became Nexstar, and SGI. Later they were members of Clockwork's competitor practise group Airtime 500.

[20] From March 15, 2011 until March 21, 2013, Clearview contracted with SGI for assistance. During this time, SGI provided Clearview with helpful materials and licence agreements.

[21] I will refer throughout the decision to the Defendants in the singular form and as Clockwork.

(3) "The Punctual Plumber" Canadian Use

[22] Although Clockwork tried to register the trademark "The Punctual Plumber" in Canada, in June 2010 the application was denied. Despite this, Clockwork expanded its franchise network into Canada and continued to use "The Punctual Plumber" in its advertising.

[23] In November 2012, Gregg's became a franchisee in Saskatoon using the trade name Benjamin Franklin Plumbing Saskatoon. This franchise agreement ended on February 1, 2016, but Gregg's continued to use "The Punctual Plumber" trademark until summer 2016.

[24] For an unspecified amount of time from 2013-2014, Clockwork also had a corporately-owned location in Winnipeg. The owner of that location, Airtime Canada ULC, also no longer uses “The Punctual Plumber” mark.

[25] There is no known period during which any of the Defendants provided services in Alberta. However, Clearview was concerned Clockwork’s franchises may eventually include a Calgary location. Clearview’s evidence included a screen shot of the Defendant’s Benjamin Franklin Plumbing website saying “we’re adding new locations all the time.”

[26] There is a factual dispute between the parties about whether Clearview first saw “The Punctual Plumber” in the USA at a Clockwork event, or developed it himself. The amended agreed statement of facts filed with the Court on October 4, 2017, states “Kyle Lumsden does acknowledge hearing about the Defendants’ use of a ‘punctual plumber’ mark. There is a factual dispute as to when Kyle Lumsden heard about the U.S. mark.”

[27] In a letter to Clearview, Plumbers Success International said Clearview had plagiarized “The Punctual Plumber” from their franchise company in the USA, told them to stop using the document and the tag line in their business immediately, and to acknowledge they had stopped in writing. Clearview agreed to stop using the material and destroyed the drain cleaning brochure but sent a letter saying they were going to continue using “The Punctual Plumber.” The letter in reply has not been located.

[28] Clearview submits they never misused information or marketing materials received in its SGI membership, but if they did, then Alberta's *Limitations Act*, RSA 2000 c L-12 statutorily bars Clockwork from any related actions.

B. *"The Technician Seal of Safety"*

[29] Clockwork is the registered trademark owner of "Technician Seal of Safety Your Symbol of Trust Drug Tested Background Checked Professionally Trained" [The Technician Seal of Safety] in both Canada (filed November 5, 2013 and registered December 14, 2015) and the USA.

[30] Clearview used a mark similar to "The Technician Seal of Safety" in Canada. This seal was used on the Clearview website and about four service trucks since 2008 or 2009.

[31] When Clearview became an Affinity Group member, SGI offered to license them the "The Technician Seal of Safety" trademark. However, Clearview says they had already developed a similar mark and so did not licence it.

[32] As Plaintiff by Counterclaim, Clockwork claims damages for "use and infringement" of their trademark "The Technician Seal of Safety."

[33] Although no longer contesting liability, Clearview's evidence was a sequence of events that they say shows the irreprehensible behaviour of Clockwork. Specifically, Clearview's Statement of Claim was filed on September 4, 2013, Clockwork's Canadian application for "The

Technician Seal of Safety” is dated November 5, 2013, and the Statement of Defence was filed December 11, 2013. In other words, Clockwork applied to register “The Technician Seal of Safety” trademark in Canada only after Clearview filed its Statement of Claim to this Court, which is about two months before Clockwork filed their Statement of Defence.

III. Issues

[34] The issues are:

- A. What type and amount of damages, if any, should be awarded to Clearview for infringement of their registered trademark: “The Punctual Plumber?”
- B. What type and amount of damages, if any, should be awarded to Clockwork for infringement of their trademark: “Technician Seal of Safety?”

IV. Evidence

[35] Each party called one witness at trial.

A. *Clearview’s Witness*

[36] Kyle Lumsden is the owner and president of Clearview, and testified on behalf of Clearview. Mr. Lumsden explained that he established Clearview and built the business into what it is now. He said the stress of having a large company like Clockwork’s corporation come into his service area, as evidenced by Clockwork’s website that said it was “coming soon” when his postal code or Calgary was entered into the website was stressful. The screenshot filed as an exhibit at trial actually says “The Zip code or city you entered does not fall in an area that we

currently service, but we're adding locations all the time so, please try back again soon!" The possibility of the large corporation of Clockwork coming in as competition to his trade area was very stressful and upsetting to Kyle Lumsden. As well, he understood if he did not defend his trademark rights, then he would lose rights to the trademark.

[37] During the cross-examination, Mr. Lumsden agreed that he suffered no loss of sales or revenue, nor any confusion due to infringement of the "Punctual Plumber" trademark. Mr. Lumsden says he contacted Clockwork after learning they were using the "Punctual Plumber" in Canada. He said he tried to treat things like a business matter, but was intimidated, put under pressure, and felt his livelihood was threatened by Clockwork who had an unlimited pocket book as Clockwork is owned by a large oil company. He felt that Clockwork's conduct—failing to defend their trademark until after Clearview sued, alleging infringement of over 20 marks until the eve of trial (and then advanced only one infringement), continuing to use the trademark even after they knew that the mark was registered in Canada, and refusing to drop Giraffe from the lawsuit—was evidence that supports an award of damages. His evidence was that the lawsuit in the USA was proof of Clockwork's malicious behaviour.

[38] Mr. Lumsden also explained Clearview's use of the "Technician Seal of Safety" mark was limited to display on the doors of two (2) or four (4) company trucks and Clearview's website. He felt his infringement was a minor one. He used the mark for six (6) or seven (7) years, but has now removed the mark from the website. In contrast, he said that Clockwork used his "Punctual Plumber" trademark for years while knowing or being wilfully blind that they did not own it, and then continued to use it nationally (as did their franchises) even after being told

to stop. In addition, though he agreed that his company infringed Clockwork's trademark, he says the infringement was innocent because he believed he had developed the trademark after learning about it from a supplier of his. His evidence was also that he had developed the tagline "Punctual Plumber" for a radio ad, which was a contentious issue but as infringement was conceded I do not have to determine the genesis of the tagline.

[39] In cross-examination it was confirmed that Clearview's website on November 3, 2017 has a referral section that refers consumers to other plumbers including to plumbers in locations such as Scottsdale, Tempe and Columbus in the USA. His evidence was he did not know the USA plumbers that his website referred consumers to, and that he could have the USA referral removed from his website.

[40] I find that Mr. Lumsden is truthful and this entire matter has not been pleasant for him. He is proud of his company and built it from the scratch. Mr. Lumsden agreed he has no evidence of any economic damage and the amended agreed statement of facts confirms that at paragraph 29. The evidence is that the prospect of a large successful American company owned by an oil company moving into the Clearview's service area did cause Clearview great concern. The evidence regarding the trademarks' genesis and their subsequent use was led not to dispute the infringement but to show Clockwork's behaviour.

B. *Clockwork's Witness*

[41] Mark Baker of Houston, Texas, is Clockwork's president of franchising, and testified on behalf of the Defendants. He explained that Clockwork teaches franchisees how to be successful

(Mr. Baker called this the “secret sauce”), explaining the importance of employees arriving on time, background checking and drug testing employees, and generally creating the impression of professional and trustworthy plumbers.

[42] Mr. Baker explained that they decided to counterclaim after delving into the matter and getting the impression that Clearview was using Clockwork’s “secret sauce.”

[43] In regards to Clockwork’s attempted Canadian registration of the “Punctual Plumber” trademark, Mr. Baker testified that they did not follow through with the registration, but he did not know why they did not follow through. He further explained that Clockwork first became aware of Clearview’s Canadian registered “Punctual Plumber” trademark when they were sent a demand letter shortly before being sued.

[44] According to Mr. Baker, Clockwork conceded liability in regards to the “Punctual Plumber” mark as an economic decision. Since there were no damages on either side, and due to the cost of litigation, they felt the best result would be avoiding Court and so they tried to settle.

[45] I find that Mr. Baker was a very believable and straight forward witness. I believe Clockwork started the counterclaim of a number of its marks not to bring the Plaintiff to their knees with Clockwork’s “endless money” and resources, but for some of the same reasons Mr. Lumsden said he did: Clockwork’s trademarks must be defended given they are still trying to sell franchises in Canada and the USA. Although Clockwork hired someone to register the “Punctual Plumber” mark, they did not register it. The evidence was that Clockwork has not sued any other

party other than Clearview for using the clock or stopwatch symbol in association with their marketing. In this case, the trademark came to Clockwork's attention when they received a demand letter. And there was no evidence that, although knowing they did not own the mark in Canada, they continued using it for a nefarious reason. But there was evidence of what I will characterize as someone dropping the ball on the Canadian trademark. His evidence is they are a large company with many trademarks and he personally would not be the instructing person regarding oppositions or registrations etc. Mr. Baker was aware of the lawsuit in the USA as after they were sued they would defend their trademarks in the normal course of business practise. Nothing in Mr. Baker's evidence was out of the ordinary for marketing franchises or the associated groups and companies, and it did confirm that there were no lost sales, confusion, or lost revenue attributable to Clearview due to infringement of their mark "Technician Seal of Safety".

V. Analysis

[46] The statutory authority for damages is *Trademarks Act*, RSC, 1985, c T-13:

Power of court to grant relief

53.2 (1) If a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits, for punitive damages and for the destruction or other disposition of any offending goods, packaging, labels and advertising material and of any equipment used to produce the goods, packaging, labels or advertising material.

Pouvoir du tribunal d'accorder une réparation

53.2 (1) Lorsqu'il est convaincu, sur demande de toute personne intéressée, qu'un acte a été accompli contrairement à la présente loi, le tribunal peut rendre les ordonnances qu'il juge indiquées, notamment pour réparation par voie d'injonction ou par recouvrement de dommages-intérêts ou de profits, pour l'imposition de dommages punitifs, ou encore pour la disposition par destruction ou autrement des produits, emballages, étiquettes et matériel publicitaire contrevenant à la présente loi et de tout

équipement employé pour produire ceux-ci.

Jurisdiction of Federal Court

55 The Federal Court has jurisdiction to entertain any action or proceeding, other than a proceeding under section 51.01, for the enforcement of any of the provisions of this Act or of any right or remedy conferred or defined by this Act.

Compétence de la Cour fédérale

55 La Cour fédérale connaît de toute action ou procédure liée à l'application de la présente loi — à l'exception de l'article 51.01 — ou liée à l'exercice d'un droit ou recours conféré ou défini par celle-ci.

A. Damages “in large”

[47] At the trial, Clearview quantified the total amount they sought as \$40,000.00.

Clearview's counsel acknowledged that “damages at large” have been awarded in what they argued are similar cases (where there was no evidence of economic loss) in the range of \$10,000.00 to \$15,000.00 (*Decommodification LLC v Burn BC Arts Cooperative*, 2015 FC 42 [*Decommodification*]; *Maxwell Realty Inc v Omax Realty Ltd*, 2016 FC 1122 [*Maxwell*]; *Thoi Bao Inc v 1913075 Ontario Limited (VO Media)*, 2016 FC 1339 [*Thoi Bao Inc*]). Clearview submits that alternatively, I could award punitive damages for Clockwork's actions.

[48] As the term “damages at large” used and sought by Clearview is not something that exists in law, I will use the term damages.

[49] In *Ragdoll Productions (UK) Ltd v Jane Doe*, 2002 FCT 918 at paragraph 40, the Federal Court continued its approval of a passage from *Fox, Canadian Law of Trade Marks and Unfair Competition*, 3rd ed (1972) at 648-9. The passage explains that damages for infringements are assessed by the actual loss the plaintiff suffers from the infringement to its reputation, business,

goodwill, or trade. In addition, the assessment does not include speculative or unproven damages.

[50] But given the difficulty of obtaining economic evidence from some infringers, the courts have exercised their discretion to award damages when the infringed party has not provided evidence of the quantum of damages. In the jurisprudence presented in those circumstances, the damages ordered ranged from \$10,000.00 to \$15,000.00 (*Teavana Corporation v Teayama Inc*, 2014 FC 372; *Maxwell; Decommodification*).

[51] What is glaringly different in those cases from the case before me is the judgments are default judgments. When those defendants defaulted, the plaintiffs were unable to obtain the evidence of sales made by the defendant infringer. This meant those plaintiffs were unable to provide evidence at trial of their losses because they did not know what money was made by the infringer and thus lost by them.

[52] The other cases presented as authority for damage awards are also distinguishable. In those cases, the infringer did not participate in the proceedings. This meant that while some plaintiffs had some evidence of confusion or branding damage, they could not produce quantum evidence as that was information held by the deceitful defendant infringer. In cases where the plaintiffs could provide some evidence of confusion, even though the defendant did not defend the matter, damages were awarded in the amount that the plaintiff had presented evidence of. For instance, in *Aquasmart Technologies v Klassen*, 2011 FC 212, the Court awarded \$15,597.35, as well as solicitor-client costs because the defendant did not participate. Similarly, in *Thoi Bao Inc*,

one of the defendants remained in the action but did not have evidence of their profits, and the Court awarded the plaintiff \$15,000.00. That award was justified as the minimum annual royalty that would have been charged.

[53] A lump sum damages award is appropriate when there is actual loss but, because the infringer does not participate in the court action, evidence cannot be presented of the quantum of the loss suffered by the plaintiff. That is not the case here. First, there is evidence that there is no economic loss. In fact, this is stated in the amended agreed statement of facts and confirmed in the evidence given at trial by both parties. Second, both parties participated in the trial, and if there was a loss suffered the evidence could have been produced of the quantum. In this case, neither party produced any evidence of any loss. In fact, the evidence given illustrates the opposite: both witness testified there was no loss due to confusion or lost sales.

[54] I will not award any damages to Clearview or to Clockwork by Counterclaim.

B. *Punitive Damages*

[55] Justice Mainville, writing for the Federal Court of Appeal (FCA) in *Bauer Hockey Corp v Sport Mask Inc (Reebok-CCM Hockey)*, 2014 FCA 158, discussed punitive damages in the context of a trademark infringement action. Justice Mainville canvassed the law as it currently stands, and described the test to meet for punitive damages as a high hurdle; they are the exception to the general rule of damages. As well as listing a non-exhaustive list of factors a

judge should consider, the FCA held that punitive damages were available to trademark infringements:

[19] Punitive damages, as the name indicates, are designed to punish. As a result they constitute an exception to the general rule, in both common law and civil law, that damages are designed to compensate the injured, not to punish the wrongdoer. Punitive damages may be awarded in situations where the defendant's misconduct is so malicious, oppressive and high-handed that it offends the court's sense of decency. Punitive damages bear no relation to what the plaintiff should receive by way of compensation. Their aim is not to compensate the plaintiff, but rather to punish the defendant. It is the means by which the court expresses its outrage at the egregious conduct of the defendant where the defendant's conduct is truly outrageous. Punitive damages are in the nature of a fine, which is meant to act as a deterrent to the defendant and to others from acting in the impugned manner: *Hill v. Church of Scientology of Toronto*, [1995] 2 S.C.R. 1130 at paras. 196 to 199 (*Hill*); *Whiten v. Pilot Insurance Co.*, 2002 SCC 18, [2002] 1 S.C.R. 595 (*Whiten*) at para. 36.

[20] The level of blameworthiness of the defendant's conduct leading to punitive damages may be influenced by many factors, which include (a) whether the misconduct was planned or deliberate; (b) the intent and motive of the defendant; (c) whether the defendant persisted in the outrageous conduct over a lengthy period of time; (d) whether the defendant concealed or attempted to cover up its misconduct; (e) the defendant's awareness that what it was doing was wrong; (f) whether the defendant profited from its misconduct; and (g) whether the interest violated by the misconduct was known to be deeply personal to the plaintiff: *Whiten* at para. 113.

...

[26] Punitive damages "are very much the exception rather than the rule" and "should be resorted to only in exceptional cases and with restraint": *Whiten* at paras. 94 and 69. 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:
Eurocopter FCA at para. 184.

[Emphasis in original]

[56] Mr. Lumsden felt distressed by the thought of a franchised competitor, owned by a large oil company, coming into his trading area where he operates as an independent business owner. Mr. Lumsden also said Clockwork did nothing to defend its mark until he sued them. This statement was supported by the cross-examination of Clockwork's witness who agreed they only did something once they were sued. But the evidence also shows that until Clockwork were sued and did an investigation, they did not know that a Canadian company owned the "Punctual Plumber" trademark, and believed that company was infringing their own trademark.

[57] Clearview argued that part of Clockwork's reprehensible behavior was their refusal to discontinue the action against the passive holding company Giraffe Corp, and Clearview says there was for no legal reason for them not to do so. According to Clearview, this is a factor that favours an award of punitive damages.

[58] Another punitive factor argued by Clearview is that Clockwork sought expungement of the mark until "the eve of trial."

[59] Clearview submitted that Clockwork's counterclaim and general defence of the action was a "means of shrouding their own infringement." Clearview claims this was evidenced by the fact that the Statement of Defence alleged 25 infringements, and yet by trial they only pursued one infringement. Clearview said this sharply contrasts with their claim against Clockwork for

infringement of one trademark, and pointed out that four years later Clockwork admitted that they had infringed that mark.

[60] Further argument by Clearview is that for at least two years Clockwork used the infringed mark “Punctual Plumber” when they knew they did not have the registration. And it was a further four years until the Saskatoon location was no longer a franchisee. The evidence led shows the mark was used in advertising aimed at consumers as well as potential franchises.

[61] Clearview argues their use of the infringing mark was in sharp contrast to Clockwork’s infringing use. For example, Clearview used the “Technician Seal of Safety” in the Calgary market in a limited number of applications and Clockwork never asked them to stop using the mark.

[62] Clearview argued that I should award punitive damages because Clockwork, having hired a lawyer to register the trademark in Canada, proceeded to use it and advertise it without their lawyer informing them it was already registered. Clockwork’s evidence is that, although they hired a lawyer to register the mark in Canada, somehow they did not follow through or know it was already registered.

[63] Although Clockwork began by countering with a number of infringement claims, in the end they only proceeded with one. Clearview submits this is indicative of punishable behaviour. I do not agree that this is somehow indicative of punishable behavior. As litigation proceeds, the pleadings are often narrowed after disclosure and examinations for discovery and settlement

discussions. I find the same of the litigation in the USA: bringing a lawsuit regarding trademark infringement is not in itself an indication of malicious or irreprehensible behaviour

[64] Justice Heneghan was asked to order punitive damages in *Gary Gurmukh Sales Ltd v Quality Goods IMD Inc*, 2014 FC 437 [*Gurmukh*]. That defendant submitted that “an aggrieved party in an application for trade-mark infringement is entitled to be compensated either for damages or with the profits of the offending party.” The plaintiff had sought punitive damages “on the basis that Quality was aware that GGS had registered trade-marks and yet Quality continued to use the trade-marks....The breach of GGS’ rights was planned and deliberate on the part of Quality” (at paras 119, 121). Justice Heneghan concluded that while the infringer was “not blameless and should not be commended for its conduct, its behaviour cannot be characterized as malicious, oppressive, or offensive to the Court’s sense of decency” and did not order punitive damages. Justice Heneghan awarded compensatory damages because that plaintiff provided evidence of the actual damages.

[65] In this case, the evidence led by Clearview to show “high-handed, malicious, arbitrary or highly reprehensible conduct that departs to a marked degree from the ordinary standards of decent behaviour” does not come anywhere close to what is necessary. The evidence led in this case was evidence of ordinary business practises

[66] Nor was there outrageous or highly reprehensible behaviour or disregard for court orders that required Clearview to expend additional money to enforce their rights as set out in Louis

Vuitton Malletier SA v Singga Enterprises (Canada) Inc, 2011 FC 776. . So like Justice Heneghan in *Gurmukh*, I will not award punitive damages.

(1) Counterclaim

[67] I agree with Clockwork that no damages should be awarded to either party. The claim for damages by Clockwork is also dismissed as there was no loss, economic or otherwise.

(2) Set-off

[68] Because no damages were awarded it is unnecessary to set-off damages as requested by the parties.

VI. Costs

[69] If the parties cannot agree on costs then either party may make written submissions (no more than two pages with an attached Costs Outline and Brief of Authorities) on entitlement and quantum within two weeks of today's date. Any responding submissions must be submitted within one week thereafter and be subject to the same limitation.

JUDGMENT in T-1569-13

THIS COURT'S JUDGMENT is that:

1. The action by the Plaintiffs is dismissed as is the counterclaim;
2. No damages are awarded for the action or counterclaim;
3. Either party may make written submissions (no more than two pages with attached Costs Outline and Brief of Authorities) on entitlement and quantum within two weeks of today's date. Any responding submissions must be submitted within one week thereafter and be subject to the same limitation.

"Glennys L. McVeigh"

Judge

Court File Number: T-1569-13

IN THE FEDERAL COURT OF CANADA

B E T W E E N:

Clearview Plumbing and Heating Ltd. and Giraffe Corp.

Plaintiffs

-and-

Clockwork IP, LLC, Benjamin Franklin Franchising, LLC, Gregg's Plumbing & Heating Ltd. operating as "Benjamin Franklin Plumbing - Saskatoon, SK", Airtime Canada ULC operating as "James Wall Plumbing & Heating"

Defendants

-and-

Clockwork IP, LLC, Benjamin Franklin Franchising, LLC, Gregg's Plumbing & Heating Ltd. operating as "Benjamin Franklin Plumbing - Saskatoon, SK", Airtime Canada ULC and Clockwork Inc.

Plaintiffs by Counterclaim

-and-

Clearview Plumbing and Heating Ltd. and Giraffe Corp.

Defendants

AMENDED AGREED STATEMENT OF FACTS

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Oct. 4. 2017 4:02PM Wilson Laycraft

No. 7662 P. 4

1. The parties wish to ensure the efficient disposition of this action on its merits. To achieve this objective, the parties admit the facts hereunder for the purposes of this action.
2. This agreement is based on the understanding the parties have at the present. The parties specifically reserve their right to call further evidence, should they consider it necessary. Should a party propose to tender additional evidence, the parties undertake to one another and to the Court to endeavour to reach further agreed statements about those additional facts.
3. The parties therefore agree to the following facts.

Nature of the Proceeding

4. The Plaintiffs sue the Defendants for having breached the registered trademark THE PUNCTUAL PLUMBER (TMA667,803) filed June 2, 2003, registered July 17 2006. The phrase was registered for use in association with "plumbing, heating, drain cleaning services, carpet cleaning and furnace and duct cleaning."
5. There is a counterclaim for infringements of copyright and trademark by the Plaintiffs by Counterclaim of the following marks:
 - (a) BENJAMIN FRANKLIN THE PUNCTUAL PLUMBER design (Ca. App. No. 1531362) filed June 10, 2011 in association with the following wares: "biological cleaning preparations for unclogging and maintaining drains and septic systems" and with "plumbing services";
 - (b) BENJAMIN FRANKLIN THE PUNCTUAL PLUMBER (Ca. App. No. 1531361) filed June 10, 2011 in association with "plumbing services";
 - (c) WE'RE ON TIME YOU'LL SEE, OR THE REPAIR IS FREE! Design (Ca. Reg. No. TMA 862562) filed June 06, 2011 and registered on October 11, 2013, in association with the following services: "repair, maintenance, and installation of electrical wiring, outlets, light fixtures, switches, and electrical panels";
 - (d) ONE HOUR and Design (Ca. Reg. No. TMA838298) filed June 10, 2011 and registered on December 11, 2012, in association with the following services: "repair, maintenance, and installation services in the field of heating, ventilation, and air conditioning";
 - (e) ONE HOUR and Design (Ca. App. No. 1531709) filed June 14, 2011, in association with the following services: "repair, maintenance, and installation services in the field of heating, ventilation and air conditioning"; and

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- (f) TECHNICIAN SEAL OF SAFETY YOUR SYMBOL OF TRUST DRUG TESTED BACKGROUND CHECKED PROFESSIONALLY TRAINED ^ (Ca. Reg. No. TMA923433) filed November 5, 2013 and registered on December 14, 2015, in association with the following services: "repair, maintenance, and installation services in the field of plumbing, heating, ventilation, air conditioning, and roofing; repair, maintenance, and installation of electrical wiring, outlets, light fixtures, and electrical panels".

The Parties

6. The Plaintiff Clearview Plumbing and Heating Ltd. ("Clearview") is a plumbing and heating business which operates in the Calgary, Alberta region. Clearview primarily serves residential customers. The other Plaintiff, Giraffe Corp. ("Giraffe") is a passive holding company. The shareholders of the two companies are spouses, Kyle Lumsden and Melanie Lumsden.
7. The Defendants Clockwork IP, LLC and Benjamin Franklin Franchising, LLC (collectively "Clockwork") are related corporations based in the United States which operate a franchise network.
8. Airtime Canada ULC ("Airtime") is a corporation registered pursuant to the laws of Nova Scotia, is extra provincially registered in Ontario and Manitoba and operated a franchise in Manitoba under the trade names "Benjamin Franklin Plumbing", "Benjamin Franklin Winnipeg", "James Wall Plumbing" and "James Wall Plumbing Heating and Cooling". Airtime no longer uses any of the referenced marks.
9. The remaining Defendant Gregg's Plumbing & Heating Ltd. ("Gregg's") was at the material time a Saskatoon, Saskatchewan-based franchisee of Clockwork. Gregg's no longer uses any of the referenced marks. It is agreed the action will be discontinued in its entirety against Gregg's Plumbing & Heating Ltd. Operating as "Benjamin Franklin Plumbing - Saskatoon, SK".

The Punctual Plumber Trademark

10. Clearview filed an application to register a trademark for "The Punctual Plumber" on June 2, 2003, and the registration was granted on July 17, 2006. Clearview subsequently assigned the trademark to Giraffe, which then licensed it back to Clearview. A true copy of the Certificate of Registration and the License are attached as Tab 1 and Tab 2.

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11. "The Punctual Plumber" trademark was registered for use associated with plumbing, heating, drain cleaning, carpet cleaning and furnace and duct cleaning services.
12. The Defendants have registered a similar mark in the United States. The Defendants registered a U.S. mark on December 25, 2007. Attached as Tab 3 is a copy of the U.S. Registration. They used it in association with their franchise business "Benjamin Franklin Plumbing" which operates with a tagline "The Punctual Plumber". Those franchises provide essentially the same services as does Clearview.
13. Kyle Lumsden does acknowledge hearing about the Defendants' use of a "punctual plumber" mark. There is a factual dispute as to when Kyle Lumsden heard about the U.S. mark.

The Counterclaim Infringements

14. The Defendants have counterclaimed, alleging a number of infringements of their intellectual property rights. ^ The only claim being pursued at trial by the Defendants is with respect to the use of the mark "Technician Seal of Safety" as more particularly described in paragraph 5(f) above. The Defendants no longer assert any claim for infringement of the marks more particularly described in paragraphs 5(a) through to 5(e).
15. Attached as Tabs 4 through 10 respectively are copies of the applications and registrations (as the case may be) related to those marks and copyright claims.
16. The Plaintiffs do not dispute the Defendants' valid registration either of the Punctual Plumber mark in the United States or pending applications of the Canadian trademarks listed in sub-paragraphs 5(a) to (f) above.

Use of The Punctual Plumber

17. Clockwork also does business as Success Group International ("SGI") and offers services to contractors that desire Clockwork's help in growing their business and increase profitability.
18. In Canada, SGI retains its services on a non-affiliated company, Plumbers' Success Canada Inc. doing business as Success Group Canada ("SGI Canada").
19. The Plaintiff, Clearview, and SGI Canada entered into a member agreement dated March 15, 2011 (the "Member Agreement") whereby Clearview became a member of SGI Canada and Clockwork provided Clearview certain confidential

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and copyrighted materials belonging to Clockwork including materials related to training, advertising, contracts, forms and operating techniques and methods.

20. In or about October 2011, Clearview executed certain licence agreements (the "Licence Agreements") with SGI Canada for certain marks owned by the Defendants.
21. Clearview did not execute any licence agreement pertaining to the Defendants' trademark "Technician Seal of Safety". Attached as Tab 11 is a copy of the proposed licensing agreement returned to SGI Canada.
22. On or about March 21, 2013 Clearview terminated the Member Agreement and the Licence Agreements.
23. On expanding into Canada, the franchise network operated by the Defendants used the "The Punctual Plumber" tagline in television and radio advertising, internet advertising, in signage on stores and service vehicles and other applications.
24. The Defendants opened a franchise location in Saskatoon, Saskatchewan in November 2012. That location operated as "Benjamin Franklin Plumbing Saskatoon" from that time until it terminated its franchise on February 1st, 2016, though in the summer of 2016 it was still using signage and other marketing material referencing the "The Punctual Plumber" mark. The franchisee was Gregg's.
25. The Defendants also operated a corporately-owned location in Winnipeg, Manitoba from early 2013 to 2014. This was Airtime Canada ULC operating as "James Wall Plumbing & Heating".
26. Each used the tagline "The Punctual Plumber" in its advertising, on its service trucks signage and similar applications. Attached as Tab 12 are photos of the mark's use.
27. The Defendants ceased using the trademark in Canada as of the summer of 2016.
- 27(a) For the purposes of trial, the Defendants admit use of the mark "The Punctual Plumber" as described in paragraphs 24 through 27 and will no longer contest liability with respect to matters raised in these specific paragraphs and further take no issue with the registration of the trademark for "The Punctual Plumber" by the Plaintiffs as described in paragraph 10 herein.
28. The Defendant Gregg's Plumbing & Heating Ltd. operating as "Benjamin Franklin Plumbing - Saskatoon, SK" ("Gregg's") used the "The Punctual Plumber" mark in the Saskatoon, Saskatchewan area, and the Defendant Airtime used mark in Manitoba.
29. The Plaintiffs do not know of any lost sales, confusion, or lost revenue that is attributable to the Defendants' use of the mark and will not tender any evidence at the trial of this action to support a claim for compensatory damages for lost sales, confusion, or lost revenue.

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30. Neither the Plaintiffs nor the Defendants know of any instance when Gregg's or James Wall Plumbing and Heating performed work in southern Alberta.
31. The Plaintiffs by Counterclaim did not contest the Canadian mark during the registration period or during the period allowed after its registration to contest the registration.
32. Attached as Tab 13 is a letter from Daurel Yashinsky of Plumbers' Success Canada. Clearview acknowledges receiving the letter within a reasonable time after the date on the letter.
33. Clearview instructed its lawyer Reid Schmidt to send a letter to Mr. Yashinsky and that letter was sent. However, the letter has not been located. It is agreed that the letter acknowledged that Clearview had been using a drain cleaning brochure that belonged to Plumbers Success and advised that the brochure had been destroyed. The letter advised that Clearview planned to continue using the "The Punctual Plumber" tagline.
34. Mr. Yashinsky informed the Defendants of Clearview's use of the "The Punctual Plumber" mark at approximately the same time as the letter he sent to Clearview.

Use of the Counterclaim Marks

35. Clearview began using a promise to be on time as part of its marketing at some time in 2002. It uses the tagline "On time or we pay you." The earliest version of the use of that tagline is a recovered version of its website dated April 2004. However, it is acknowledged that this tagline would likely have been used before that. An image of the website is at Tab 14. The image shows the textual use of the idea of being on time. It also shows use of another trademark now owned by Giraffe "2on-time" though that trademark is not the subject of these proceedings. Clearview acknowledges it would have included messaging about being on time and the tagline "On time or we pay you." for much of the time since 2004.
36. Clearview began using a clock or stopwatch design in its advertising at least as early as February 2004 when a clock design appeared in its Yellow Pages ad. A true copy of that advertisement is attached as Tab 15.
37. Clearview acknowledges having used a clock or stopwatch symbol in association with its marketing. Attached collectively as Tab 16 are Clearview uses of a clock or stopwatch symbol. Attached collectively as Tab 17 are examples of use by other plumbing companies.

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38. Attached as **Tab 18** is the Clearview "Technician Seal of Safety" which is the subject of Clockwork's claim regarding the Benjamin Franklin seal. This design was used on Clearview's website and approximately four service trucks since 2008 or 2009. ^

38(a) For the purposes of trial, Clearview admits use of the mark "Technician Seal of Safety" and will no longer contest liability with respect to the use of the mark and further will not take issue with the trademark application and registration as filed by the Defendants and more particularly described in paragraph 5(f) herein.

39. The trial will proceed as an assessment of damages, if any, arising from the use and infringement of the mark "The Punctual Plumber" by the Defendants as claimed in paragraphs 27(a) and the use and infringement of the mark "The Technician Seal of Safety" by Clearview as described in paragraphs 38 and 38(a).

AGREED to at the City of Calgary, in the Province of Alberta, this 4 day of ^ ~~September~~, 2017.

October

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FEDERAL COURT
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DOCKET: T-1569-13

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CLOCKWORK IP, LLC ET AL

PLACE OF HEARING: CALGARY, ALBERTA

DATE OF HEARING: NOVEMBER 6, 2017

JUDGMENT AND REASONS: MCVEIGH J.

DATED: FEBRUARY 13, 2018

APPEARANCES:

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