

Federal Court



Cour fédérale

Date: 20100111

Docket: T-702-08

Citation: 2010 FC 27

Ottawa, Ontario, January 11, 2010

PRESENT: The Honourable Madam Justice Simpson

BETWEEN:

TARGET EVENT PRODUCTION LTD.

Plaintiff

and

PAUL CHEUNG AND LIONS COMMUNICATIONS INC.

Defendants

REASONS FOR JUDGMENT AND JUDGMENT

TABLE OF CONTENTS

	Paragraphs
INTRODUCTION	1
THE PARTIES	6
THE RICHMOND NIGHT MARKET 2000-2007	9
THE RICHMOND NIGHT MARKET DOCUMENTS	34
THE DEFENDANTS' NIGHT MARKET	37
THE PLAINTIFF'S ALLEGATIONS	
(i) Specific Allegations of Copyright Infringement and Passing Off	55
(ii) Target Located a Suitable Site for 2008	57
(iii) Target Could Have Opened a Market in 2008	73
(iv) Target's Failure to Open was Due to a Shortage of Vendors	78
COPYRIGHT	
(i) The Claims	84
(ii) The Registrations	85
(iii) The Application of the <i>Copyright Act</i>	86
(iv) Target's Contract	102
(v) Target's Rules	104
(vi) Target's Market Site Plan	109
TRADEMARKS AND PASSING OFF	
(i) Admissions	113
(ii) Registration	117
(iii) Use of Target's Names 2000-2007	120
(iv) Conclusions about Acquired Distinctiveness and the Loss Thereof	159
(v) The <i>Trade-marks Act</i>	161
(vi) The Surrounding Circumstances	163
(a) Raymond Cheung's Conduct	164
(b) Media Coverage	168
(c) Lions' Website	187
(vii) Discussion	

(a)	Vendors	189
(b)	Visitors	202
(c)	The Collateral Documents	211
	The Personal Indemnity Agreement	212
	The Rules and Regulations	214
	“Vendor Parking Information”	215
	Penalties and Fines Chart for the Night Market 2008	216
	The Night Market 2008 Recycling and Garbage Information	217
(d)	Lions’ Website	219
(e)	Lions’ Correspondence	222
(viii)	Conclusions about Trademarks and Passing Off	227
	THE PERSONAL LIABILITY OF PAUL CHEUNG	229
	REMEDIES	235
	JUDGMENT	

INTRODUCTION

[1] Night markets are public events at which vendors sell a wide variety of food products and merchandise. They are a traditional form of family entertainment in Asia and first appeared in British Columbia in 1996 with the opening of the night market in Vancouver's Chinatown.

[2] The Plaintiff's night market began in the year 2000 and was held in various locations in the City of Richmond (Richmond).

[3] From 2004 until it closed in 2007, the night market was held on a leased property at 12631 Vulcan Way (the Vulcan Way Property). However, the lease expired at the end of 2007 and the Plaintiff decided to relocate rather than renew the lease. Unfortunately, the Plaintiff did not find a new location and did not operate a night market in either 2008 or 2009.

[4] The Defendants took advantage of the business opportunity vacated by the Plaintiff. They signed a lease and, in 2008, opened a night market on the Vulcan Way Property (the Lions' Market).

[5] This case deals with the Plaintiff's allegations of copyright infringement and passing off under subsection 7(b) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 in connection with the Defendants' operation of the Lions' Market.

THE PARTIES

[6] The Plaintiff, Target Event Production Ltd. (Target) is incorporated pursuant to the laws of British Columbia. Target's President is Mr. Raymond Cheung.

[7] The Defendant, Lions Communications Inc. (Lions) is also a British Columbia company. It was incorporated on March 11, 2008.

[8] The Defendant, Mr. Paul Cheung, is Lions' majority shareholder and its Director of Operations. He is not related to Raymond Cheung. Lions' other shareholder is Mrs. Grace Au. She is the wife of Mr. Alvin Au. He served as an advisor to Paul Cheung while Lions' Market was being created. He was well-suited to this role because he had held markets in Richmond for several years in conjunction with Chinese mid-autumn and New Year's celebrations. Mr. Philip Moy was Lions' accountant and he also advised Paul Cheung during the development of Lions' Market.

THE RICHMOND NIGHT MARKET 2000-2007

[9] Raymond Cheung described the vendors as the key element of his Richmond Night Market. He testified that 80-85% were of Asian descent. He said that vendors are primarily part-time workers who fall into three categories. Some are business people whose stores are overstocked, some are single mothers looking for a seasonal income and others are young people who treat booths as first business ventures.

[10] The Richmond Night Market was open from 7:00 pm to 1:00 am on Friday, Saturday and Sunday nights and also on Monday nights on long weekends. The market was open on this basis from May to October.

[11] The rental income paid by vendors for their booths accounted for approximately 90% of Target's revenue from the Richmond Night Market. The event was free for visitors.

[12] In October, at the end of a market season, it was common for vendors to pay a deposit towards the rental of a booth for the next year. Then, in the following February or March, they would attend at Target's office to select a booth, complete vendor application forms and make final payments.

[13] A vendors' orientation meeting would be held annually in late March or early April. It would be attended by vendors and representatives from Richmond's health, traffic and fire departments. The vendors would be given the forms they needed to comply with Richmond's license and permit requirements. After those documents were issued, the Richmond Night Market would open early in May.

[14] In 2000, using a company he owned called Starlight Event Limited, Raymond Cheung held his first night market on a leased section of an outdoor parking lot at the Continental Shopping Mall in Richmond.

[15] The first Richmond Night Market had 60-80 booths which were rented by vendors who sold merchandise and food. The event was successful, but the market overwhelmed the mall. This meant that a new location was needed for 2001.

[16] In 2001, Raymond Cheung incorporated the Plaintiff and it operated the Richmond Night Market on a larger site at the Landsdowne Mall. This market involved more booths and had room for carnival rides which were added on several weekends. However, the site did not have adequate parking.

[17] In 2002, Raymond Cheung created a logo for the Richmond Night Market (the Logo). It is a bold blue circle which includes the text “Richmond Night Market Summer Festival” in English and the name “Richmond Summer Night Market” in Chinese characters. There is also a version of the Logo which mentions Target’s name and its web address.

[18] In 2003, the Richmond Night Market was moved to the Bridge Point Market. The event was a success but the site was too small.

[19] In 2004, Target leased the open space on the Vulcan Way Property. The lessor was Cathay Importers 2000 Limited (the Landlord). From 2004 until 2007, Target held its Richmond Night Market at that location.

[20] The Vulcan Way Property covered approximately ten acres. It featured a 100,000 sq. ft. warehouse. The balance of the site was comprised of vacant land on each side of the warehouse. Target used the parcel next to River Road for the Richmond Night Market. It housed several existing features including the Landlord's truck loading dock, a row of tall steel pylons which had once been part of an overhead crane and an open-sided shed. These features will be referred to collectively as the "Structures." Target used the land on the other side of the warehouse for parking. Additional parking was secured at nearby retailers.

[21] To create the night market at the Vulcan Way Property, the Plaintiff installed plumbing, wiring, a transformer, a stage in the shed, washrooms, an office trailer and canopy tents to cover vendors' and sponsors' booths.

[22] In the period from 2004 to 2007, the Richmond Night Market became a significant success. In 2004, the Richmond Chamber of Commerce recognized Raymond Cheung for business excellence. On July 9, 2005, an article in the *Vancouver Sun* described the Richmond Night Market as #1 topping a list of 50 summertime events in British Columbia. In the fall of 2006, Raymond Cheung was nominated as one of the 100 top Chinese-Canadians in the province and CBC television featured Target on its national business program entitled "Venture." The Defendants formally admitted that, by 2007, the Richmond Night Market had become recognized as one of the premier cultural events in British Columbia.

[23] This success was due, in part, to Target's marketing and promotional activities. They included:

- a. A website which, after 2005, permitted vendors to download application forms and plans showing how the booths were arranged.
- b. A series of advertisements in 2007 on the interior (80 ads) and the exterior (15 ads) of Vancouver buses.
- c. Postcards which were given to visitors to the Richmond Night Market. They included photos of the market and Target's name, telephone and web address. 50,000 were printed each year and they were handed out from 2001 to 2005. They referred to the Richmond Night Market in English and to the Richmond Summer Night Market in Chinese characters.
- d. Key chains, transistor radios and shopping bags which were given to visitors and which featured Target's Logo.
- e. Advertisements which were aired in Mandarin and Cantonese on radio stations owned by Fairchild Radio. In 2005, the names Richmond Summer Night Market and Richmond Night Market were both used in these ads.
- f. Advertisements which were placed in Japanese, Vietnamese and Korean newspapers in the Lower Mainland as well as in the *Georgia Strait* – an English language weekly in Vancouver. In 2006, it carried twelve half page ads.
- g. Advertisements which appeared on OMNI TV in Chinese, Japanese, Korean and Punjabi.

[24] The Richmond Night Market was the subject of articles in the Vancouver Sun and the Province newspapers. As well, daily newspapers such as *Ming Pao* and *Singtao* (in Chinese), the World General (in Taiwanese) and *Vancouver Shinpo* (in Japanese) published articles about the Richmond Night Market.

[25] As the Richmond Night Market developed, Raymond Cheung kept his market fresh and interesting with a variety of events and entertainment. Every year, there were opening and closing ceremonies to which VIPs were invited. In 2004, Richmond's Mayor and MP attended to cut the opening ribbon in front of a sign which read "Richmond Night Market".

[26] The Richmond Night Market was also known outside British Columbia. Raymond Cheung gave interviews to media representatives from Toronto, Seattle and Hong Kong.

[27] Sponsors were very pleased with the Richmond Night Market and wrote to congratulate Raymond Cheung on its success. They also applauded the positive impact the market had on tourism in Richmond. Sponsors included OMNI TV, the Four Points Sheraton, Fairchild Radio, the *Richmond Review*, which was a bi-weekly local newspaper, and the Richmond Chamber of Commerce. In 2004, Costco Wholesale wrote Raymond Cheung saying that the Richmond Night Market had become a "must attend event" in Richmond.

[28] Politicians were also supportive. In 2005, Mr. John Yap, MLA in Richmond-Steveston described the Richmond Night Market as a "destination of choice."

[29] By 2007, staging the Richmond Night Market had become a complex undertaking. The market had an average of 30,000 visitors per evening and the number of vendors had risen from 60-80 in 2000 to 280-300 in 2007.

[30] In March of 2007, Raymond Cheung realized that he was going to have difficulty renewing his lease at an acceptable rent before it expired at the end of 2007. Accordingly, in the spring of 2007, Target began to search for a new location for the 2008 Richmond Night Market.

[31] In May of 2007, an article was published in the *Richmond Review*. It featured a photograph of Raymond Cheung and text thereafter which read “Richmond Night Market organizer Raymond Cheung is ready for next week, but next year is another matter.” Raymond Cheung confirmed in his testimony that, by this time, he had spoken to his vendors about the expiry of the lease and his uncertainty about a new location for his night market in 2008.

[32] In October 2007, Target made an offer to lease, which the Landlord rejected, and since terms could not be agreed, Target’s lease expired. Thereafter, Target refunded all the deposits it had taken from vendors who had planned to rent booths at the Vulcan Way Property in 2008.

[33] A Target press release dated April 7, 2008, which was sent to the media (the Press Release), announced the cancellation of the 2008 Richmond Night Market. Target’s website made a similar announcement but also said that Target had big plans for 2009. The evidence shows that Target

hoped to sign a long term lease for a 15 acre property in Richmond. However, those plans did not materialize and Target did not hold a night market in either 2008 or 2009.

THE RICHMOND NIGHT MARKET DOCUMENTS

[34] As the Richmond Night Market developed, Raymond Cheung wrote and revised the various contracts and information bulletins needed to keep 300 vendors and 30,000 visitors interacting safely and productively.

[35] Those documents included:

- a. A two-sided Vendor Application form (the Vendor Application Form). It existed in two versions, one for food vendors and the other for vendors of merchandise. Each form included:
 - A contract which was on the front of the Vendor Application Form (Target's Contract) and
 - Rules and Regulations which were on the reverse side of the Vendor Application Form (Target's Rules).
- b. A plan for the market showing the location of food and merchandise booths, sponsors' booths, washrooms, the office and the stage (the Market Site Plan). It was used by vendors to select the booths they wished to rent. There was a large version of the Market Site Plan at Target's office and it was also available on Target's website.

- c. Personal Indemnity forms. They were prepared by Raymond Cheung's lawyer in 2003.
- d. Rules and Regulations.
- e. Vendor parking information.
- f. A vendor Penalty List.
- g. A special vendors' notice about how to recycle cardboard.

[36] Target's allegations of copyright infringement relate only to items (a) and (b) above. However, the Plaintiff says that the other documents are relevant to its allegations of passing off. These documents (i.e. (c) to (g) above) will be referred to collectively as the "Collateral Documents."

THE DEFENDANTS' NIGHT MARKET

[37] At age sixteen Paul Cheung began to work for his older brother Mr. Johnny Cheung and his company Paradise Entertainment (Paradise). Paul eventually became a shareholder in the company.

[38] For eight years, Paradise was responsible for setting up events held at the Plaza of Nations (the Plaza). It is a facility on False Creek comprised of an inside hall and a covered outdoor area with a stage.

[39] In 1996, the Plaza was the venue for the Canadian Airlines Chinese New Year's Market. It lasted several days and involved approximately 300 vendors selling food and merchandise under canopy tents. Health permits were required for the food vendors and fire safety regulations had to be observed. Charitable events staged by Paradise for the Honourable Raymond Chan in Cambie Park in Vancouver also involved Chinese markets. Paul Cheung worked on these events.

[40] Paradise's contract at the Plaza came to an end in 1998 and, for the next decade, Paul Cheung's employment did not involve Chinese markets. However, in 2008, his brother heard that the Vulcan Way Property was available for rent as a location for a night market. Johnny asked Paul whether he would be interested in operating such an event. When Paul expressed interest, Johnny arranged a meeting with the Landlord.

[41] Terms were agreed and a lease was signed effective March 1, 2008. However, Paul Cheung testified that the lease was actually signed before February 28, 2008. This evidence makes sense because the application to Richmond for a Temporary Use Permit (TUP) was dated February 25, 2008 and was signed by the Landlord (the TUP Application).

[42] Richmond required a name for the Lions' Market as part of the TUP Application. Accordingly, Paul Cheung turned his mind to the issue and, on January 22, 2008, he sent an email to his brother and to Philip Moy, suggesting a variety of names. He testified that he wanted a name that was different from the one Target had used. All the names he suggested included the word "Events." However, none of his ideas were accepted and the name "Summer Night Market"

appeared in English on the TUP Application. Alvin Au testified that he selected that name in discussion with Paul Cheung. For use in Chinese characters, they selected the name Richmond Summer Night Market. That was the same name that had appeared in Chinese characters on Target's Logo. They also decided to use the name Summer Night Market in Chinese characters. All these names were used extensively in promoting Lions' Market.

[43] Paul Cheung testified that he considered building the Lions' Market where Target had located its parking. However, when he realized that the fresh water pipes, the sewage lines and the electrical supply (collectively the Services) were on the River Road side of the Landlord's warehouse, he realized that Target had held its market in the most convenient place and he decided to use the same site for his night market. This, he was entitled to do.

[44] However, in addition to using Target's site, Paul Cheung also used its Market Site Plan. This was the plan that Raymond Cheung had created showing the layout of the booths and other facilities at the Richmond Night Market on the Vulcan Way Property. Target owned the copyright in the Market Site Plan and registered it on April 22, 2008.

[45] Paul Cheung used Target's Market Site Plan in four ways:

- To expedite the signing of a lease agreement with the Landlord. The Landlord gave Paul Cheung a copy of the Market Site Plan and insisted that he use it as a condition of leasing the Vulcan Way Property.

- To expedite the filing of the TUP Application. Since the Landlord's signature was needed on the TUP Application, Paul Cheung agreed to use Target's Market Site Plan and submitted it as part of the TUP Application. To accomplish this, he downloaded it from Target's website and asked Alvin Au to work on it. Alvin Au only changed the heading. He deleted the references to Target and inserted "Summer Night Market Richmond B.C. 2008."
- To expedite the approval of the TUP Application. I think it reasonable to infer that Richmond's staff were able to deal with the application more readily because they were assessing a site plan that they had already approved for Target's use.
- To contract with 40 vendors in mid-March 2008 (the First Forty Vendors). They picked their booths using Target's Market Site Plan.

[46] Target complained when it discovered that its Market Site Plan had been submitted as part of the TUP Application and the plan was withdrawn. Thereafter, Paul Cheung had another plan prepared by Mr. Francis Yau of Andrew Cheung Architects Inc. Lions submitted this version to Richmond on May 10, 2008 (the Lions' Site Plan).

[47] Paul Cheung testified that the Lions' Site Plan was drawn by his architect in consultation with a plumbing engineer, a structural engineer and personnel from Richmond. He said that, after these consultations, it became clear that Target had laid out the market in the most practical and cost effective manner given the location of the Services, the location of the Structures and Richmond's

requirements for fire lanes. Nevertheless, Paul Cheung testified that Lions' Site Plan was significantly different from Target's Market Site Plan.

[48] However, in my view, the plans were not significantly different. I find that the Lions' Site Plan was a substantial reproduction of Target's Market Site Plan. The basic organization of the market was unchanged - the stage, washrooms, storage facilities and food court locations remained the same. No booths were relocated. Different type fonts were used, some icons were replaced with words and some words were omitted. However, these were essentially cosmetic and not substantive changes. The only change of substance was the elimination of approximately forty-eight booths to create an emergency route which headed directly from the car entrance on River Road towards the visitor entrance on Vulcan Way. Paul Cheung did not testify that this change was Lions' idea. Presumably, it was made at Richmond's request.

[49] The Defendants used the Lions' Site Plan to complete the TUP Application and showed it to approximately sixty vendors when they rented booths after the approval of the TUP. They also used it to construct the Lions' Market.

[50] Alvin Au prepared a radio advertising campaign in Chinese seeking vendors for Lions' Market. The ads were broadcast in mid-March, 2008. He testified that, just after the ads were aired, he telephoned the vendors he had known from his prior Chinese market events. He said that some of them applied for booths and brought other vendors to Lions for the same purpose. At this time,

Lions signed up the First Forty Vendors. He also said that he contacted all the vendors who rented booths from Lions in 2008.

[51] Paul Cheung said that the First Forty Vendors provided him with copies of Target's Collateral Documents. After this lawsuit was commenced, he had them retyped in "Microsoft Word" format. I infer that this work was done so that Lions' employees could easily revise them for Lions' use.

[52] Richmond held two public meetings as part of the TUP Application approval process. The first was on May 5, 2008. It was the Richmond Council's General Purposes Committee Meeting. At that meeting, a motion was passed recommending the approval of Lions' TUP Application at the next public meeting of Council. That meeting was held on May 20th and the TUP Application was approved.

[53] After the approval, Lions contracted with approximately 60 to 80 additional vendors so that the Lions' Market had approximately 100 to 120 vendors in 2008.

[54] Each vendor had to qualify for and purchase a Richmond business license and those who sold food also needed a health permit. To facilitate this process, Lions held a vendors' orientation meeting on April 30, 2008. Lions' Market partially opened on May 30, 2008. However, the opening of the booths in the food court was delayed by a lack of plumbing. The entire Lions' Market opened at the end of June 2008.

THE PLAINTIFF'S ALLEGATIONS

(i) Specific Allegations of Copyright Infringement and Passing Off

[55] The Plaintiff takes issue with the following activities which it alleges constitute copyright infringement and/or passing off:

- a. The Defendants' use of the names Richmond Night Market and Richmond Summer Night Market and Summer Night Market Festival in English and in Chinese characters in the following circumstances:
 - i. when contacting neighbours asking for their comments about Lions' Market
 - ii. when contacting suppliers of services and parking providers
 - iii. when advertising to vendors and to the public
 - iv. when operating Lions' website
 - v. when broadcasting Chinese radio ads
 - vi. when listing in the 738 Directory
- b. The Defendants' use of a photo of the Plaintiff's market on the home page of the Defendants' website.
- c. The Defendants' use of the Plaintiff's Market Site Plan.
- d. The Defendants' use of the Plaintiff's Vendor Application Form.
- e. The Defendants' use of the Plaintiff's Collateral Documents.

[56] I will deal with each of these specific allegations as the reasons unfold. However, in my view, the following broad allegations should be considered first because they underpin the Plaintiff's case for damages.

(ii) Target Located a Suitable Site for 2008

[57] Target alleges that it found a suitable site for a Richmond Night Market in 2008. The site was comprised of 5 parcels of land covering approximately 2 ¼ acres (the New Site). The New Site was owned by Mr. Norman Tam and was located on both Bridgeport Road and Sea Island Way in Richmond. For the reasons discussed below, I have not been persuaded that Raymond Cheung ever concluded that the New Site was suitable for the Richmond Night Market.

[58] The Press Release which Raymond Cheung issued on Monday, April 7, 2008 read in part:

Richmond Night Market founder Raymond Cheung announced that his company, Target Events, will not be holding the famous Richmond Night Market, also known as Richmond Night Market Summer Festival, in 2008.

It is with great regret that we announce that we have not been able to find an alternate location for this year's Richmond Night Market. We started the Richmond Night Market in 2000 and have been pleased to see it grow into one of the Lower Mainland's premier attractions over the last eight years.

We continue to actively consult with the City of Richmond to find an alternate location for 2009.

[my emphasis]

[59] In my view, this public announcement that no market would be held in 2008 would have been a memorable event and it is reasonable to expect that Raymond Cheung would have been very clear about the status of his efforts to secure the New Site as of the date of the Press Release. However, in his initial examination for discovery he could not say when he located the New Site or when he reached an agreement with Norman Tam about the rent.

[60] He initially testified that he found the New Site in March, April or February. He later said that it was located sometime in February/March 2008.

[61] With regard to the rent for the New Site, he said that, after ongoing discussions, “we finalized everything by April 11.” However, he also said that agreement was reached at the beginning of April. Finally, during the same examination, he testified that he thought that an agreement to lease the New Site had been reached “before April 7th.”

[62] If Raymond Cheung had, in fact, been involved in ongoing and potentially fruitful discussions with Norman Tam or if indeed a rental agreement had already been reached in early April, it makes no sense that he would have issued the Press Release on April 7th announcing the cancellation of the Richmond Night Market because a new location had not been found.

[63] Raymond Cheung substantially changed his evidence in a subsequent examination for discovery. Then he said that he first learned of the New Site on Tuesday, April 8th, the day after the Press Release. At trial, Raymond Cheung also said that Norman Tam telephoned him to suggest the

New Site and that on Wednesday, April 9 they had a lengthy telephone conversation. Norman Tam was not called to testify to corroborate this evidence and, in my view, corroboration was required in view of the dramatic alteration in the evidence on a key point. The fact that Raymond Cheung could not give consistent evidence about when he first learned of the New Site indicates to me that he never considered that it was a suitable venue for a market.

[64] Raymond Cheung also testified on his second discovery that, “before Friday, April 11th,” he had reached an agreement with Norman Tam about the rent. There is corroboration for this point. In a letter to Richmond dated April 11, 2008, Norman Tam authorized Raymond Cheung of Target to apply for a TUP for a night market at the New Site. It is therefore clear that some understanding was reached before April 11th. However, there is no evidence that a lease was signed.

[65] Raymond Cheung also testified that, between April 8th and 11th, he measured the New Site and was satisfied that it could hold a sufficient number of booths to create a viable market. He also said that he spoke to the owners of a new Casino in the neighbourhood and secured the necessary parking. He said that he was able to make a speedy assessment about the viability of the New Site because one of his earlier Richmond Night Markets had been located nearby.

[66] In my view, this evidence is not credible. The new Casino had not existed when he held his earlier market. Accordingly, his former familiarity with the neighbourhood was no longer relevant. Traffic patterns would inevitably have changed and, without discussion with Richmond,

Raymond Cheung could not have realistically assessed the viability of the New Site from the point of view of traffic flow and management.

[67] I also find that his evidence about parking is not credible. Without corroborating evidence, I cannot conclude, on a balance of probabilities, that the Great Canadian Casino would have sufficient unused parking spaces on summer weekend evenings to meet the needs of the Richmond Night Market.

[68] There is a further reason to believe that, on this topic, Raymond Cheung is not a truthful witness. He explained on his second examination for discovery that he had been uncertain about whether the New Site was first known to Target in February, March or April because he was not the first person to speak to Norman Tam. He said that Mr. Kiichi Kumagai, a former Richmond councillor who was helping Target locate a new site, was the one who initially spoke with Norman Tam (the Explanation).

[69] Raymond Cheung acknowledged that Kiichi Kumagai's email of August 8, 2008, accurately summarized the main properties he had been investigating in 2008. However, it made no mention of the New Site.

[70] At trial, Raymond Cheung explained this during his re-examination by denying that Kiichi Kumagai had ever been involved with the New Site. However, this denial meant that the Explanation had been untrue.

[71] Finally, the minutes show that Raymond Cheung told the Richmond Council's General Purposes Committee meeting on May 5, 2008 that he was optimistic about restarting the Richmond Night Market event at a new location in 2009. Raymond Cheung testified at trial that, although the New Site was viable on May 5th, he didn't mention it to the Committee which was considering Lions' TUP Application because it was not relevant. This statement is simply not credible. If Raymond Cheung had had a viable site which he believed could have been approved for use in 2008, I am confident that he would have told Richmond about it in the hope that it would have denied Lions a TUP.

[72] To summarize, I have concluded that Raymond Cheung never considered the New Site to be a suitable location for a 2008 Richmond Night Market because:

- He did not raise it at Richmond's meeting on May 5, 2008.
- He called no evidence to support his conclusion about its suitability.
- It did not appear on Kiichi Kumagai's email.
- He could not give consistent evidence about when or by whom or by what means the New Site was located.
- He did not reveal it to vendors when he called them in mid-April to see whether they would rent a booth at a 2008 Richmond Night Market.

(iii) Target Could Have Opened a Market in 2008

[73] Target also says that it could have opened the Richmond Night Market on the New Site at the end of June 2008. The evidence shows that Target intended to use an old building on the New Site for sponsors' booths. This, Raymond Cheung agreed, would have required a rezoning application. There was no evidence about the time needed to secure approval of such an application. He also needed a TUP and he agreed that its assessment would take approximately 2½ months. He acknowledged that the process had taken three months at the Vulcan Way Property.

[74] However, before an application for a TUP could be submitted, a site plan had to be developed. Raymond Cheung's evidence was that the preparation of a site plan alone would have taken 2 ½ months. The site plan had to show booth locations, vendor and emergency vehicle traffic flow, water and sewage lines, the location of a grease trap, electrical supply and wires and the washroom locations.

[75] In addition, a building permit was needed for the installation of water and power, a traffic management plan had to be prepared, public transit had to be investigated, neighbours had to be canvassed for their opinions about the opening of a new night market and vendors had to be signed up and licensed. Raymond Cheung initially explained that vendors needed six months lead time to prepare for a market. He subsequently qualified his evidence saying that he had spoken only of "new" vendors. However, a review of the transcript shows that he did not use the word new and

appeared to be speaking of vendors generally. Finally, once approved, the market had to be constructed on the New Site.

[76] No one from Richmond was called to testify about whether it would have been prepared to expedite Target's applications for rezoning and for a TUP for the New Site.

[77] It is therefore my conclusion that there was never a time in the spring of 2008 when Raymond Cheung could have opened a night market at the New Site at the end of June 2008.

(iv) Target's Failure to Open was Due to a Shortage of Vendors

[78] Raymond Cheung's wife is Ms. Karen Wan. She testified in her role as her husband's administrative assistant and dealt with the availability of vendors in the spring of 2008. She said that, over the years, Target had developed a list of about 400 vendors. In mid-April 2008, Raymond Cheung asked her to call all their past vendors (the Target Survey). She was to advise them that Target had found a suitable new site for a night market in 2008. However, she was not to tell them where the new site was located. In this regard, it is noteworthy that Ms. Louisa Fung, a vendor and a witness for the Plaintiff, did not corroborate Karen Wan's evidence. Louisa Fung did not say that she had been told that a site had been found. Rather, she said that she was asked whether she would be interested in renting a booth "if" there was a site.

[79] Karen Wan also said that, during the Target Survey, she was instructed not to discuss with prospective vendors the size of the deposit Target would require. As I understand this evidence, it means that she was forbidden to discuss rent.

[80] Karen Wan's evidence was not clear about how many vendors she contacted but she said that she spoke to "a lot" of vendors and learned that not many were willing to join Target in 2008. Raymond Cheung was more precise in his testimony. He said that his staff advised him that the Target Survey showed that only 50-60 vendors were willing to come to his market in 2008. Given this number, he concluded that he could not operate a profitable market in 2008.

[81] Target relies on evidence from the Target Survey to substantiate its allegation that the only reason it could not open a night market in 2008 was because of Lions' conduct. Target says that, by infringing copyright and passing off, Lions caused vendors to think they were dealing with Target and persuaded them to rent booths at its market. This, according to Raymond Cheung, left an insufficient number of vendors available for Target's market in 2008.

[82] In my view, this allegation is not supported by the evidence from the Target Survey. Raymond Cheung had been widely quoted in the media saying that he was having trouble finding a location for his night market in Richmond because he wanted to lease 15 acres. As well, approximately one week before the Target Survey, the Press Release had been issued cancelling the 2008 market for lack of a location. Furthermore, two vendors testified that location was an important consideration for them in deciding whether to join a night market. One was Louisa Fung,

a witness for the Plaintiff who had rented a booth at Target's market from 2005-2007. The other was Raymond Lee, a witness for the Defendants. He forfeited a \$2,000.00 deposit at the Chinatown Night Market in order to join Lions' Market in 2008 because he preferred a location in Richmond. In these circumstances, any survey to elicit expressions of interest for 2008 that did not disclose the location or the rent could not be expected to produce meaningful results.

[83] There is also a question of numbers. If Target knew 400 vendors and Lions had only rented booths to the First Forty Vendors before its TUP Application was approved on May 20, 2008, there should have been sufficient vendors available to Target during the Target Survey in mid-April if it had been willing to disclose that it had found an attractive location and that it was charging competitive rents.

COPYRIGHT

(i) The Claims

[84] The Plaintiff's copyright claims relate to the following documents:

- The Vendor Application Form for food vendors
- The Vendor Application Form for vendors of merchandise.
- The Market Site Plan.

(ii) The Registrations

[85] On April 22, 2008, the Canadian Intellectual Property Office registered the following Certificates of Registration of Copyright. They deal with the three documents listed above (together the Registrations):

- No. 1057825 for “Richmond Night Market Summer Festival – Food Vendor Application and Contract” as a literary work, listing the Plaintiff as owner and May 1, 2005 as the date of first publication
- No. 1057826 for “Richmond Night Market Summer Festival – Merchandise Vendor Application and Contract” as a literary work, listing the Plaintiff as owner and May 1, 2005 as the date of first publication
- No. 1057824 for “Richmond Night Market Site Plan” as a literary/artistic work, listing the Plaintiff as owner and May 1, 2006 as the date of first publication

(iii) The Application of the Copyright Act

[86] The Defendants have pleaded that copyright does not subsist in the Market Site Plan because of its alleged functionality. They submit that the Ontario Court of Appeal’s decision in *Delrina Corp. v. Triolet Systems Inc.* (2002), 58 O.R. (3d) 309, confirms that, when there is only one possible manifestation of an idea or function, recognizing copyright over that manifestation would have the effect of granting the copyright owner a monopoly over the idea or function.

[87] Paul Cheung testified that Lions’ Site Plan represented the only possible way to position the vendors’ booths, the washrooms and the stage given the location of the Services and the Structures. However, he has no experience designing night markets and his evidence was not corroborated by his architect or by any Richmond personnel or by any of the experts he allegedly consulted. Accordingly, I do not accept that the defendants could not have designed a fresh layout for their

market that did not substantially reproduce Target's Market Site Plan. For this reason, the Ontario Court of Appeal's decision in *Delrina* does not apply.

[88] The Plaintiff relies on paragraph 27(2)(b) of the *Copyright Act*, R.S.C. 1985, c. C-42. It provides as follows:

27. (2) It is an infringement of copyright for any person to

[...]

(b) distribute to such an extent as to affect prejudicially the owner of the copyright,

[...]

a copy of a work, sound recording or fixation of a performer's performance or of a communication signal that the person knows or should have known infringes copyright or would infringe copyright if it had been made in Canada by the person who made it.

27. (2) Constitue une violation du droit d'auteur l'accomplissement de tout acte ci-après en ce qui a trait à l'exemplaire d'une oeuvre, d'une fixation d'une prestation, d'un enregistrement sonore ou d'une fixation d'un signal de communication alors que la personne qui accomplit l'acte sait ou devrait savoir que la production de l'exemplaire constitue une violation de ce droit, ou en constituerait une si l'exemplaire avait été produit au Canada par la personne qui l'a produit :

[...]

b) la mise en circulation de façon à porter préjudice au titulaire du droit d'auteur;

[89] The Plaintiff alleges the following prejudice:

- when Lions gave vendors Target's Rules and its Market Site Plan, those vendors were misled into thinking they were dealing with Target and it was prejudiced by the loss of potential vendors. However, since I have concluded that Target could not have opened a market in 2008, a shortage of vendors, had it existed, would not have been prejudicial;
- when Lions gave vendors Target's Rules and Market Site Plan, Target was prejudiced because this activity made it easier for Lions to compete with Target. However, the

difficulty with this submission is that Target and Lions were not actually competitors in 2008 or 2009 because Target failed to find a site for its market;

- when Paul Cheung included Target's Market Site Plan with Lions name on it as part of the TUP Application, Target was prejudiced because it was a competitor. However, in fact, Target was not Lions' competitor in 2008.

[90] Because there was no prejudice to Target, paragraph 27(2)(b) does not apply.

[91] The Plaintiff also relies on presumptions in the *Copyright Act* which flow from the Registrations. One such presumption is found in subsection 53(2). It reads:

53. (2) A certificate of registration of copyright is evidence that the copyright subsists and that the person registered is the owner of the copyright.

53. (2) Le certificat d'enregistrement du droit d'auteur constitue la preuve de l'existence du droit d'auteur et du fait que la personne figurant à l'enregistrement en est le titulaire.

[92] A related presumption is found in subsection 34.1(1). It provides:

34.1 (1) In any proceedings for infringement of copyright in which the defendant puts in issue either the existence of the copyright or the title of the plaintiff thereto,
(a) copyright shall be presumed, unless the contrary is proved, to subsist in the work, performer's performance, sound recording or communication signal, as the case may be; and
(b) the author, performer, maker or broadcaster, as the case may be, shall, unless the contrary is proved, be presumed to be the owner of the copyright.

34.1 (1) Dans toute procédure pour violation du droit d'auteur, si le défendeur conteste l'existence du droit d'auteur ou la qualité du demandeur :
a) l'oeuvre, la prestation, l'enregistrement sonore ou le signal de communication, selon le cas, est, jusqu'à preuve contraire, présumé être protégé par le droit d'auteur;
b) l'auteur, l'artiste-interprète, le producteur ou le radiodiffuseur, selon le cas, est, jusqu'à preuve contraire, réputé être titulaire de ce droit d'auteur.

[93] By the date of the Registrations, copyright in the paper version of the Market Site Plan and in Target's Rules had already been infringed. This litigation was commenced on May 2, 2008 and I have concluded that the Registrations were made primarily for strategic purposes. For this reason, I have assigned diminished weight to the presumptions. Nevertheless, the evidence described below shows that copyright subsists in Target's Rules and Market Site Plan.

[94] The Defendants have admitted that:

At the date of authorship of the application forms, both Raymond Cheung and Tony Kwan were Canadian citizens. At the date of his co-authorship of the application form, Raymond Cheung was the principal, an officer and an employee of the Plaintiff and he co-authored the Application Forms pursuant to [...].

However, the Defendants refused to admit that "the application forms in use by Target Events since May 2005 were co-authored by Raymond Cheung and Tony Kwan."

[95] During the portions of his examination for discovery which were treated as read in at trial, Raymond Cheung testified that, from 2000, he developed the content of the vendor application forms and that his lawyer, Mr. Tony Kwan, wrote the information down. Raymond Cheung said that the current version was co-authored by them in 2005 and the Defendants have admitted that Tony Kwan assigned his copyright to Target.

[96] However, Lions denies their authorship on the basis that the rules on the vendor application forms for the Chinatown Night Market in Vancouver appear to be the same as Target's Rules. However, Raymond Cheung testified that he never considered other rules. He speculated that the

Chinatown Night Market copied Target's Rules. In the absence of any evidence about when and how the Chinatown Night Market rules were created, I accept Raymond Cheung's evidence that he co-authored Target's Rules and, also, the Market Site Plan.

[97] The Defendants rely on subsection 39(1) of the *Copyright Act* to limit Target's remedy to injunctive relief. The section reads as follows:

39. (1) Subject to subsection (2), in any proceedings for infringement of copyright, the plaintiff is not entitled to any remedy other than an injunction in respect of the infringement if the defendant proves that, at the date of the infringement, the defendant was not aware and had no reasonable ground for suspecting that copyright subsisted in the work or other subject-matter in question.

39. (1) Sous réserve du paragraphe (2), dans le cas de procédures engagées pour violation du droit d'auteur, le demandeur ne peut obtenir qu'une injonction à l'égard de cette violation si le défendeur prouve que, au moment de la commettre, il ne savait pas et n'avait aucun motif raisonnable de soupçonner que l'oeuvre ou tout autre objet du droit d'auteur était protégé par la présente loi.

[98] In my view, the Defendants cannot rely on this section because Paul Cheung was aware that copyright had been asserted in the Market Site Plan. He admitted that he had seen a copyright symbol on a plan for the entire Vulcan Way Property and that it included the Market Site Plan.

[99] With regard to the Vendor Application Form, I am satisfied that Paul Cheung had reasonable grounds for suspecting that copyright subsisted. He was familiar with copyright protection from his work with music and a company he controlled had launched an action for copyright infringement.

[100] Accordingly, this section does not operate to protect the Defendants from a monetary award.

[101] I now turn to the specific allegations of copyright infringement listed above.

(iv) Target's Contract

[102] Paul Cheung testified that he designed the contract portion of Lions' vendor application forms in February 2008. He created lines and boxes to emphasize different aspects of the material. This was the format Paradise had used at the Plaza. With regard to the content, he considered many samples including Target's Vendor Application Forms which he downloaded from its website. He also looked at forms from festivals in the United States, forms used at the Chinatown Night Market in Vancouver and forms Alvin Au had used at his previous events. Paul Cheung said he combined the best features of all the documents to ensure that he would have all the information he needed once the contracts were completed.

[103] In my view, the following facts show that Lions' contract is not a substantial reproduction of Target's Contract:

- Target's Contract is written in Chinese and English. However, Lions' contract is written only in English.
- The paper used for Target's Contract displays a watermark of its Logo. It is large, approximately 6" in diameter (the Logo Watermark). However, Lions' form does not include a watermark.
- The format is significantly different – lines and boxes organize and delineate material on the Lions' contract. This segregation does not appear on Target's Contract.

(v) Target's Rules

[104] On February 22, 2008, Target's Rules were sent by Phillip Moy to Lions' lawyer

Mr. Eric Schroter. The covering email said:

Here's the sample vendor agreement that you will need to look at soon. These were used by the previous operator so obviously [sic] we will need to change a few things relating to him.

[105] However, the rules Eric Schroter were to prepare were not available when Lions needed them and Paul Cheung admitted at trial that, for two days in mid-March 2008, Lions used Target's Rules (with Lions' name inserted). It attached them to Lions' contract to sign up the First Forty Vendors. In my view, this conduct constituted infringement of Target's copyright.

[106] However, Paul Cheung testified that Target's Rules were not seen by vendors before they decided to rent their booths. This means that vendors would only have seen Target's Rules after a booth was selected and a decision to rent was made. It seems logical to me that an application form would not be used as a marketing tool. This finding means that, contrary to Target's allegations, its Vendor Application Forms were not used by Lions to pass itself off as Target.

[107] Shortly after the First Forty Vendors signed their contracts, the rules, prepared by Eric Schroter, became available (the Revised Rules). In my view, they were a substantial reproduction of Target's Rules in that approximately 75% of the text was copied from Target's

Rules. However, there was no material infringement of Target’s copyright because the Revised Rules were not used by Lions to sign up any additional vendors.

[108] Later in March of 2008, the Revised Rules were amended and expanded to create the Final Rules. I find that the Final Rules were no longer a substantial reproduction of Target’s Rules. Since they were used when Lions signed up the balance of its vendors for Lions’ Market, there was no further infringement of Target’s copyright.

(vi) Target’s Market Site Plan

[109] In my view, Target’s Market Site Plan is entitled to copyright protection under section 2 of the *Copyright Act*. It reads:

Definitions

2.[...]

“artistic work” includes paintings, drawings, maps, charts, plans, photographs, engravings, sculptures, works of artistic craftsmanship, architectural works, and compilations of artistic works;

Définitions

2.[...]

« oeuvre artistique » Sont compris parmi les oeuvres artistiques les peintures, dessins, sculptures, oeuvres architecturales, gravures ou photographies, les oeuvres artistiques dues à des artisans ainsi que les graphiques, cartes, plans et compilations d’oeuvres artistiques.

[110] As mentioned above, Paul Cheung downloaded Target’s Market Site Plan and Alvin Au replaced Target’s heading with Lions’ heading. According to Paul Cheung, this version was provided to Richmond as part of Lions’ TUP Application about two weeks after the application was

first filed on February 27, 2008. It was also used to help the First Forty Vendors choose the location of their booths.

[111] I find that Paul Cheung infringed the Plaintiff's copyright when he downloaded the Market Site Plan and asked Alvin Au to prepare it for Lions' use. Further infringement occurred when it was provided to Richmond as part of the TUP Application and used to help vendors select booths. The First Forty Vendors saw an exact copy of Target's Market Site Plan (with only the title changed) and another 60 to 80 were shown the Lions' Site Plan which, as described earlier, was a substantial reproduction of Target's Market Site Plan. The Lions' Site Plan was used to construct the Lions' Market and this three dimensional reproduction was also an infringing activity.

[112] In my view, the infringement of Target's copyright in the Market Site Plan was the *sine qua non* for the operation of Lions' Market in 2008. Without this infringement, it is unlikely that Lions could have opened with all vendors in place in June 2008. According to Raymond Cheung, if Target's Market Site Plan had not been used, it would have taken 2 ½ months to develop a new market site plan. It is impossible to know whether the Landlord would have accepted a new plan but I think it safe to conclude that, at a minimum, further lease negotiations would have been required. As well, with a new plan, Richmond would presumably have needed more time to approve Lions' TUP Application.

TRADEMARKS AND PASSING OFF

(i) Admissions

[113] The Plaintiff claims that, in 2000, its predecessor, Starlight Event Ltd., began to use the following trade names:

- RICHMOND NIGHT MARKET
- Chinese characters meaning RICHMOND NIGHT MARKET

[114] The Defendants have admitted this use and have also admitted that, from May of 2001 to at least September 2007, Target continued to use those marks in association with its night market.

[115] In addition, Target alleges that it has used the following trademarks since May of 2002:

- RICHMOND NIGHT MARKET SUMMER FESTIVAL
- Chinese characters meaning RICHMOND SUMMER NIGHT MARKET

The Defendants have admitted the first but not the second use. However, as described below, I find that this name was extensively used on Target's Logo from 2002 to 2007.

[116] The four names described above will be referred to collectively as Target's Names.

(ii) Registration

[117] On April 24, 2009 the trademark RICHMOND NIGHT MARKET was registered in the Plaintiff's name as #TMA 738,727 in association with "Organizing and hosting a public market."

The application to register this mark was filed on April 21, 2008, less than two weeks before this lawsuit was commenced.

[118] On April 22, 2008, the Plaintiff also filed an application, to register the trademark (Chinese characters meaning RICHMOND NIGHT MARKET) in Application No. 1,392,218. However, that trademark has not yet been registered.

[119] As will be seen below, the Plaintiff relies on section 7 and subsection 6(5) of the *Trade-marks Act*. One of the issues raised by these sections on the facts of this case is whether Target's Names became distinctive by reason of the extent of their use. This issue will be examined in the following paragraphs.

(iii) The Use of Target's Names 2000-2007

[120] In 2000, Raymond Cheung used a contract with a two-line heading to sign up vendors at the Continental Mall in Richmond. The first line read "Richmond Night Market" and below it the text read "Vendor Application and Contract." He also produced a package of material entitled "Richmond Night Market 2000 Sponsorship." The package included a page of information on the market which was titled "Richmond Night Market." Raymond Cheung also advertised the market using the name Richmond Night Market in Chinese characters.

[121] In 2001, the vendor contract was headed "Richmond Night Market 2001."

[122] In 2002, the name of the event was changed. It was no longer simply the Richmond Night Market. The vendor contract for 2002 was headed “Richmond Night Market Summer Festival 2002.” All the words were on one line and were given equal prominence.

[123] A name in Chinese characters to describe the market is found in a two-page article in *Ming Pao*, a Chinese daily newspaper. The article is dated June 29, 2002 and the market is described in Chinese as both the Richmond Night Market and the Richmond Summer Night Market. On page one, Raymond Cheung is mentioned and his picture appears. In English, the article describes his event as the Night Market Summer Festival.

[124] On May 22, 2002, Premier Gordon Campbell of British Columbia wrote to Raymond Cheung. The letter began “Thank you for the invitation to attend the Grand Opening Ceremony of the Richmond Night Market Summer Festival 2002.”

[125] Raymond Cheung created the Logo in 2002. It reads “Richmond Night Market Summer Festival” in English, all in the same typeface and “Richmond Summer Night Market” in Chinese characters of comparable size.

[126] In 2003, Target’s vendor contract was headed “Richmond Night Market Summer Festival 2003.” This was the first year that Target superimposed the Logo Watermark on its vendor contracts.

[127] In 2003, Target had 50,000 postcards printed and they were distributed to visitors at the market. The picture showed the market in 2002. The heading read “Richmond” across the top. Underneath, still in large print, the heading continued saying “Night Market Summer Festival 2003.” Then below, in smaller print, it said “@ Bridgepoint.” The Logo was included on the postcard. This meant that the name Richmond Summer Night Market appeared in Chinese.

[128] In 2004, the vendor contract was titled “Richmond Night Market Summer Festival 2004” and included the Logo Watermark. The heading on the contract in Chinese referred to the Richmond Night Market.

[129] The 50,000 postcards distributed in 2004 featured a picture of the market on the Vulcan Way Property. The photograph shows the installation of a large neon sign over the booths (the Overhead Sign). It reads Richmond Night Market in large font and City of Life and Summer Festival in smaller script. Raymond Cheung testified that the Overhead Sign was displayed from 2004 to 2007. The first line of the heading on the postcard reads “Richmond Night Market” in English. The second line reads “Summer Festival 2004 @ Riverside.” The Logo is also on the postcard.

[130] A picture in an article published in the spring of 2004 in *Vancouver Shinpo*, a weekly Japanese newspaper, shows part of the sign displayed that year at the opening ceremony. Raymond Cheung testified that it read “Richmond Night Market Open Ceremony.”

[131] Advertising in English in 2004 displayed the heading “5th Night Market Summer Festival 2004” and displayed the Logo. The Logo appeared in Chinese advertisements.

[132] In a congratulatory letter from Channel M, a British Columbia multi-cultural TV station (now OMNI TV), the writer spoke of both the Richmond Night Market and the Richmond Night Market Summer Festival. A review of all the congratulatory correspondence shows that the event’s sponsors used the two terms interchangeably in 2004.

[133] An article in *Singtao*, a Chinese daily newspaper in British Columbia, featured a headline in Chinese characters which read “Richmond Night Market Opening.” It also referred to Target and Raymond Cheung.

[134] On May 19, 2004, *Singtao* referred to the “Richmond Night Market.” However, on May 10, 2004, *World General* reported the opening of the “Richmond Summer Night Market.” On May 29, 2004, an article in *World General* also spoke, in Chinese characters, of the opening of the “Richmond Summer Night Market.”

[135] Target’s vendor contract for 2005 included the Logo Watermark and was titled “Richmond Night Market Summer Festival 2005.” It also read Richmond Summer Night Market in Chinese characters.

[136] A complimentary letter from Tourism Richmond dated July 14, 2005 simply referred to “The Night Market.”

[137] A photograph of the event in 2005 shows that the Overhead Sign was still present. As well, a large version of the Logo, which was approximately 15-20' wide, was displayed over the stage.

[138] The *Vancouver Sun* described Target’s event as the Richmond Night Market when it listed it as the “number one” event of the summer.

[139] In 2005, the postcard was headed “Richmond Night Market” in prominent script with “Summer Festival 2005 @ Riverside” below in smaller type. As before, the Logo described the event as the Richmond Night Market Summer Festival in English and as the Richmond Summer Night Market in Chinese. Again, 50,000 copies were printed.

[140] A photograph taken in 2005 shows a large banner (perhaps 40' long) on the stage which read “Richmond Night Market” in bold script followed by the words “Summer Festival” in smaller script. The photo showed the Logo displayed above the stage and also on a commercial projection screen at the rear of the stage. The screen was approximately 30' wide and 25' high.

[141] In 2005, John Yap’s letter of good wishes described the market as the “Richmond Night Market.” However, a similar letter from Raymond Chan, Federal Minister of State for Multiculturalism and MP for Richmond, spoke of the “Richmond Night Market Summer Festival.”

[142] Raymond Cheung testified that in 2005, Target used both Richmond Night Market and Richmond Summer Night Market in its Chinese radio advertisements.

[143] An article in the *Richmond Review* in May 2005 was headed “Richmond Night Market returns this weekend,” but the second paragraph of the article said “The sixth annual Richmond Night Market Summer Festival is now open...” An advertisement in the same paper was headed “Richmond Night Market Summer Festival” and a letter from the MLA for Richmond-East sent greetings on the occasion of the opening of the “Richmond Night Market Summer Festival 2005.”

[144] Another advertisement in the *Richmond Review* in June 2005 was headed Richmond Night Market Summer Festival.

[145] In 2005, the Richmond Chamber of Commerce published a member profile about Target. It featured the Logo and the second sentence read “We are the organizer of the Richmond Night Market Summer Festival since 2000.” In the balance of the profile, the terms Richmond Night Market Summer Festival and Richmond Night Market were both used.

[146] The vendor contract for 2006 read “Richmond Night Market Summer Festival 2006” and featured the Logo Watermark.

[147] In 2006, the theme for the market was “Summer of Love.” Approximately sixty-five large banners (3' x 10') were posted around the market to advertise this theme. They read “Richmond Night Market” in bold script. The Logo appeared on some of the banners.

[148] In 2006, in material for visitors, the heading “Richmond Night Market 2006” and reference to the “Summer of Love” theme often appeared in conjunction with the Logo. An ad placed by Target was entitled Richmond Night Market Summer Festival 2006 and included the Logo.

[149] Ms. Linda Reid, the MLA for Richmond East, wrote in 2006. She extended good wishes for the “7th Annual Richmond Night Market Summer of Love Opening Ceremony” and wished the “Richmond Night Market” success. However, Ms. Olga Ilich, the new MLA for Richmond Centre wrote with good wishes for the “Richmond Night Market Summer Festival.”

[150] The *Seattle Times* reported on “the dazzling Night Market of Richmond BC” and other print media referred to the Richmond Night Market.

[151] The Hong Kong Economic and Trade Office wrote to Raymond Cheung of the “Richmond Night Market Summer Festival 2006.” However, St. John Ambulance thanked Raymond Cheung for a generous donation and mentioned the “Richmond Night Market 2006.”

[152] In 2007, the vendor contract was entitled “Richmond Night Market Summer Festival 2007” and the Logo Watermark again appeared.

[153] A photograph of the 40' banner in front of the stage shows that it reads "Richmond Night Market" followed by the Logo and then the words "Summer Festival." All the words were written in equally prominent script.

[154] The theme for 2007 was "Magical Summer". A new circular logo was designed to advertise this theme. It read "Richmond Night Market 2007" around the top and "The Magical Summer" was printed across the centre of the circle. Chinese characters appeared below. They read Richmond Summer Night Market. This logo was used by itself and also appeared in promotional material in conjunction with the original Logo.

[155] In 2007, Target's advertisements directed at potential visitors moved away from emphasis on the "festival" name and instead spoke only of the Richmond Night Market. This was true of the ads on Vancouver's buses. However, the word festival was retained for vendors. It appeared in the heading on their 2007 contracts.

[156] The English press seemed to settle on Richmond Night Market as the name for the event when it reported Raymond Cheung's announcement about its uncertain future in the spring and summer of 2007.

[157] However, Premier Gordon Campbell wrote to extend good wishes for the “8th Annual Richmond Night Market Magical Summer Festival” and Raymond Chan MP sent good wishes which described the market by the same name.

[158] On the other hand, Tourism British Columbia and the Salvation Army wrote thank you letters to Raymond Cheung which referred to the “Richmond Night Market.”

(iv) Conclusion about Acquired Distinctiveness and the Loss Thereof

[159] Based on this review of the evidence and the Defendants’ admissions, I have concluded that the Plaintiff used Target’s Names extensively in connection with its night market. Although Target’s Names were originally merely descriptive, I find that, by January 2007, they were valid trademarks because they enjoyed substantial good will and had acquired distinctiveness in association with (i) the night market on the Vulcan Way Property, (ii) Target and (iii) Raymond Cheung.

[160] However, this acquired distinctiveness was not, in my view, durable. Once Raymond Cheung and Target failed to open a night market in 2009, it is my view that Target’s Names, which were inherently weak, lost their distinctiveness and the associated goodwill. It is for this reason that much of the declaratory and injunctive relief sought by the Plaintiff has not been granted.

(v) **The Trade-marks Act**

[161] Subsection 7(b) of the *Trade-marks Act* provides:

7. No person shall

[...]

(b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;

7. Nul ne peut :

[...]

b) appeler l'attention du public sur ses marchandises, ses services ou son entreprise de manière à causer ou à vraisemblablement causer de la confusion au Canada, lorsqu'il a commencé à y appeler ainsi l'attention, entre ses marchandises, ses services ou son entreprise et ceux d'un autre;

[162] Subsection 6(5) of the *Trade-marks Act* says:

What to be considered

(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
- (b) the length of time the trade-marks or trade-names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

Éléments d'appréciation

(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon 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 marchandises, 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

[my emphasis] son, ou dans les idées qu'ils suggèrent.
[je souligne]

(vi) The Surrounding Circumstances

[163] While the factors listed in subsection 6(5) suggest that Lions' use of Target's Names or names closely resembling them would cause confusion, there are three significant surrounding circumstances which, in my view, virtually eliminated the likelihood that vendors would be confused. The first was Raymond Cheung's conduct. The second was the intense media coverage of the closing of the Richmond Night Market and the opening of Lions' Market and the third was the content of Lions' website. These points will be collectively referred to as the "Surrounding Circumstances." I will deal with each in turn.

(a) Raymond Cheung's Conduct

[164] Raymond Cheung told the media and his vendors (approximately 300) during his night market in 2007 that he would not be renewing his lease and that he did not have a new location. In the fall of 2007, he returned the deposits he had taken from vendors for his 2008 market at the Vulcan Way Property. In early 2008, he instructed his lawyers to write cease and desist letters to advise the media, the Richmond Night Market's previous neighbours and its previous parking providers that he and Target were not to be confused with Paul Cheung and Lions.

[165] On April 7, 2008, Target issued the Press Release. It was entitled “Richmond Night Market Cancelled for 2008” and it explained that the night market would be cancelled because the Landlord had decided not to renew Target’s lease. It also said that Target was continuing to search for a new site. Significantly, the Press Release distinguished Target from Lions in the following terms:

[Raymond] Cheung and Target Events is aware that there is another party attempting to hold a similar event at the same location where the Richmond Night Market was held last year. “We want to make sure the public is aware that we have no association with that group and that whatever is held on that site is not Target Events’ ‘Richmond Night Market,’” said [Raymond] Cheung.

[166] Sometime between April 7 and June 14, 2008, Target posted an announcement on its website entitled “Richmond Night Market Cancelled in 2008. Big Plans Already Underway for 2009.” Although Paul Cheung testified that he saw an announcement to that effect on Target’s website in January 2008, I have concluded that he was mistaken. Having considered the evidence as a whole, I do not accept that Target issued a cancellation notice which predated the Press Release.

[167] Target’s website announcement read, in part, as follows:

It is with a heavy heart that Target Even announces the cancellation of the Official Richmond Night Market for 2008. The cancellation of this year’s event comes on the heels of an exponential increase to the cost of the lease at our previous location, and despite our best efforts, our inability to find a suitable replacement location in time to run the Market for the coming year.

(b) *Media Coverage*

[168] Considerable media attention was paid to the closing of the Richmond Night Market, to Raymond Cheung's search for a new location and to the fact that a new operator had appeared on the scene. I will review the most prominent of these media reports.

[169] An article on the CBC's website on May 11, 2007 entitled "Richmond could lose popular night market" said in part:

This could be the last summer for the Richmond Night Market, one of the Lower Mainland city's most popular attractions over the past eight years.

The market's lease is up at its location behind Home Depot on the banks of the Fraser River, where it has been the past four years.

Owner Raymond Cheung told CBC News he had been forced to look for a new location for the annual market, which attracts up to 30,000 people a night.

For us to find a 15-acre [about six-hectare] piece of land vacant is almost impossible in Richmond, said Cheung, noting that could mean a move out of the city or closing down.

This is our eighth year and I think a lot of people have come to the night market and had a good time. It's just sad to see that this is over, and I think a lot of people will feel the same way.

[170] An editorial published in the *Vancouver Sun* on May 17, 2007, was entitled "The night market is an asset Richmond should work to keep." It was accompanied by a photo of

Raymond Cheung. The editorial said that it was unlikely the night market would reopen in 2008 on the Vulcan Way Property.

[171] An article published in the *Vancouver Sun* on July 16, 2007, entitled “Popular Richmond attraction faces an uncertain future,” was also accompanied by a photo of Raymond Cheung. It reported that the night market’s lease would end during the upcoming winter and “so far there isn’t a plan” for the summer of 2008. The article continued as follows:

Vendors usually start to register for next year’s market stall spaces in August. But this can’t happen next month because Target Event’s lease ends in December. [Raymond] Cheung declined to discuss dealings with Cathay Importers, but said that he is trying to look at other options too, including moving the market to another location.

This would mean re-acquiring all the various municipal permits he has to run the market, not to mention the extensive underground wiring, lighting, emergency preparedness and washroom facilities Target Event has contributed.

[172] An article published in *The Richmond Review* on August 9, 2007, was entitled “Night Market looking at moving on” and was also accompanied by a photo of Raymond Cheung. The byline read, “Organizer says no other local suitable location found; must decide next month.” The article said that Target was unlikely to run a night market in Richmond in 2008, because although it found three potential locations in other cities, it could not find a suitable location in Richmond. The article continued,

Location doesn’t matter, [Raymond Cheung] said, as long as the land is available for a long-term lease and is between 15 and 20 acres.

A new location must be secured before this year’s event wraps up Oct. 8, he said, because equipment must be relocated and notice has to be given to vendors and visitors.

[173] An editorial published in *The Province* on October 1, 2007, was entitled “Please, will someone find a new home for popular night market?” The editorial named Raymond Cheung as the night market’s organizer and noted that he had yet to find a venue for 2008. It also quoted Raymond Cheung as follows:

We would very much love to say in Richmond if everything falls into place, says Cheung, who graciously wishes to thank all those visitors who have supported the night market over the years.

As he notes, it requires at least 15 acres for the market to operate. And that’s a serious challenge in Richmond, or anywhere else, given the Lower Mainland’s red-hot real estate market.

[174] The next media report was published in the *Richmond Review* nearly six months later, on March 22, 2008. It was entitled “New group makes bid to host night market,” and the article carried the byline, “Move a surprise to Richmond Night Market organizer.” The article reported that Raymond Cheung was surprised to hear that a different firm would attempt to organize the night market in 2008. The article reported that the name of the new firm was Lions Communications, and distinguished Paul Cheung from Raymond Cheung. It read:

This week’s ad in the Chinese daily *Ming Pao Xpress* claims that the “2008 Richmond Summer Night Market” is going ahead this year. The ad urges vendors to sign up for the market, billed with a May 30 start date, and declares vendors must give their full payment by mid-April.

[...] In order to go ahead, the new proponents, which this year started a new company called Lions Communications, will have to obtain a temporary use permit and fulfill a raft of requirements.

Lions Communications’ Paul Cheung – who is not related to Raymond Cheung – said he’s confident that the city would green light his bid.

[175] In an article entitled “Night market a step closer to reopening” published on May 6, 2008, the *Vancouver Sun* reported that “the popular summer night market in Richmond is one step closer to reopening under a new operator after months of uncertainty over its fate.” It is noteworthy that the article twice referred to Paul Cheung as a “new operator.” It also said that the night market’s founder, Raymond Cheung, was not related to Paul and had filed a lawsuit against Paul.

[176] A Chinese language article posted on CAChinese.com on May 7, 2008 reported that Richmond City Council would hold a public hearing on May 20 to discuss Lions’ application to run a night market. The article’s conclusion made it clear that Paul Cheung was a new organizer:

As for the charge against him of using last year’s market’s title Night Market, Paul Cheung pointed out that it is the old organizer’s way to hinder the new organizer’s effort on boosting local economy.

[177] In an article entitled “New night market eyes May 30 opening,” published on May 8, 2008, the *Richmond Review* made it clear that a new organizer would run the market in 2008. The caption on the photo accompanying the article stated, “A night market may be returning Vulcan Way [sic], but with a different ownership group.” The article began with the following words:

A new group’s bid to bring a weekend night market to Richmond will be decided following a public hearing later this month.

On Monday, council unanimously backed a staff recommendation that supported the bid. Lions Communications, a Richmond-based firm, is eyeing a May 30 opening at the same spot the previous market operated on Vulcan Way last year.

The proposal now goes to a May 20 public hearing.

[178] As well, the article noted that Target ran the previous night market and that Raymond Cheung had backed away from the Vulcan Way site because of a rent increase. The article also stated, “Target Events’ Raymond Cheung said he’s concerned that the new market operators will tarnish his event’s reputation,” and reported that Raymond Cheung had filed a lawsuit.

[179] An article entitled “New night market operator wins approval” was posted on the *Richmond News* website on May 21, 2008, and was published in the print version of the *Richmond News* on May 23, 2008 under the headline “New night market gets go-ahead.” The print version was accompanied by a photo of Paul Cheung. The article clearly stated that Paul Cheung was a new operator and distinguished him from Raymond Cheung. The article stated as follows:

While council approved the two-year temporary commercial land-use permit that will allow the new Summer Night Market to operate beginning May 30, the operator of the former Richmond Night Market vows he’ll be announcing a new location for next summer within two weeks.

We should be focusing on the future for a bigger, better night market. So far we have a letter of intent from one landowner with a 14-acre lot, Raymond Cheung said of his new location for next summer.

Meanwhile, the new operator, Paul Cheung, who is no relation to Raymond Cheung, said 10 days was plenty of time for his company, Lions Communications, to ready the site where the previous night market has operated for the last few years – 12631 Vulcan Way.

[180] On May 21, 2008, a Chinese language article in *Ming Pao* newspaper reported that Lions had won city approval to run the night market in 2008. It reported on the public hearing, and noted

that some speakers were worried about the new organizer's lack of experience and about parking and counterfeiting. The article also clearly distinguished Lions from Target. It stated:

The new management of the Market, Lions Communications Inc., emphasizes that they are confident in keeping May 30 as the opening date. Target Event Production, the former organizer of the Night Market during the past eight years, announced that they have found a new site to continue their Richmond Night market next year and make it international.

Due to a lease problem, the Target Event Production gave up the site by River Road in March and stopped hosting the Richmond Night Market for one year.

While Target Event Production is looking for a new site, the newly founded Lions Communications Inc. is applying to host a night market at the same spot.

[181] *Sing Tao* also published a Chinese language article on May 21, 2008, reporting that Richmond had approved Lions' Market and had come to an agreement with Lions regarding counterfeit goods. The article said that the market would open as scheduled on May 30 and noted that "Raymond Cheung, the organizer of the former Richmond Night Market is looking for a new site to continue the Night Market next year." The article was accompanied by a photo of Paul Cheung and Raymond Cheung shaking hands.

[182] The *Richmond Review* also reported on the public hearing in an article entitled "New night market gets green light," published on May 22, 2008. The article referred to Lions as a "new vendor" in its byline and opening paragraph, and it described Paul Cheung as a "new organizer." It stated that 160 vendors were lined up for the market. Regarding Raymond Cheung, the article said:

The organizer of the eight previous night markets, Raymond Cheung (no relation) of Target Event, said he couldn't afford to run the

Richmond Night Market event there again this year, and has been seeking a new location ever since. He's also filed a federal court lawsuit against his namesake for trademark and copyright infringement.

[183] A Chinese language article posted on lubynews.com on May 23, 2008 referred to Lions as "the new management of the Market" and referred to Target as "the former organizer of the Night Market during the past eight years." It reported that Richmond City Council had unanimously approved Lions' permit, that 160 vendors were signed up, and that the market would open on schedule on May 30.

[184] On May 23, 2008, the *Richmond News* published an article entitled "Market Founder threatens News with lawsuit." It said that Raymond Cheung was accusing Paul Cheung of "passing off the Summer Night Market as if it were the same one as the Richmond Night Market." As well, it reported that Raymond Cheung had operated the night market for eight years, that he had trouble finding a new location but had finally found one for 2009, and that Paul Cheung planned to operate a "similar type of market" on the Vulcan Way site.

[185] On May 29, 2009, the *Richmond Review* published an article entitled "New Summer Night Market opens Friday" accompanied by a picture of Paul Cheung. The article focused on Paul Cheung's background and his plans for the 2008 market, but it also mentioned Target in the following words:

[Paul] Cheung's company Lions Communications is taking over where Target Events left off. Since 2000, Target Events ran its Richmond Night Market, including the last few years at 12631 Vulcan Way, behind the Home Depot on Bridgeport Road.

But Target Events backed [away from running the] market this year after it claimed the landlord doubled the rent for the Vulcan Way property.

[186] Finally, on June 6, 2008, the *Richmond News* published an article entitled “Night market opens on time, food-free.” The article described the market’s opening weekend, its difficulties opening food booths, and the fact that it was smaller than Target’s market with only 98 vendors. The article also clearly stated that the market was under new management. The report read as follows:

A new night market opened last weekend, contrary to predictions the event’s organizer could never pull it off in time.

[...] [Paul] Cheung received a two-year temporary permit on May 20 to open the new Summer Night Market at the same location where the previous Richmond Night Market operated for the last few summers.

(c) *Lions’ Website*

[187] On March 25, 2008, Lions posted a news release on its website. It is noteworthy that in the title of the news release, Lions clearly identified itself as a “new operator”: “New Operator Applies to Run Summer Night Market at Richmond Riverfront Site.” The news release also said the following:

Lions Communications, operated by veteran event organizer Paul Cheung, has secured a multi-year lease on the property where the Richmond Night market had operated for seven years. Renamed the Summer Night Market, this year’s event will be very much like those of previous years with plans to make significant site improvements for 2009.

[188] On May 21, 2008, Lions posted an article on its website. It said that the night market would reopen “under a new organizer” and added,

Richmond-based Lions Communications has won a land-use permit to re-open the market on May 30th, after the founding organizer, Target Events, said it could not afford the landlord’s increase in rent this year.

(vii) Discussion

(a) Vendors

[189] In *Kirkbi AG v. Ritvik Holdings Inc.*, [2005] 3 S.C.R. 302 at paras. 62-68, the Supreme Court of Canada reviewed the doctrine of passing off in the context of an action under subsection 7(b) of the *Trade-marks Act*. It upheld the three-pronged test which it had earlier established in *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120. The three elements are:

1. the existence of goodwill;
2. deception of the public due to a misrepresentation; and
3. actual or potential damage to the plaintiff.

[190] In *Ray Plastics Ltd. v. Dustbane Products Ltd.* (1994), 57 C.P.R. (3d) 474 at paragraph 5, Mr. Justice Austin of the Ontario Court of Appeal said the following:

The essence of an action for passing off is the allegation that the goods of the defendant are being sold as those of the plaintiff. One of the elements of the tort which the plaintiff must prove is that the potential buyer believes the goods being sold are those of the plaintiff or come from the same source as “the originals,” whatever that source may be. As stated by Russell, L.J., in *Roche Products Ltd. et al. v. Berk Pharmaceuticals Ltd.*, [1973] R.P.C. 473 (C.A.), at 482:

Now, in this as it in all passing off cases the basic question is whether, directly or indirectly, the manner in which the goods of the defendant are presented to the relevant consumers is such as to convey to the minds of the latter the impression that they are the goods of the plaintiff. In an “appearance” or get-up case it is not enough simply to say that the former are very like the latter. It must be established that consumers have, by reason of the appearance of the goods of the plaintiff, come to regard them as having some one trade source or provenance, whether manufacturing or marketing, though it matters not that they have no idea at all of the identity of that trade source or provenance.

[191] In my view, both the vendors and the visitors are relevant consumers. Target takes in money directly from vendors who rent booths. Since admission is free, Target does not directly benefit from the visitors’ expenditures at the booths but without these expenditures the vendors’ businesses would become unprofitable and the market would fail.

[192] Vendors had a special reason for following news about Lions and Target in the press and on the internet because the Richmond Night Market contributed to their livelihoods and because Raymond Cheung had told them that its future was somewhat uncertain. It is noteworthy that there were two groups of vendors. The First Forty Vendors signed contracts in response to Alvin Au’s ad campaign on Chinese radio in mid-March 2008. The balance of approximately 60-80 rented booths after the TUP was issued on May 20, 2008.

[193] I find that, for the purposes of subsection 7(b) of the *Trade-marks Act*, Lions commenced directing attention to its market with Alvin Au’s Chinese radio advertising campaign in mid-March

2008. At that time, the First Forty Vendors signed booth rental agreements which included Target's Rules (with Lions' name inserted) and they chose their booths using Target's Market Site Plan (with Lions' name inserted).

[194] However, Alvin Au testified that these vendors were either contacted directly by him or by other vendors using his name. I accept that he was active in soliciting vendors and that he had the contacts and reputation to successfully market Lions' event to vendors. Given this background and because of the Surrounding Circumstances, I cannot conclude that any of the of the First Forty Vendors thought at any time that they were dealing with Raymond Cheung or Target even though they eventually chose a booth from a plan that resembled Target's Market Site Plan and were given rules which resembled Target's Rules.

[195] In my view, by the time the balance of the vendors signed contracts after May 20, 2008, there could have been no question of confusion because Target had issued the Press Release announcing the cancellation of its Richmond Night Market and making it clear that it had no association with the new event.

[196] The Plaintiff called two vendors to testify about their confusion. The first was Louisa Fung. She rented a food booth from Target from 2005 to 2007. She testified that she was busy with a new baby in the spring of 2008 and therefore, although she heard a radio ad in Cantonese, she could not be sure what name was used to describe the night market. When she called the advertised phone number, she was faxed a floor plan and an application form which she said looked exactly like those

she had seen before. However, when she tried to set up a meeting with the organizer and discovered that it had no office, she realized that something had changed. She called other vendors for clarification and then called Raymond Cheung. He told her that the market at the Vulcan Way Property had a new organizer.

[197] Her evidence was significant because it confirmed my view that even vendors who had not seen press reports, had not followed websites and had not been contacted by Alvin Au would not be meaningfully confused by Lions' use of Target's Market Site Plan. Her confusion was short lived because she acted with ordinary caution expected of someone who was considering a contractual relationship. In this regard, see *Mattel Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772 at paragraphs 57 and 58.

[198] The Plaintiff's other witness was William Fowler. He had never rented a booth at the Richmond Night Market or at any Chinese market. He was not of Asian descent and was based in Hope, British Columbia, far from Richmond. He did not fit the profile of Target's customary vendor. Nevertheless, he had heard of the successful Richmond Night Market and was exploring the possibility of becoming a vendor. His evidence was important because it showed that a Google search for the Richmond Night Market displayed Lions' website as the first contact. However, his confusion was also short lived. His wife searched again and identified Lions as a new operator. Accordingly, he did not pursue the matter.

[199] In the period from May 21 to August 30, 2008, Target received 9 emails from vendors who asked if its market was operating. In my view, this did not constitute meaningful evidence of confusion due to passing off because there was no information given about the reason for their uncertainty.

[200] Ms. Kolton was a private investigator hired by the Plaintiff to impersonate a prospective vendor. She approached Lions and taped her discussion with its representative. On consent, a transcript of the tape was made an exhibit at trial. The Plaintiff alleges that it shows Lions passing itself off as Target in the early stages of the discussion. However, I do not agree because throughout the discussion, Lions' representative spoke of "we" when discussing subjects in the present tense and "they" when describing past events.

[201] For these reasons, and given the Surrounding Circumstances, I have concluded that, on a balance of probabilities, vendors generally would not have been confused by Lions' conduct. Further, none of the vendors who signed contracts for Lions' Market had, in fact, ever been confused about the identity of the market's organizer because they had all been contacted, directly or indirectly, by Alvin Au.

(b) Visitors

[202] Target had used the name Richmond Summer Night Market in Chinese characters on its widely used Logo and in other promotional material since 2002. In these circumstances, Alvin Au's

choice of Richmond Summer Night Market and Summer Night Market in Chinese characters for Lions' event in Richmond was, in my view, calculated to convey and likely did convey to Asian visitors that Lions' event was Target's successful night market. As well, there would have been confusion for non-Asian visitors due to the similarity between Richmond Night Market and Richmond Summer Night Market.

[203] Any visitor, who had previously visited Target's Richmond Night Market, would have been misled by the fact that Lions posted a picture of Target's 2007 market on the homepage of Lions' website. This misrepresented Lions' Market as Target's event.

[204] Prospective visitors would also have been confused by the fact that the pages on Lions' website bore a title which co-mingled Lions' and Target's names. The title read Summer Night Market – Richmond Night Market.

[205] In addition, the source code for Lions' website shows that its key words or "meta tags" included Richmond Night Market. Paul Cheung acknowledged that these meta tags were chosen to cause a search engine, such as Google, to direct a user to Lions' website when the name Richmond Night Market was searched. However, he testified that when he used Google.ca and typed in Richmond Night Market, he was not directed to Lions' website. He only found Target's site. On the other hand, Mr. Fowler, the Plaintiff's witness, was directed to Lions as the contact when he searched Richmond Night Market using Google. This means that the meta tags were effective in some Google searches.

[206] The difficulty with the evidence about the titles and the picture on Lions' website is that, if a prospective visitor took the time to read Lions' site thoroughly and reviewed the section entitled Summer Night Market News (which is described below), he or she would quickly realize that Lions was a new operator for the 2008 night market. However, I am not persuaded that visitors would read the news on the website. In my view, the location of the market, its opening dates and times and details about transportation and parking would be the information most visitors would take away from the website.

[207] The 738 Directory is a telephone directory for the Chinese community. It is comparable to the 411 service in English. In 2008, Lions listed itself under the heading Summer Night Market. As noted above, the use of Summer Night Market was likely to cause a member of the Asian community to think that it was Target's event because Target had, for many years, used Richmond Summer Night Market as one of its names in Chinese characters.

[208] In the period from May 21 to August 30, 2008, Target received 25 emails from prospective visitors. Essentially, they wanted to know if there was an ongoing night market in Richmond. Most seem to have been aware that Target's event had been cancelled but had later heard that a market was operating. They wanted to know if they had correct information.

[209] My conclusion about this evidence of confusion is that it is insignificant. Lions' event had approximately 120 vendors and attracted approximately 10,000 visitors on its opening night. In this

context, 25 confused potential visitors over three months is not meaningful evidence of confusion. Further, the emails provide no information about the reason for the confusion and therefore do not support the Plaintiff's allegations of passing off.

[210] I am satisfied, based on the evidence described above, particularly as it relates to the names, that, in spite of the Surrounding Circumstances, prospective visitors would likely have thought that Lions' Market was a continuation of Target's successful Richmond Night Market and would have attended the market for that reason.

(c) *The Collateral Documents*

[211] The Plaintiff alleges that Lions copied the Collateral Documents and used them to pass itself off as Target. I will consider them in turn.

The Personal Indemnity Agreement

[212] The original was prepared by Target's lawyers and it appeared as Schedule "C" to Target's lease for the Vulcan Way Property. The Lions' version was identical except that Lions' name was substituted for Target's name on the first page. The amended version was inserted as Schedule "C" in Lions' lease. However, this use cannot be considered passing off since there is no doubt that the Landlord knew the identity of the lessee.

[213] The evidence showed that the personal indemnity agreement would also have been used by Lions in March of 2008 when it signed up its First Forty Vendors if any of those vendors carried on business as corporations. However, there was no evidence about how many actually were corporations. Further, the evidence is that there were no corporate vendors among the sixty vendors who signed up after the approval of the TUP Application. In my view, this use did not amount to passing off because any vendors, who signed this document in the course of renting a booth, would have known they were dealing with Lions.

The Rules and Regulations

[214] Lions used Rules and Regulations in 2008 which were copies of Target's version from 2007. These Rules and Regulations are not to be confused with Target's Rules which were on the reverse side of Target's Vendor Application Forms. These Rules and Regulations were a separate free-standing document written by Raymond Cheung and they were given to Lions' vendors either after they signed contracts or when they attended the vendor orientation meeting. Accordingly, I am satisfied that vendors who received this document would have understood that it came from Lions.

Vendor Parking Information

[215] Lions copied the format and text of Target's document. However, Lions used different maps. Because the maps are a very significant component of the document, I do not consider Lions'

version to be a substantial reproduction of Target's document. This conclusion means that there is no issue of passing off.

Penalties and Fines Chart for the Night Market 2008

[216] Lions' version was a substantial reproduction of Target's document. The wording used by Lions in all but two of the seventeen points listed was virtually identical to the language used by Target and all but four of the fines Lions proposed to charge in 2008 were identical to those Target had charged in 2007. However, this chart was also given to vendors after they signed contracts or at the vendor orientation meeting. For this reason, I am satisfied that vendors who received this document would have known it came from Lions and that its use cannot be seen as passing off.

The Night Market 2008 Recycling and Garbage Information

[217] Lions' version was not, in my view, a copy or a substantial reproduction of Target's Richmond Night Market 2007 Special Vendors' Notice. For this reason, so no question of passing off arises.

[218] Lions' use of Target's Personal Indemnity Agreement undoubtedly expedited the preparation of Lions' lease and its use of the other Collateral Documents may have conveyed to vendors that Lions was a professional, well-organized event manager. In sum, Lions' use of Target's Collateral Documents was sleazy behaviour which took advantage of Target's legal advice

and its business acumen. However, for the reasons given above, Lions' conduct did not constitute passing off.

(d) *Lions' Website*

[219] Target complains that readers of Lions' website would be misled by Lions' reference to articles about Target's Richmond Night Market under the heading "Summer Night Market News." I am however not persuaded that any confusion between the two markets would arise. In my view, a reader who read only the list of headlines would know that, in 2008, a new operator was running the night market in Richmond.

[220] The list of headlines read as follows:

- 2008 Richmond Night Market cancelled
- RICHMOND NIGHT MARKET CANCELLED IN 2008.
BIG PLANS ALREADY UNDERWAY FOR 2009
- New Summer Night Market Opens Friday
- Night market "Passed off" – City Council Gives New Promoter Tentative Go Ahead, While Founder Initiates Law Suit
- Richmond Night Market Gets the Nod from Council – RCMP Vow to Keep an Eye Out for Counterfeit Goods
- New Operator May Run Richmond Summer Night Market
- New Night Market Operator Wins Approval
- Market Founder Threatens News with Lawsuit
- Competition in the "Night market" market
- 28-Mar-2008 New Operator Applies to Run Summer Night Market at Richmond Riverfront Site
- New night market isn't the night market
- New night market gets green light
- New night market bid to go to public hearing
- Night market opens on time, food-free

[221] Further, a review of the content of the articles would make the situation even clearer. For example, the article headed RICHMOND NIGHT MARKET CANCELLED IN 2008 .. BIG PLANS ALREADY UNDERWAY FOR 2009 reads as follows:

It is with heavy heart that Target Event announces the cancellation of the official Richmond Night Market for 2008. The cancellation of this year's event comes on the heels of an exponential increase in the cost of the lease at our previous location, and despite our best efforts, our inability to find a suitable replacement location in time to run the Market for the coming year. Target Event is proud of our role over the last eight years in building the Richmond Night Market into one of the largest cultural activities of its kind in Western Canada – and we plan to continue this annual tradition for years to come. As we firm up details on our new location for 2009, we will be taking the time to review and better our event. A lot of new and exciting surprises are in store, so stay tuned for more details as they become available. Thank you again for your continued support of the Richmond Night Market. Your support is sincerely appreciated. We'll see you again in 2009!

(e) *Lions' Correspondence*

[222] As part of the TUP Application process, Lions was obliged to consult with neighbouring businesses to identify any concerns they might have had about the operation of a 2008 night market on the Vulcan Way Property. To accomplish this task, Paul Cheung sent his colleague Mr. Alan Ng to meet with neighbours. He prepared a schedule listing the names of those with whom he spoke and their comments. He was instructed to introduce Lions as the applicant for a TUP and to leave a Lions business card and a letter behind if no one was available to speak to him.

[223] The letter was written on Lions' letterhead. It included the company's full name and its distinctive logo. The "re" line read Richmond Summer Night Market 2008. The text of the letter was as follows:

As you may be aware, for the past four years, the Richmond Night Market located at 12631 Vulcan Way has been a major attraction for the city over the summer months. It has drawn a large number of residents and customers into the area from not just within the city but also from Vancouver and other municipalities. As a result, there has definitely been a positive economic impact for the city and local businesses. This year, we plan to continue this annual event which will run evenings from May 30, 2008 to October 5, 2008 (Fridays, Saturdays, Sundays and Holidays from 7:00 pm to 12:00 midnight).

Lions Communications Inc. is looking to continue to improve the event and ensure that it continues to draw people and potential customers into this area. At the same time, we would also want to minimize any negative impact to neighbouring businesses such as yours. As such, we ask that, should you have any concerns regarding the event, please contact the undersigned at the number below by April 4, 2008. We are committed to maximizing the benefits that this event can offer and would appreciate any suggestions, input or comments that you may have.

Thank you kindly for your time and attention to this matter.

[my emphasis]

[224] Target says that this letter passed off Lions' event as Target's by describing Target's successful market and then twice using the word "continue" to suggest that nothing, including the event's operator, had changed.

[225] However, in my view, this letter read as a whole, would notify neighbouring businesses that Lions not Target was the operator and that Paul Cheung and not Raymond Cheung was in charge of operations in 2008.

[226] Lions was also required to contact nearby retailers to arrange parking. The body of the letter sent to those stores was written by Paul Cheung but the “Re” line, which is the subject of Target’s complaint, was added by Phillip Moy when he proofread the letter. The “Re” line refers to the Richmond Night Market and Phillip Moy acknowledged in his testimony that it was a poor “Re” line. However, the body of the letter refers to the Summer Night Market, describes Lions as the “event organizer” and is signed by Paul Cheung. For these reasons, I have not considered that it passed off Lions’ Market as Target’s event.

(viii) Conclusions about Trademarks and Passing Off

[227] In my view, the Plaintiff has established passing off in connection with prospective visitors. There is no doubt that Target had enormous goodwill associated with the Target Names and that Lions chose names for its event that were likely to cause confusion in both English and Chinese. It then used them extensively in ways which were calculated to confuse prospective visitors. They were led to believe that the market in 2008 was a continuation of Target’s successful event.

[228] I am also satisfied that there was potential for damage to Target. Had it operated a market in 2008, Lions’ conduct would have damaged Target’s ability to attract visitors to its new location.

THE PERSONAL LIABILITY OF PAUL CHEUNG

[229] Paul Cheung described himself as the decision maker at Lions but I am not persuaded that this was entirely true in the early months of 2008. I have concluded that Alvin Au and Phillip Moy also made important decisions.

[230] For example, although Paul Cheung downloaded Target's Vendor Application Form, it was Phillip Moy who sent it to Eric Schroter so that he could revise Target's Rules. As well, although Paul Cheung downloaded Target's Market Site Plan, it was Alvin Au who modified it for Lions' use. Finally, although Paul Cheung suggested names for Lions' Market, none of his suggestions were accepted by his advisors. Alvin Au chose the names Summer Night Market and Richmond Summer Night Market.

[231] However, Paul Cheung is not blameless. As noted earlier, he testified that he understood copyright law from his work at Paradise and that, on one occasion, he had been the plaintiff in a copyright infringement lawsuit. He therefore understood that copying or using documents written by others was potentially unlawful. Finally and most importantly, he was aware that copyright was asserted over the Market Site Plan and he made no effort to identify its owner.

[232] In *Mentmore Manufacturing Co. v. National Merchandise Manufacturing Co.* (1998), 89 D.L.R. (3d) (F.C.A.), the Court said at para. 28:

But in my opinion there must be circumstances from which it is reasonable to conclude that the purpose of the director or officer was

not the direction of the manufacturing and selling activity of the company in the ordinary course of his relationship to it but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it. The precise formulation of the appropriate test is obviously a difficult one. Room must be left for a broad appreciation of the circumstances of each case to determine whether as a matter of policy they call for personal liability.

[233] In my view, Paul Cheung's most egregious behaviour was his use of the Lions' Site Plan, which was a substantial reproduction of Target's Market Site Plan, to construct Lions Market in 2008. Although, this work was done after Lions' incorporation on March 11, 2008. The construction was just the final step in the implementation of a strategy that was developed before Lions existed. In January of 2008, Paul Cheung and his advisors agreed with the Landlord that they would recreate Target's market on the Vulcan Way Property. From that time on, Paul Cheung's and later Lions' principal objective was to build Lions' Market using a substantial reproduction of Target's Market Site Plan.

[234] In these circumstances, I am persuaded that Paul Cheung should be jointly and severally liable for any monetary award.

REMEDIES

[235] During final argument, the Plaintiff submitted a final draft judgment in which it seeks damages against Lions and Paul Cheung on a joint and several basis in the amount of \$681,054.14 for infringement of copyright and for passing off in contravention of subsection 7(b) of the *Trade-*

marks Act. This amount was arrived by amalgamating and reducing amounts claimed earlier under the following headings:

- (i) a claim for estimated lost profits for markets which Target was allegedly unable to hold from 2008 to 2010. The amount claimed was \$1,254,579.53
- (ii) a claim of \$50,000.00 as aggravated damages, and
- (iii) a claim of \$100,000.00 for loss of goodwill.

[236] In addition, the Plaintiff seeks \$20,000.00 in punitive damages against Lions and Paul Cheung on a joint and several basis.

[237] The Plaintiff also seeks the extensive declaratory and injunctive relief described in Schedule “A” hereto.

[238] As well, the Plaintiff seeks interest and costs on a solicitor and client basis.

[239] During oral argument at the end of the trial, there was discussion about the possibility of enjoining Lions from contracting with vendors for a period of time to give Target an opportunity to re-establish a market. However, in a Direction dated November 24, 2009, counsel for the parties were advised that an injunction of that kind would not be issued. I concluded that it would be unreasonable to interfere with vendors’ business plans and livelihoods in a situation in which they had done nothing wrong.

[240] In considering an appropriate remedy for the Plaintiff, I have been mindful of the following:

1. The Plaintiff made a business decision to leave the Vulcan Way Property and its successful night market in that location.
2. Without their illegal acts, it is unlikely that the Defendants could have opened the Lions' Market in 2008.
3. The Defendants' 2008 market was not profitable so it is not possible to compensate the Plaintiff with an accounting of profits.
4. Contrary to the Plaintiff's allegations, the Defendants' illegal actions did not prevent Target from opening a market in 2008.
5. When Target failed to hold a market in 2009, Target's Names lost the distinctiveness and goodwill they had earlier acquired.
6. The absence of a Plaintiff's market in 2008 or 2009 meant that Target did not suffer any losses by virtue of Lions' conduct.
7. The Market Site Plan can only be used in connection with the Vulcan Way Property. However, it is the Plaintiff's asset over which it holds copyright and the Defendants should have dealt with the Plaintiff if they wanted to duplicate the Richmond Night Market on the Vulcan Way Property.
8. There is no evidence that any of the Defendants' actions damaged the Plaintiff's goodwill.
9. In 2007, its most successful year, Target's unaudited financial statements show a net income before tax of \$128,298.00.

[241] Essentially, the Defendants' illegal actions have not harmed the Plaintiff in a monetary sense. Nevertheless, in my view, the Plaintiff is entitled to a remedy. The Defendants appropriated Target's Names, Target's Rules and its Market Site Plan and misrepresented to prospective visitors that its market was Target's successful market. These steps were taken in the expectation that their new market would become profitable. The fact that it was not profitable in its first year should not be a bar to the Plaintiff's recovery. However, the lack of actual damages does constrain the award.

JUDGMENT

FOR THE REASONS GIVEN ABOVE, THIS COURT ORDERS AND ADJUDGES that the Plaintiff is hereby awarded:

- (i) Damages for copyright infringement and passing off in the amount of \$15,000.00 for which payment Lions and Paul Cheung are liable both jointly severally.
- (ii) Costs payable on a solicitor and client basis.
- (iii) Interest pursuant to the *Court Order Interest Act*, R.S.B.C. 1996.

THIS COURT ALSO DECLARES that copyright subsists in Target's Market Site Plan and that copyright was infringed in 2008 on the Vulcan Way Property with the construction of Lions' Market.

THIS COURT HEREBY ENJOINS the Defendants from further infringing the Plaintiff's copyright in Target's Market Site Plan by operating a market which is a substantial reproduction of Target's Market Site Plan. For greater clarity, I note that such infringement may be avoided in a variety of ways including but not limited to:

- Lions' purchase of Target's Market Site Plan;
- Lions' redesign of the Lions' Market so that it is no longer a substantial reproduction;
- Lions closure of the Lions' Market.

"Sandra J. Simpson"

Judge

SCHEDULE “A”

1. Copyright subsists in the Plaintiff’s Food Vendor Application Form and Contract, Merchandise Vendor Application Form and Contract (the “Application Forms”) and Site Plan, and the Plaintiff is the owner thereof;
2. The Defendants Paul Cheung and Lions Communications Inc. have infringed copyright in the Application Forms and in the Site Plan;
3. The Plaintiff is the owner of the goodwill in the trademarks RICHMOND NIGHT MARKET in English and Chinese, RICHMOND SUMMER NIGHT MARKET in English and Chinese, and RICHMOND NIGHT MARKET SUMMER FESTIVAL, in association with public markets in British Columbia;
4. The Defendants Paul Cheung and Lions Communications Inc. have directed public attention to their market and business in such a way as to cause or be likely to cause confusion in Canada at the time they commenced so to direct attention to them, between those of the Plaintiff and those of the Defendants, contrary to section 7(b) of the *Trade-marks Act*;
5. The Defendants and all those over whom they have direct or indirect control are hereby enjoined from:
 - (a) further infringing, directly or indirectly, the Plaintiff’s copyright in the Application Forms by reproducing them, or any substantial part thereof, in any material form whatever;
 - (b) further infringing, directly or indirectly, the Plaintiff’s copyright in the Site Plan, by reproducing it or any substantial part thereof in any material form whatever, including by reproducing the Site Plan or a substantial part thereof in two dimensions or in three dimensions;

- (c) further directing public attention to their markets or business in such a manner as to cause or be likely to cause confusion between those markets or business and those of the Plaintiff, and in particular from using in association with the operation of a public market the trademarks RICHMOND NIGHT MARKET, RICHMOND SUMMER NIGHT MARKET, SUMMER NIGHT MARKET, RICHMOND NIGHT MARKET SUMMER FESTIVAL, in English or Chinese, or any other trademark confusingly similar thereto;
 - (d) operating or organizing a public market in the Greater Vancouver area (namely Vancouver, Richmond, Burnaby, New Westminster, City of North Vancouver, District of North Vancouver, Coquitlam, Port Coquitlam, West Vancouver, Surrey, Delta) for a period of two years from the date of this judgment;
6. The Defendants shall, within 20 days of the date of this judgment, deliver up to the Plaintiff:
- (a) all infringing copies of the Application Forms and of the Site Plan and any plates used in their production;
 - (b) all materials used by the Defendants and bearing the trademarks RICHMOND NIGHT MARKET, RICHMOND SUMMER NIGHT MARKET, SUMMER NIGHT MARKET or RICHMOND NIGHT MARKET SUMMER FESTIVAL in English or Chinese; and
 - (c) all materials used by the Defendants in support of their passing off and liable to offend the injunctions provided herein.

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-702-08

STYLE OF CAUSE: Target Event Production Ltd. v. Paul Cheung and Lions Communications Inc.

PLACE OF HEARING: Vancouver

DATE OF HEARING: May 12 – 15 and 19 – 21, and June 10 - 11, 2009

REASONS FOR JUDGMENT: SIMPSON J.

DATED: January 11, 2010

APPEARANCES:

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FOR THE DEFENDANTS