

Federal Court



Cour fédérale

**Date: 20140611**

**Docket: T-1545-13**

**Citation: 2014 FC 562**

**Ottawa, Ontario, June 11, 2014**

**PRESENT: The Honourable Mr. Justice Annis**

**BETWEEN:**

**MITCHELL REPAIR INFORMATION  
COMPANY, L.L.C.**

**Plaintiff**

**and**

**WAYNE LONG, D.B.A. FUTURE  
TECHNOLOGY WIZARDS**

**Defendant**

**JUDGMENT AND REASONS**

[1] The plaintiff brought this motion for default judgment on May 20, 2014 seeking damages, a permanent injunction, and other related remedies in respect of copyright infringement, trade-mark infringement and misuse of confidential information in relation to its ON-DEMAND electronic automobile repair information system.

[2] In light of the failure of the defendant to defend the action and the materials filed in support of the motion, including affidavits attesting to personal service of the motion materials and the failure to defend, evidence of the nature of the plaintiff's products and operations, copyright and trade-mark registrations and use, evidence of infringement and the identification of the defendant as the infringing party, the Court will grant the orders requested for declarations as set out in the plaintiff's notice of motion at paragraphs 1(1), 1(2), and 1(3), namely that:

1. This Court declares that the defendant was served with the plaintiff's statement of claim;
2. This Court declares that the time period during which the defendant should have filed a statement of defence has lapsed; and
3. This Court declares that as a result of the foregoing, the defendant is in default.

The Court makes the further order in substitution for that requested at paragraph 2(4) of the notice of motion as follows:

4. This Court orders that the defendant, at his sole expense, is to immediately shut down or remove from any public viewing or access any and all advertisements, web pages, profiles and the like maintained or used by the defendant which in any way are associated with the defendant in respect of the plaintiff's intellectual property, including but not limited to the copying, reproducing, storing, offering for sale, distribution, use, telecommunicating, servicing and/or sale of any of the Mitchell Databases or any part thereof which may incorporate any of the Mitchell Trade Marks and/or Mitchell Copyright Registrations.

[3] The remaining outstanding issues for consideration include orders directed at third parties to remove or disclose all information etc. with respect to this matter; damages including statutory damages under the *Copyright Act*, RSC 1985 c C-42 for trade-mark infringement, and for use of confidential information, including also punitive damages; and costs and pre-judgment and post-judgment interest.

#### I. Third-party Orders

[4] The plaintiff requested orders directed at third parties to shut down or remove from public viewing and access infringing advertisements, web pages, profiles etc., in addition to requiring other third parties to disclose information related to these matters. These third parties in some instances were not identified and in others, such as with Paypal, were named, but without being served or otherwise put on notice of the requests for injunctive orders directed at them. Courts would not normally make orders, and in particular injunctions, against third parties unless they have been put on notice and provided with an opportunity to respond and participate in the application. The plaintiff provided no jurisprudence demonstrating that similar orders had been granted without notice to persons affected thereby. The requested orders are therefore refused.

#### II. Statutory Damages under Section 38.1 of the *Copyright Act*

[5] The plaintiff requests an order awarding it \$20,000 in statutory damages pursuant to section 38.1 of the *Copyright Act* instead of the damages and profits otherwise claimable which are referred to in subsection 35(1).

[6] In exercising its discretion to award statutory damages, the Court is required to consider all relevant factors including the good or bad faith of the defendant, the conduct of the parties before and during the proceedings and the need to deter other infringements of the copyright in question.

[7] The evidence in this matter demonstrates that the defendant acted in bad faith by attempting to conceal and obfuscate his identity, including posing as a lawyer warning the plaintiff not to proceed further. In addition, the defendant refused to discontinue infringing copyright when asked and held the plaintiff in derision by taunting it with words to the effect that he could not be found or stopped and showing the “Jolly Roger” sign in one of his rejoinders.

[8] As if this were not sufficiently outrageous and high-handed, the plaintiff’s email contained derogatory invective, including the use of swearing and statements intended to be derogatory concerning the sexual orientations of the plaintiff’s personnel, accompanied by pornographic materials and boasting about his unlawful conduct. For example, one email contained the following reply after being informed of his infringement: “Lol you stupid f--k I’m in canada [sic] I’m protected here first offence 250 dollars lol”.

[9] The plaintiff was only able to demonstrate one sale of the product obtained by his affidavit, but I am satisfied that many other illicit sales of the product were made by the defendant. The price differential on the average sale by the plaintiff in comparison with that by the defendant was in the order of \$1,100.

[10] I award the plaintiff statutory damages in the total amount of \$20,000.

### III. Damages for Trade-mark Infringement

[11] The measure of damages for trade-mark infringement is the actual loss suffered by the defendant or which is incurred due to the natural and direct consequences of the unlawful acts of the defendant. See *David Dixon & Son, Ltd v Cornwall Pants & Clothing Co* (1942), 2 CPR 81.

[12] The defendant, by not participating in the proceedings, has denied the plaintiff the opportunity through discovery and other means of actually determining the true scope of his infringements and profits. However, damages can be established by showing the probability of loss and the Court is entitled to make its best estimate of those damages without necessarily being limited to nominal damages. See *2 for 1 Subs Ltd v Ventresca* (2006), 48 CPR (4th) 311 at para 55; *Aquasmart Technologies Inc v Klassen*, 2011 FC 212 at paras 71-72.

[13] The plaintiff seeks compensatory damages in the amount of \$7,250 each for the use of the “MITCHELL ON-DEMAND” and “ON-DEMANDS” for a total claim of \$14,500. Bearing in mind other awards in *Harley-Davidson Motor Co v Manoukian*, 2013 FC 193 [*Harley-Davidson*], I order damages payable by the defendant to the plaintiff for trade-mark infringement in the total amount of \$10,000.

#### IV. Punitive Damages

[14] It is noted that opting for statutory damages pursuant to section 38.1 of the *Copyright Act* does not affect any right that the copyright owner may have to an award of exemplary or punitive damages.

[15] Based on the evidence generally described above, I agree with the plaintiff's submission that all of these factors suggest that punitive damages are appropriate in this case.

[16] In *Harley-Davidson*, the Court considered the relevant factors to an award of punitive damages to be: whether the conduct was planned and deliberate; the intent and motive of the defendant; whether the defendant persisted in the outrageous conduct over a lengthy period of time; whether the defendant concealed or attempted to cover up its misconduct; the defendant's awareness that what it was doing was wrong; and whether the defendant profited from its misconduct.

[17] I award the plaintiff \$15,000 in punitive damages.

#### V. Costs and Interest

[18] The plaintiff's bill of costs sets out costs according to Column III and Column V of Tariff B of the *Federal Courts Rules*, SOR/98-106, as well as actual costs for fee amounts and taxes. These amount to \$3,005.80, \$7,119.00 and \$21,446.84 respectively, plus disbursements of \$2,964.78.

[19] The plaintiff seeks costs of the action at the highest possible level, i.e. \$10,083.78. While the Court may award all or part of costs on a solicitor-and-client basis, having already awarded damages of a punitive nature, I do not believe that it would be appropriate to do so. However, I am satisfied that the defendant's conduct has increased the plaintiff's cost of litigation. Due to this, and having regard to the other cost factors set out in Rule 400(3) of the *Federal Courts Rules*, I award the plaintiff an all-in amount of \$8,000.

[20] The plaintiff is further entitled to pre-judgment interest on its monetary awards other than the punitive damages and the costs award, and to post-judgment interest on its monetary awards other than the costs award, in accordance with section 36 of the *Federal Courts Act*, RSC 1985, c F-7, and sections 127-129 of the *Courts of Justice Act*, RSO 1990, c C-43:

***Federal Courts Act***  
R.S.C., 1985, c. F-7

36. (1) Except as otherwise provided in any other Act of Parliament, and subject to subsection (2), the laws relating to prejudgment interest in proceedings between subject and subject that are in force in a province apply to any proceedings in the Federal Court of Appeal or the Federal Court in respect of any cause of action arising in that province.

(2) A person who is entitled to an order for the payment of money in respect of a cause of action arising outside a province or in respect of causes of action arising in more than one province is entitled to claim and have

***Loi sur les Cours fédérales***  
L.R.C. (1985), ch. F-7

36. (1) Sauf disposition contraire de toute autre loi fédérale, et sous réserve du paragraphe (2), les règles de droit en matière d'intérêt avant jugement qui, dans une province, régissent les rapports entre particuliers s'appliquent à toute instance devant la Cour d'appel fédérale ou la Cour fédérale et dont le fait générateur est survenu dans cette province.

(2) Dans toute instance devant la Cour d'appel fédérale ou la Cour fédérale et dont le fait générateur n'est pas survenu dans une province ou dont les faits générateurs sont survenus dans plusieurs provinces, les intérêts avant jugement sont

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| included in the order an award of interest on the payment at any rate that the Federal Court of Appeal or the Federal Court considers reasonable in the circumstances, calculated  | calculés au taux que la Cour d'appel fédérale ou la Cour fédérale, selon le cas, estime raisonnable dans les circonstances et :   |
| (a) where the order is made on a liquidated claim, from the date or dates the cause of action or causes of action arose to the date of the order; or   | a) s'il s'agit d'une créance d'une somme déterminée, depuis la ou les dates du ou des faits générateurs jusqu'à la date de l'ordonnance de paiement;  |
| (b) where the order is made on an unliquidated claim, from the date the person entitled gave notice in writing of the claim to the person liable therefor to the date of the order.  | b) si la somme n'est pas déterminée, depuis la date à laquelle le créancier a avisé par écrit le débiteur de sa demande jusqu'à la date de l'ordonnance de paiement.  |
| (3) Where an order referred to in subsection (2) includes an amount for special damages, the interest shall be calculated under that subsection on the balance of special damages incurred as totalled at the end of each six month period following the notice in writing referred to in paragraph (2)(b) and at the date of the order. | (3) Si l'ordonnance de paiement accorde des dommages-intérêts spéciaux, les intérêts prévus au paragraphe (2) sont calculés sur le solde du montant des dommages-intérêts spéciaux accumulés à la fin de chaque période de six mois postérieure à l'avis écrit mentionné à l'alinéa (2)b) ainsi qu'à la date de cette ordonnance. |
| (4) Interest shall not be awarded under subsection (2)   | (4) Il n'est pas accordé d'intérêts aux termes du paragraphe (2) :  |
| (a) on exemplary or punitive damages;  | a) sur les dommages-intérêts exemplaires ou punitifs;   |
| (b) on interest accruing under this section;   | b) sur les intérêts accumulés aux termes du présent article;  |
| (c) on an award of costs in the proceeding;  | c) sur les dépens de l'instance;  |
| [...]  | [...].  |



*Courts of Justice Act*  
R.S.O. 1990, CHAPTER C.43

127. (1) In this section and in sections 128 and 129,

[...]

“postjudgment interest rate” means the bank rate at the end of the first day of the last month of the quarter preceding the quarter in which the date of the order falls, rounded to the next higher whole number where the bank rate includes a fraction, plus 1 per cent; (“taux d’intérêt postérieur au jugement”)

“prejudgment interest rate” means the bank rate at the end of the first day of the last month of the quarter preceding the quarter in which the proceeding was commenced, rounded to the nearest tenth of a percentage point; (“taux d’intérêt antérieur au jugement”)

[...]

*Loi sur les tribunaux judiciaires*  
L.R.O. 1990, CHAPITRE C.43

127. (1) Les définitions qui suivent s’appliquent au présent article et aux articles 128 et 129.

[...]

«taux d’intérêt antérieur au jugement» Le taux d’escompte à la fin du premier jour du dernier mois du trimestre précédant le trimestre au cours duquel l’instance a été introduite, arrondi au dixième près d’un point de pourcentage. («prejudgment interest rate»)

«taux d’intérêt postérieur au jugement» Le taux d’escompte à la fin du premier jour du dernier mois du trimestre précédant le trimestre au cours duquel se situe la date de l’ordonnance, arrondi au nombre entier supérieur si le taux comprend une fraction, plus 1 pour cent. («postjudgment interest rate»)

[...]

**JUDGMENT**

**THIS COURT'S JUDGMENT is that:**

1. **THE COURT DECLARES that** the defendant was served with the plaintiff's statement of claim issued September 19, 2013 and service was effected on September 23, 2013;
2. **THE COURT DECLARES that** the time period during which the defendant should have filed a statement of defence has lapsed;
3. **THE COURT DECLARES that** as a result of the foregoing, the defendant is noted in default for failing to serve and file a statement of defence;
4. **THE COURT DECLARES that** copyright subsists and is owned by the plaintiff in each of the components of the plaintiff's "ON-DEMAND" electronic automobile repair information system and in the system as a whole and that the defendant has infringed such copyright;
5. **THE COURT DECLARES that** the defendant has passed off his wares, services, and/or business in association with the Mitchell trade-marks, as and for those of the plaintiff contrary to law;
6. **THE COURT DECLARES that** the defendant has directed attention to his wares, services, and/or business in such a manner as to cause or be likely to cause confusion contrary to law;
7. **THE COURT DECLARES that** the defendant has falsely and misleadingly represented his infringing and inferior copies of "ON-DEMAND" as legitimate

and genuine “ON-DEMAND” products, contrary to law, thereby tending to discredit the wares, services, and/or business of the plaintiff;

8. **THE COURT DECLARES that** the defendant has made improper and unauthorized use and dissemination of the plaintiff’s confidential information including install discs and passwords;
9. **THE COURT DECLARES that** the defendant has authorized, induced, and assisted others to do the foregoing;
10. **THE COURT ORDERS that** the defendant, at his sole expense, is to immediately shut down or remove from any public viewing or access any and all advertisements, web pages, profiles and the like maintained or used by the defendant which in any way are associated with the defendant in respect of the plaintiff’s intellectual property, including but not limited to the copying, reproducing, storing, offering for sale, distribution, use, telecommunicating, servicing and/or sale of any of the Mitchell Databases or any part thereof which may incorporate any of the Mitchell Trade Marks and/or Mitchell Copyright Registrations;
11. **THE COURT ORDERS that** the defendant is liable for:
  - a) Statutory damages under section 38.1 of the *Copyright Act* in the amount of \$20,000;
  - b) Damages for trade-mark infringement of the plaintiff’s “MITCHELL ON-DEMAND” and “ON-DEMAND5” trade-marks in the amount of \$10,000;

- c) Punitive, exemplary, and aggravated damages in the amount of \$15,000;
- d) Costs of this action in the amount of \$8,000;
- e) Pre-judgment and post-judgment interest on the monetary awards as detailed above; and

12. **THE COURT ORDERS that** all amounts noted above are payable within thirty (30) days of being served with this Judgment.

"Peter Annis"

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1545-13

**STYLE OF CAUSE:** MITCHELL REPAIR INFORMATION COMPANY,  
L.L.C. v WAYNE LONG, D.B.A. FUTURE  
TECHNOLOGY WIZARDS

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** MAY 20, 2014

**JUDGMENT AND REASONS:** ANNIS J.

**DATED:** JUNE 11, 2014

**APPEARANCES:**

Matthew R. Norwood

FOR THE PLAINTIFF

Nil

FOR THE DEFENDANT  
(ON HIS OWN BEHALF)

**SOLICITORS OF RECORD:**

Ridout & Maybee L.L.P.  
Barristers and Solicitors  
Toronto, Ontario

FOR THE PLAINTIFF

Wayne Long  
Toronto, Ontario

FOR THE DEFENDANT  
(ON HIS OWN BEHALF)