

CANADA / JUDGMENT

Morinaga & Co., Ltd v. Nguyen

2024 FC 1710

COURT

Federal Court

DECIDED

28 October 2024

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Morinaga & Co., Ltd v. Nguyen

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Decision Content

Date: 20241028

Docket: T-1390-21

Citation: 2024 FC 1710

Ottawa, Ontario, October 28, 2024

PRESENT: The Honourable Madame Justice Aylen

BETWEEN:

MORINAGA & CO., LTD.

Plaintiff

and

NHAT VAN NGUYEN dba MEDICINAL EXPRESS SUPPLIES and HIGH LIGHT,

GAM HOANG dba PLATINUM HERBAL CARE,

JANE DOE, JOHN DOE and OTHER PERSONS, NAMES UNKNOWN, WHO OFFER FOR SALE, SELL, IMPORT, MANUFACTURE, DISTRIBUTE, ADVERTISE, OR DEAL IN MORINAGA INFRINGING GOODS, AND THE DEFENDANTS LISTED IN SCHEDULE “A”

Defendants

ORDER AND REASONS

- [1] The Plaintiff, Morinaga & Co., Ltd. [Morinaga], seeks an order finding the Defendant, Gam Hoang doing business as Platinum Herbal Care, in contempt of Court for failing to comply with the terms of a default judgment obtained against her.
- [2] For the reasons that follow, I find Ms. Hoang in contempt of Court.

I. Background

- [3] Morinaga & Co., Ltd. [Morinaga], a company incorporated pursuant to the laws of Japan, is the manufacturer of a candy called HI-CHEW, which is sold in Canada and internationally.
- [4] Morinaga is the registered owner of Canadian Trademark Registration No. TMA942339 for the trademark HI-CHEW & Design, and Canadian Trademark Registration No. TMA1131801 for the trademark HI-CHEW, both registered in association with candy and related goods.
- [5] On September 9, 2021, Morinaga commenced an action against Ms. Hoang and other defendants for trademark infringement, passing-off, depreciation of goodwill and copyright infringement. Morinaga asserted that Ms. Hoang, without license or authorization of the Plaintiff, manufactured, produced, printed, imported, offered or displayed for sale, distributed, sold, stored or shipped or otherwise dealt in goods bearing the “HIGH-CHEW” Trademark and the HI-CHEW Trade Dress in association with unlicensed cannabis-infused candies. At the time the action was commenced, Ms. Hoang was identified as Doe #1 doing business as Platinum Herbal Care.
- [6] On September 27, 2021, the Court granted an order for substituted service of the Statement of Claim on Ms. Hoang by email at the email addresses smtp@platinumherbalcare.com and order@platinumherbalcare.com [Substituted Service Order].
- [7] Following service of the Statement of Claim in accordance with the Substituted Service Order, Ms. Hoang did not file a Statement of Defence or in any way respond to the action.
- [8] Morinaga brought a motion for default judgment against Ms. Hoang, which was granted by the Court on April 22, 2022 [Default Judgment]. The Court found, among other things, that:

Morinaga is the owner of the HI-CHEW & Design Trademark, registered in Canada under Trademark Registration No. TMA942339 for use in association with Class 30 “Candy for food” and Morinaga has the exclusive right to the use of the HI-CHEW Trademark.

Morinaga has rights in the common law trademark HI-CHEW, namely Common Law HI-CHEW Trademark and HI-CHEW Trade Dress, which has been used by Morinaga in Canada continuously since at least as early as June 13, 2016, in association with goods including, but not limited to, candy.

Ms. Hoang has infringed Morinaga's HI-CHEW Trademark contrary to section 20 of the Trademarks Act, RSC, 1985, c T-13.

Ms. Hoang has directed public attention to Platinum Herbal Care's goods in such a way as to cause, or be likely to cause, confusion in Canada between its goods and Morinaga's goods, contrary to subsection 7(b) of the Trademarks Act, and otherwise have done acts amounting to the common law tort of "passing-off."

Ms. Hoang has used the HI-CHEW Trademark in a manner that is likely to have the effect of depreciating the value of the goodwill attached thereto, contrary to subsection 22(1) of the Trademarks Act.

Copyright subsists in the HI-CHEW logo and Ms. Hoang has infringed Morinaga's copyright in such work, contrary to the Copyright Act, RSC, 1985, c. C-42.

[9] Paragraph 3(a) of the Default Judgment granted the following injunctive relief:

3. The Defendant, and any of its companies and businesses, or any of their parent, affiliate, subsidiary and all other related companies and businesses, and their respective and collective agents, employees, officers, directors, partners, consultants, licensees, franchises, successors, assigns, and all others over whom they act in concert, exercise control and/or direction are hereby permanently enjoined from:
 - (a) Adopting, using, selling, distributing, promoting, advertising, or otherwise dealing in goods or services in association with the Plaintiff's registered HI-CHEW Trademark, Common Law HI-CHEW Trademark, the HI-CHEW Trade Dress, or any other trademark, trade name or trade dress trading style, corporate name, metatag (or other Internet search engine optimization tool or device) or domain name that is confusingly similar to the HI-CHEW Trademark or HI-CHEW Trade Dress, in association with food items, including, but not limited to candy, including, without limitation, goods bearing the infringing HIGH-CHEW trademark and trade dress (the "Infringing Mark").

[10] Paragraph 5 of the Default Judgment required that Ms. Hoang disclose to Morinaga the following information about her goods bearing the Infringing Mark:

- a) the whereabouts of all the goods bearing the Infringing Mark of which they have knowledge, whether on her premises or elsewhere;
- b) the name and address of the manufacturer, suppliers and distributors of the goods bearing the Infringing Mark from she obtained the goods including copies of all invoices and records reflecting such purchases;

- c) the name and address of the customers to whom she has sold or distributed the goods bearing the Infringing Mark including copies of all invoices and records reflecting such purchases; and
 - d) the names and address of all persons of whom she has knowledge who are engaged in or who assist in the manufacturing, supplying and distribution of the goods bearing the Infringing Mark.
- [11] Paragraph 9 of the Default Judgment obligated Ms. Hoang to pay Morinaga damages for trademark infringement, passing-off and depreciation of goodwill, in the amount of \$25,000.00.
- [12] Paragraph 10 of the Default Judgment obligated Ms. Hoang to pay Morinaga damages for copyright infringement, in the amount of \$20,000.00.
- [13] Paragraph 11 of the Default Judgment obligated Ms. Hoang to pay Morinaga costs of the motion within 30 days of the date of the Default Judgment, in the amount of \$5,000.00.
- [14] On June 17, 2022, Morinaga obtained a Norwich order requiring Web Hosting Canada to provide information necessary to identify the registrant of the Platinum Herbal Care website. The information subsequently provided by Web Hosting Canada identified Ms. Hoang. As a result, Morinaga amended the Statement of Claim on October 14, 2022, to expressly name Ms. Hoang in place of Doe #1.

II. The Charging Order and Scheduling Order

- [15] On February 27, 2024, Morinaga brought an ex parte motion, pursuant to Rule 467 of the Federal Courts Rules, SOR/98-106 [Rules], for an order compelling Ms. Hoang to appear before the Court for a contempt hearing.
- [16] On March 26, 2024, a Charging Order was issued by the Court requiring Ms. Hoang to appear before the Court, to be prepared to hear proof of her acts of contempt and to present any defence that she may have to the following charges:

Disobeying paragraph 3(a) of the Default Judgment by continuing to deal in goods and services in association with Morinaga's registered HI-CHEW Trademark and Common Law HI-CHEW Trademark, the HI-CHEW Trade Dress, or any other trademark, trade name or trade dress trading style, corporate name, metatag (or other Internet search engine optimization tool or device) or domain name that is confusingly similar to the HI-CHEW Trademark or HI-CHEW Trade Dress, in association with food items, including, but not limited to candy, including, without limitation, goods bearing the infringing HIGH-CHEW trademark and trade dress (described collectively in the Charging Order as the "Infringing Mark").

Disobeying paragraph 5 of the Default Judgment by failing to disclose to Morinaga all of the information set out therein about the goods bearing the Infringing Mark.

Disobeying paragraphs 9, 10 and 11 of the Default Judgment by failing to pay damages and costs in the amounts set out therein.

- [17] The Charging Order further provided that it was to be served by Morinaga on Ms. Hoang by sending a copy by email to the email addresses smtp@platinumherbalcare.com, order@platinumherbalcare.com and platinumherbalcare@gmail.com and, if possible, by text message to 604-438-3644, all with read receipt requests. Proof of service was to include any read receipt confirmations.
- [18] On April 1, 2024, Morinaga filed a Solicitor's Certificate of Service certifying that the Charging Order was served in accordance with its terms and providing Read Notify reports confirming that the emails sent to order@platinumherbalcare.com and platinumherbalcare@gmail.com were opened within 30 minutes of being sent.
- [19] On June 17, 2024, the Court issued an order scheduling the contempt hearing for October 9, 2024 [Scheduling Order]. The Scheduling Order provided that Ms. Hoang "shall appear" for the contempt hearing.
- [20] The Scheduling Order also set a schedule for the delivery of affidavits and documents to be relied upon by Morinaga and Ms. Hoang (if any), the delivery of witness list and will say statements by Morinaga and Ms. Hoang (if any) and a date by which Ms. Hoang was to request that any of Morinaga's affiants appear at the contempt hearing for cross-examination. No affidavits, documents, witness list or will say statements were delivered by Ms. Hoang, nor did she request that any of Morinaga's affiants appear for cross-examination.
- [21] A hearing management conference was held on September 12, 2024. Despite being on notice of the conference, Ms. Hoang did not attend.

III. Evidence before the Court

- [22] Pursuant to Rule 470(1) of the Rules, evidence on a motion for a contempt order (other than a motion requesting a show cause hearing) must be oral, unless the Court directs otherwise. In this case, the Charging Order permitted Morinaga to rely on the affidavit evidence it served and filed in support of its motion for default judgment, for the purpose of the contempt hearing. A further timetabling order issued June 17, 2024 related to the contempt hearing permitted Morinaga (and Ms. Hoang) to serve and file additional affidavit evidence for use at the contempt hearing.
- [23] Morinaga relied on six affidavits from Brian Zeng sworn February 21, 2022, April 12, 2022, June 2, 2022, December 21, 2023, February 27, 2024 and July 11, 2024. Mr. Zeng also appeared remotely at the contempt hearing to provide further evidence and to answer any questions asked by the Court.
- [24] Mr. Zeng is a licensed private investigator and Director of Investigations at Espian Group Inc. Mr. Zeng was retained by counsel for Morinaga to conduct various investigations of Platinum Herbal Care and Ms. Hoang from July 2021 onward. This Court relied upon his

evidence in granting the Default Judgment against Ms. Hoang, as well as the Charging Order. Mr. Zeng has been involved in locating information regarding Platinum Herbal Care's operations, determining Ms. Hoang's identity, serving documents on Platinum Herbal Care and Ms. Hoang, ordering products from Platinum Herbal Care and making screen captures of the Platinum Herbal Care web pages at various points in time.

- [25] Importantly for the purpose of the contempt hearing, Mr. Zeng provided evidence regarding web page captures that he made of the Platinum Herbal Care's website after service of the Default Judgment was effected on Ms. Hoang. Specifically, he provided web page captures taken on July 4, 2023, February 9, 2024, May 16, 2024, May 27, 2024, July 8, 2024 and October 8, 2024.
- [26] Mr. Zeng also provided evidence regarding service of the Default Judgment and other documents on Ms. Hoang. Specifically, Mr. Zeng stated that on April 13, 2024, he served Ms. Hoang with the Default Judgment, the Charging Order and the Scheduling Order by email to the email addresses platinumherbalcare@gmail.com, order@platinumherbalcare.com and smtp@platinumherbalcare.com. Mr. Zeng received Read Notify reports in relation to the first two emails, confirming that the emails had been read each within eight minutes of being sent. Mr. Zeng also provided evidence regarding the service of the Default Judgment by counsel for Morinaga on Platinum Herbal Care on April 25, 2022, November 9, 2022 and July 26, 2023.
- [27] Morinaga also relied on the affidavit of Masaaki Kurisu sworn July 12, 2024. Mr. Kurisu is the General Manager of Morinaga's Intellectual Property Strategy Department. Mr. Kurisu provided evidence confirming the nature of Morinaga's business, its ownership and use of the relevant HI-CHEW Trademarks, Trade Dress and copyright and Morinaga's efforts to stop Ms. Hoang's infringement thereof.
- [28] Most importantly, for the purpose of the contempt hearing, Mr. Kurisu stated that Ms. Hoang has not disclosed to Morinaga any of the information detailed in paragraph 5 of the Default Judgment and has not paid any of the amounts owing to Morinaga as detailed in paragraphs 9, 10 and 11 of the Default Judgment.

IV. Preliminary Matter

- [29] At the hearing management conference held September 12, 2024, Morinaga advised the Court that in the event that Ms. Hoang did not attend the contempt hearing, Morinaga would be asking the Court to issue an arrest warrant for Ms. Hoang to bring her before the Court. I directed Morinaga to file written submissions in support of this request in advance of the contempt hearing, which it did.

- [30] Ms. Hoang did not attend the contempt hearing and Morinaga followed through with its request that the contempt hearing not proceed and, instead, an arrest warrant be issued for Ms. Hoang. I declined to issue the requested arrest warrant and advised that I would provide my reasons as part of my decision on the issue of contempt. These are those reasons.
- [31] Morinaga submits that the rules of procedure for all common law provinces provide for the discretion of the courts to issue an arrest warrant where the attendance of an individual against whom a contempt order is sought is necessary in the interests of justice. For example, Rule 60.11(4) of the Ontario Rules of Civil Procedure, RRO 1990, Reg 194, provides:

Warrant for Arrest

Mandat d'arrêt

- (4) A judge may issue a warrant (Form 60K) for the arrest of the person against whom a contempt order is sought where the judge is of the opinion that the person's attendance at the hearing is necessary in the interest of justice and it appears that the person is not likely to attend voluntarily.
- (4) Le juge qui est d'avis que la présence à l'audience d'une personne contre laquelle une ordonnance pour outrage a été demandée est nécessaire dans l'intérêt de la justice et qui est d'avis que cette personne n'est pas disposée à s'y présenter de son plein gré peut décerner un mandat d'arrêt (formule 60K) contre elle.

[Citations omitted.]

- [32] Morinaga acknowledges that this Court's Rules do not include a similar provision. Morinaga urges the Court to nonetheless find that it has the discretion to issue the requested arrest warrant based on: (a) Rule 4 of the Rules, known as the "gap" rule, together with Rule 60.11(4) of the Ontario Rules of Civil Procedure; and/or (b) the Court's inherent authority to control its own processes.

- [33] Rule 4 of the Rules provides:

Matters not provided for

Cas non prévus

4 On motion, the Court may provide for any procedural matter not provided for in these Rules or in an Act of Parliament by analogy to these Rules or by reference to the practice of the superior court of the province to which the subject-matter of the proceeding most closely relates.

4 En cas de silence des présentes règles ou des lois fédérales, la Cour peut, sur requête, déterminer la procédure applicable par analogie avec les présentes règles ou par renvoi à la pratique de la cour supérieure de la province qui est la plus pertinente en l'espèce.

- [34] Rule 4 or the gap rule is a “rule of last resort” that should not be applied unless all other avenues have been exhausted [see *Khadr v Canada (Minister of Foreign Affairs)*, 2004 FC 1393 at para 12]. As stated in *Sierra Club of Canada v Canada (Minister of Finance)*, 1999 CarswellNat 442 at paragraph 12, the gap rule is not intended to provide a means to re-write the Rules. For the gap rule to apply, there must truly be a gap in the Rules. The Court must start from the proposition that the Rules are a complete code [see *Khadr*, supra at para 12]. Merely because the Rules do not contain every provision found in the rules of a provincial superior court does not mean there is a gap. Rather, the scheme of the Rules must be examined to determine whether the absence of the provision is intentional [see *David Bull Laboratories (Canada) Inc v Pharmacia Inc*, [1995] 1 FC 588 (FCA) at para 9].
- [35] Morinaga relies on the language of Rule 467(1)(a) of the Rules, as reflected in the Charging Order and the Scheduling Order, which states that Ms. Hoang “shall appear before a judge” for the contempt hearing to argue that the scheme of the Rules supports the Court’s ability to compel Ms. Hoang to attend the contempt hearing by way of an arrest warrant.
- [36] I am not satisfied that Morinaga has placed before the Court a sufficiently robust argument to support the invocation of the gap rule. However, Morinaga’s second argument — namely, that the power to issue an arrest warrant arises from the Court’s inherent authority to control its own processes — is far more compelling.
- [37] This Court, as a court constituted under section 101 of the Constitution Act, 1867, (UK), 30 & 31 Vict, c. 3, s. 91, has all the power and authority inherent to its status as a court. Those powers include the jurisdiction to make all orders necessary to control its processes and functions as a court [see *Martinez v Canada (Communications Security Establishment)*, 2019 FCA 282 at para 8] and the power to punish for all forms of contempt, as the rule of law requires a judicial system that can ensure that its orders are enforced and its process respected [see *MacMillan Bloedel Ltd v Simpson*, [1995] 4 SCR 725 at paras 33, 37].
- [38] As such, I am satisfied that, as part of the Court’s ability to control abuses of its processes, the Court has the inherent authority to issue an arrest warrant to compel an alleged contemnor to appear before the Court, either at the contempt stage or the penalty stage of a contempt proceeding. The question then becomes whether the Court should exercise its discretion to issue an arrest warrant in the particular circumstances before it.
- [39] In the circumstances of this matter, I was not satisfied that the interests of justice required Ms. Hoang’s attendance at the contempt hearing. She had chosen not to participate in this proceeding from its commencement and continued to make that choice in the face of being charged with contempt. She chose not to attend the contempt hearing at her own peril. Morinaga had prepared its evidence and served and filed its contempt materials, Mr. Zeng was before the Court ready to give evidence and Court time had been set aside for the hearing. In these circumstances, I found that the interests of justice actually warranted moving forward with the contempt hearing and Morinaga obtaining a determination on the issue of contempt, rather than delaying a determination on the question of contempt until

such time as Ms. Hoang could be brought before the Court.

V. Issues

- [40] The sole remaining issue before the Court is whether Ms. Hoang is in contempt of Court for disobeying any of paragraphs 3(a), 5, 8, 9 and 10 of the Default Judgment.

VI. Analysis

- [41] The legal principles applicable on this motion were recently confirmed by Chief Justice Crampton in *Bell Media Inc v Macciachera (Smoothstreams.tv)*, 2023 FC 801:
- [25] The principle objective of the law of civil contempt is to foster compliance with court orders: *Carey v Laiken*, 2015 SCC 17, at para 30 [Carey]; *Bell Canada v Adwokat*, 2023 FCA 106, at para 18. This is essential to maintain public confidence in the administration of justice, support the rule of law, and ensure that “social order prevails rather than chaos”: *Morasse v Nadeau-Dubois*, 2016 SCC 44 at para 81 [Morasse], per Wagner CJC (dissenting on other grounds); *Minister of National Revenue v Bjornstad*, 2006 FC 818, at para 5; see also *Canada (Human Rights Commission) v Canadian Liberty Net (CA)*, [1996] 1 FC 787, at 796 (CA). This is because contempt of court is “a challenge to the judicial authority whose credibility and efficiency it undermines as well as those of the administration of justice”: *9038-3746 Quebec Inc v Microsoft Corporation*, 2010 FCA 151, at para 18 [Microsoft].
- [26] To establish civil contempt, three elements must be established. First, the order or judgment that is alleged to have been breached must state clearly and unequivocally what should and should not be done. Where an order contains overly broad language, has an unclear meaning due to external circumstances, or omits an essential detail, the Court may find that this first element has not been established: *Carey*, above, at para 33. In addition, where there is ambiguity, the alleged contemnor is entitled to the most favourable interpretation of the order. However, this does not mean “that the alleged contemnor is entitled to have the courts contort the language of an order to narrow its ambit. The court will interpret the order in accordance with its ordinary meaning, taking into account its context”: *Fraser Health Authority v Schmidt*, 2015 BCCA 72, at para 4 [Schmidt]. Moreover, “a defendant cannot hide behind a restrictive and literal interpretation to circumvent the order and make a mockery of it and of the administration of justice”: *Zhang v Chau*, 229 DLR (4th) 298 [QCCA], at para 32.
- [27] The second element to be established is that the party alleged to be in breach must have actual knowledge of the order or judgment in question. Such knowledge can be inferred from the circumstances, and can be deemed to exist in the presence of wilful blindness: *Carey*, above, at para 34; *Bell Canada et al v Red Rhino Entertainment Inc et al*, 2019 FC 1460, at para 17 [Red Rhino 2019]; *Canadian Private Copying Collective v Fuzion Technology Corp et al*, 2009 FC 800, at paras 58 and 63 [CPCC].

- [28] The third element to be established is that the alleged contemnor must have intentionally done the act that the order or judgment prohibits, or intentionally failed to do the act that the order or judgment compels. It is not necessary to establish “contumacious” intent, that is to say, an intention to interfere with the administration of justice or to disobey, in the sense of desiring or knowingly choosing to disobey the order or judgment in question. It will suffice to demonstrate an intentional act or omission that is in fact a breach of a clear order of which the alleged contemnor has had notice: *Carey*, above, at paras 29, 35, 38 and 47. Stated differently, it will suffice to demonstrate that the defendant knowingly contravened the order or judgment in question: *Urus Industrial Corp v Lifegear Inc*, 2005 FCA 63, at para 1.
- [29] Each of the three elements of civil contempt described above must be established on the evidentiary standard of beyond a reasonable doubt: Rule 469, Federal Courts Rules, SOR/98-106, [the Rules]; *Carey*, above, at para 32. This standard is more onerous than proof on a balance of probabilities, but is not as high as absolute certainty. If there are alternative explanations or inferences that give rise to a doubt based on reason and common sense that is logically based upon the evidence or lack of evidence, the standard of proof beyond a reasonable doubt will not be met: *R v Lifchus*, [1997] 3 SCR 320, at paras 30 and 36. However, those alternative explanations or inferences must be reasonable: *R v Villaroman*, 2016 SCC 33, at 36 [Villaroman]. Doubts that are speculative, imaginary or frivolous in nature will not be reasonable: *Villaroman*, at 28 and 35-36; *R v Cyr-Langlois*, 2018 SCC 54, at para 15.
- [30] Where the three requisite elements have been established beyond a reasonable doubt, the Court retains the discretion to decline to find an alleged contemnor in contempt.

[Emphasis in original.]

A. The Default Judgment clearly and unequivocally stated what should and should not be done

- [42] The requirement of clarity in the order or judgment alleged to have been breached is of the utmost important. I have carefully reviewed the terms of the Default Judgment and am satisfied, beyond a reasonable doubt, that paragraphs 3(a), 5, 9, 10 and 11 are clear and unequivocal. They make it clear to Ms. Hoang what activities she is prohibited from undertaking and what activities she must undertake. Moreover, the language used in these paragraphs reflects standard language that this Court has repeatedly used in similar default judgments.

B. Ms. Hoang had actual knowledge of the Default Judgment

- [43] As noted above, Morinaga is obligated to demonstrate, beyond a reasonable doubt, that Ms. Hoang had actual knowledge of the Default Judgment. Her knowledge may be inferred from the circumstances and deemed to exist in the presence of wilful blindness.

- [44] Given that Platinum Herbal Care does not operate a brick-and-mortar business but rather has an online presence only, discerning Ms. Hoang's identity and serving her with key documents throughout the course of this action has proven difficult. Morinaga went to extensive efforts to identify and locate Ms. Hoang, and to thereafter obtain the Substituted Service Order, having convinced the Court that documents sent to her email addresses were likely to result in notice of the proceedings being brought to her attention.
- [45] The evidence before the Court, from Mr. Zeng and by way of Solicitor's Certificates of Service, establishes that Ms. Hoang was served with the Default Judgment four times in accordance with the terms of the Substituted Service Order — namely, on April 25, 2022, November 9, 2022, July 26, 2023 and April 13, 2024. The question before the Court is whether such service by substituted means is sufficient to demonstrate, beyond a reasonable doubt, that Ms. Hoang had actual knowledge of the Default Judgment.
- [46] I am satisfied that it may be inferred, from the circumstances, that she had such knowledge for two key reasons. First and most importantly, the evidence provided by Mr. Zeng establishes that at some point after being served with the Default Judgment, Ms. Hoang removed from the Platinum Herbal Care website the illegal cannabis edibles bearing the HIGH-CHEW designation and trade dress. However, as will be addressed below, she replaced those cannabis edibles with a different product described on her website as "Canada Hi-Chew's" but no longer bearing the HIGH-CHEW Designation and/or the HI-CHEW Trade Dress. I infer from this conduct that Ms. Hoang had knowledge of the Default Judgment and it was the Default Judgment that prompted this change to her website.
- [47] Second, Morinaga provided the Court with two Read Notify receipts confirming that the emails sent on April 13, 2024, serving the Default Judgment, were read within minutes of being sent. As there are no other individuals associated with the Platinum Herbal Care business, I conclude that these emails were read by Ms. Hoang.
- [48] Accordingly, I am satisfied, beyond a reasonable doubt, that Ms. Hoang had actual knowledge of the Default Judgment.

C. Ms. Hoang intentionally committed acts that the Default Judgment prohibits and intentionally failed to do acts that the Default Judgment compels

- [49] Civil contempt is neither an offence of strict liability, nor an offence of absolute liability. The fact that an order or judgment was breached is not sufficient to establish the offence. The mental element must still be made out [see *Canadian Pacific Railway Company v Teamsters Canada Rail Conference*, 2024 FCA 136 at para 34]. Put simply, the moving party must show that the alleged contemnor intentionally did the act that breached the order or judgment at issue. There is no requirement to show an element of public defiance or contumacious intent [see *Teamsters*, supra at para 32].

- [50] In civil contempt cases such as this, intent can sometimes be inferred from the contemnor's conduct, without direct evidence of their state of mind. It can also be satisfied by evidence of deliberateness, recklessness or wilful blindness [see *Teamsters*, supra at para 35]. The intention analysis may vary depending on whether the underlying order is prohibitory or mandatory. Where a prohibitory order is breached, the act itself provides an evidentiary foundation for a finding of intention [see *Teamsters*, supra at para 37].
- [51] Where a mandatory order is breached, the act alone does not generally give rise to the same evidentiary inference and the analysis must include considerations of factors that may have prevented an alleged contemnor from doing what they had been ordered to do [see *Teamsters*, supra at paras 40, 42].
- [52] Paragraph 3 of the Default Judgment is prohibitory in nature, enjoining Ms. Hoang and others from various forms of conduct that would infringe Morinaga's specified intellectual property rights.
- [53] The evidence before the Court is that at some point after service of the Default Judgment, Ms. Hoang removed the infringing "HIGH-CHEW" products from the Platinum Health Care website. However, by July of 2023, a new product appeared on the website called "CHC Pot Heads Sour Candy". The description of the product on the website states:

Canada Hi-Chew's Pot Heads Sour Candy Infused with THC Distillate (Sour Mango) is one of the most flavourful infused edibles in Canada. As you indulge in its delicious mango flavor, your taste buds will thank you over and over. Additionally, 150 mg of THC distillate will level your entire body and mind – making it ideal for those who need to rest from pain, depression, insomnia, and anxiety.

[Emphasis added.]

- [54] Further screen captures of the Platinum Herbal Care website taken on February 9, 2024 and thereafter (including as recently as October 8, 2024) reveal that the description of the CHC Pot Heads Sour Candy product remains unchanged, continuing to describe the product as "Canada Hi-Chew's". Moreover, additional references to "Canada Hi-Chew's" were added to the website, immediately under the product name and in the description section.
- [55] I find that Ms. Hoang's website now directly infringes Morinaga's HI-CHEW Trademark, which constitutes a breach of paragraph 3 of the Default Judgment. Having changed her website after service of the Default Judgment as detailed above, I find that Ms. Hoang intended to breach paragraph 3 of the Default Judgment [see *Carey*, supra at para 60].
- [56] Paragraph 5 of the Default Judgment required Ms. Hoang to disclose information to Morinaga regarding the goods bearing the Infringing Mark. The evidence of Mr. Kurisu is clear that Ms. Hoang has not disclosed any of the required information. However, as this is a mandatory order, I must consider factors that may have prevented Ms. Hoang from providing the required information in order to determine whether Ms. Hoang intentionally or deliberately failed to provide the information. There is no evidence before me, or even an

assertion, that any circumstances may have prevented Ms. Hoang from complying with paragraph 5. Further, common sense dictates that she should be in possession of all of the information as operator of the Platinum Herbal Care website. In all of the circumstances, I am satisfied that her failure to comply with paragraph 5 of the Default Judgment was intentional.

- [57] Paragraphs 9, 10 and 11 of the Default Judgment obligated Ms. Hoang to pay damages and costs to Morinaga and are also mandatory in nature. As such, I must consider factors that may have prevented Ms. Hoang from paying these amounts in order to determine whether Ms. Hoang intentionally or deliberately failed to pay them. Again, I have no evidence before me or even any assertion that Ms. Hoang is unable to pay, nor any attempt by Ms. Hoang to pay even a small amount towards satisfaction of the full amount owing. To the contrary, the evidence before me is that she is continuing to operate her website so as to generate income to satisfy the Default Judgment. In all of the circumstances, I am satisfied that her failure to comply with paragraphs 9, 10 and 11 of the Default Judgment was intentional.
- [58] Accordingly, I find that Morinaga has demonstrated, beyond a reasonable doubt, that all three contempt criteria have been met in relation to each of paragraphs 3(a), 5, 9, 10 and 11 of the Default Judgment.

D. Exercise of Discretion

- [59] I must now consider whether, notwithstanding my findings above, I should exercise my discretion to decline to find Ms. Hoang in contempt of any of the charges brought against her [see *Teamsters*, supra at para 69]. Contempt of court should be used cautiously and with great restraint and not merely as a means of enforcing judgments. It is an enforcement power of last resort rather than first resort [see *Carey*, supra at para 36].
- [60] In relation to Ms. Hoang's failure to pay damages and costs as required by paragraphs 9, 10 and 11 of the Default Judgment, I have no evidence that Morinaga has attempted to enforce the financial components of the Default Judgment in the ordinary way and been unsuccessful. As such, I find that Morinaga is improperly attempting to use contempt as a first, rather than last, resort [see *ASICS Corp v 9153-2267 Québec Inc*, 2017 FC 5 at para 35]. Accordingly, I am exercising my discretion to decline to find Ms. Hoang guilty of contempt of Court in relation to paragraphs 9, 10 and 11 of the Default Judgment.
- [61] However, I find no reason to exercise such discretion in relation to paragraphs 3(a) and 5. Ms. Hoang is actively continuing to infringe Morinaga's intellectual property rights and failing to provide information required by Morinaga to curtail further infringing behaviours by others. In light of this conduct, coupled with Ms. Hoang's failure to participate in this proceeding, failure to comply with the Court's procedural orders and failure to attend the contempt hearing, she will not benefit from the exercise of my discretion. Accordingly, I find that Ms. Hoang is guilty of contempt of Court in relation to paragraphs 3(a) and 5 of the Default Judgment.

VII. Costs

- [62] Morinaga has requested an award of costs for the contempt motion in an amount equivalent to 80% of its actual costs incurred and 100% of its disbursements. Morinaga provided the Court with a Bill of Costs detailing its actual costs incurred, which totalled \$77,821.97 (inclusive of taxes), as well as its costs calculated pursuant to Columns III, IV and V of Tariff B.
- [63] As noted by the Federal Court of Appeal, it is a customary practice in contempt cases to impose costs on a solicitor-client basis to the party who has brought the matter to the Court's attention. The rationale for such awards is clear — a party who assists the Court in the enforcement of its judgments and in the enforcement of respect for its judgments should not be put out of pocket for doing so [see *Lari v Canadian Copyright Licensing Agency*, 2007 FCA 127 at para 38; *N. M. Paterson & Sons Ltd v The St. Lawrence Seaway Managment Corp*, 2004 FCA 210 at para 18]. I see no reason to depart from this customary practice in the circumstances of this matter.
- [64] I have reviewed Morinaga's Bill of Costs and find that it is reasonable, with one exception. The Bill of Costs includes fees in the amount of \$2,605 (exclusive of tax) associated with an assessment of costs. As I am fixing the amount of costs payable by way of this Order, no assessment will occur. Accordingly, those fees will be removed from Morinaga's actual fees, leaving total actual fees, inclusive of costs, at \$74,878.32. Eighty-percent thereof is \$59,902.66.
- [65] With respect to disbursements, Morinaga has indicated that its main disbursement is the cost associated with retaining Mr. Zeng, although the exact amount paid to Mr. Zeng was not before the Court. I am satisfied that including Mr. Zeng's fees is an appropriate disbursement, as are any other disbursements incurred in the ordinary course of preparing for a contempt proceeding.
- [66] Accordingly, Ms. Hoang shall pay to Morinaga legal fees in the amount of \$59,902.66 (inclusive of taxes), together with 100% of all reasonable disbursements.

VIII. Next Steps

- [67] Having determined that Ms. Hoang is liable for contempt, it is now necessary to move to the penalty phase of this proceeding. The parties shall provide the Court with their respective proposed schedules for the delivery of evidence and materials for the penalty phase of the proceeding, together with their availability for the penalty hearing.

ORDER in T-1390-21

THIS COURT ORDERS that:

The Defendant, Gam Hoang doing business as Platinum Herbal Care, is guilty of contempt for disobeying paragraphs 3(a) and 5 of the Default Judgment issued by this Court on April 22, 2022.

The Defendant, Gam Hoang doing business as Platinum Herbal Care, shall pay costs of the contempt proceedings to the Plaintiff for legal fees in the amount of \$59,902.66 (inclusive of taxes), together with 100% of all reasonable disbursements.

The parties shall, within 14 days of the date of this Order, provide the Court with a proposed schedule for the penalty phase, together with their availability for the penalty hearing. I shall remain seized of the penalty phase.

blank

“Mandy Aylen”

blank

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:

T-1390-21

STYLE OF CAUSE:

MORINAGA & CO., LTD. v. NHAT VAN NGUYEN dba MEDICINAL EXPRESS SUPPLIES and HIGH LIGHT, GAM HOANG dba PLATINUM HERBAL CARE, JANE DOE, JOHN DOE and OTHER PERSONS, NAMES UNKNOWN, WHO OFFER FOR SALE, SELL, IMPORT, MANUFACTURE, DISTRIBUTE, ADVERTISE, OR DEAL IN MORINAGA INFRINGING GOODS, AND THE DEFENDANTS LISTED IN SCHEDULE “A”

PLACE OF HEARING:

HELD BY VIDEOCONFERENCE

DATE OF HEARING:

OCTOBER 9, 2024

ORDER AND REASONS:

AYLEN J.

DATED:

October 28, 2024

APPEARANCES:

Paul V. Lomic

For The Applicant

No one appearing

FOR THE RESPONDENT GAM HOANG dba PLATINUM HERBAL CARE

SOLICITORS OF RECORD:

Lomic Law Barristers and Solicitors Toronto, Ontario

For The Applicant

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Prepared on 27 October 2026 · Esheria