

CANADA / JUDGMENT

Royal Pacific Real Estate Group Ltd. v. Dong

2018 BCSC 1272

COURT

Supreme Court of British Columbia

DECIDED

30 July 2018

Source: bccourts.ca · Research copy typeset by Esheria. Not court-issued or certified.

2018 BCSC 1272 Royal Pacific Real Estate Group Ltd. v. Dong

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation:

Royal Pacific Real Estate Group Ltd. v. Dong,

2018 BCSC 1272

Date: 20180730

Docket: S139554

Registry: Vancouver

Between:

Royal Pacific Real Estate Group Ltd.

Royal Pacific Realty (Kingsway) Ltd.

Plaintiffs/

Defendants by Counterclaim

And

Vinh Phat Steven Dong (a/k/a Steven Dong),

Steven Real Estate, Maijan Holdings Inc.

and Bliip Box Inc.

Defendants/

Plaintiffs by Counterclaim

Before: The Honourable Mr. Justice Sewell

Reasons for Judgment

Counsel for the Plaintiffs/Defendants by Counterclaim:

Scott E. Foster

Gregory Hoff

Appearing on his own behalf and on behalf of the Defendants/Plaintiffs by Counterclaim, Steven Real Estate, Maijan Holdings Inc. and Bliip Box Inc.:

Vinh Phat Steven Dong

Place and Date of Trial/Hearing:

Vancouver, B.C.

April 18, 19 and 24-28,

May 1 and 2, July 11,

August 24 and 25,

December 18, 19 and 22, 2017

Place and Date of Judgment:

Vancouver, B.C.

July 30, 2018

Introduction

- [1] In this action the plaintiff Royal Pacific Real Estate Group Ltd. (Royal Pacific Ltd.) seeks damages against the defendants for infringement of trade-mark, the statutory tort of unfair competition set out in s. 7 of the Trade-marks Act, R.S.C. 1985, c. T-13 and the tort of passing off. The plaintiff Royal Pacific Realty (Kingsway) Ltd., (Kingsway) seeks damages against the defendant Vinh Phat Steven Dong for breach of contract.
- [2] Royal Pacific Ltd. is the proprietor of a registered trade-mark in Canada for the mark:
(the "Registered Trade-mark")
- [3] From June 2012 to December 2013 Mr. Dong was a sales representative of Kingsway. The terms of the legal relationship between Kingsway and Mr. Dong were set out in a written Sales Representative Agreement dated June 26, 2012 (the "SRA").
- [4] In October 2013 Mr. Dong began to use the Registered Trade-mark in a manner that the plaintiffs say infringed the Trade-mark and constituted the tort of passing off.

- [5] In November 2013 Kingsway gave notice of termination of the SRA to Mr. Dong effective December 13, 2013. Pursuant to that notice Mr Dong ceased to be a sales representative of Kingsway on that date.
- [6] On December 20, 2013 the plaintiffs commenced this action.

The Parties

- [7] The plaintiff, Royal Pacific Ltd. is a British Columbia company. It is the proprietor of the Registered Trade-mark which is being asserted against the defendants in this proceeding.
- [8] Kingsway is a real estate brokerage.
- [9] Royal Pacific Ltd. and Kingsway are part of a group of companies (the Royal Pacific Group) focused upon real estate sales. Five members of the Royal Pacific Group are real estate corporations: Royal Pacific Riverside Realty Ltd., Royal Pacific Lion's Gate Realty, 0928539 BC Ltd., Royal Pacific Realty Corp. and Kingsway.
- [10] The defendant, Steven Dong is an individual who resides in British Columbia. Mr. Dong was an independent sales representative for Kingsway from June 2012 until December 2013.
- [11] The defendant, Steven Real Estate is not a legal entity. No relief is sought against it.
- [12] The defendant, Maijan Holdings Inc. ("Maijan") is a British Columbia corporation. Mr. Dong is the sole shareholder, director and officer of Maijan.
- [13] Bliip Box Inc. ("Bliip Box") is a British Columbia corporation which was incorporated on March 29, 2013. Mr. Dong is also the sole director of Bliip Box. In his evidence Mr. Dong, described himself as the controlling mind of Bliip Box.

Position of Parties

- [14] The plaintiffs' position is that pursuant to the SRA, Mr. Dong was an independent contractor who was authorized to use the Registered Trade-mark, Royal Pacific name and logo in connection with carrying on the business of acting as a sales representative of Kingsway in the real estate field. They submit that any right that Mr. Dong or any company affiliated with him had to use the Registered Trade-mark, Royal Pacific name or logo terminated when he ceased to be a Kingsway representative.
- [15] The plaintiffs say that Mr. Dong wrongfully used the Royal Pacific name to promote businesses that had nothing to do with Royal Pacific while he was a sales representative, and continued to use that name in a confusing manner after the SRA was lawfully terminated by Kingsway.

- [16] They say that by so doing, Mr. Dong and the companies he controlled infringed the Registered Trade-mark and committed the statutory and common law torts of passing off. Kingsway's position is that Mr. Dong's actions also constituted a breach of the SRA. The plaintiffs seek damages, a permanent injunction and other relief against the defendants.
- [17] Mr. Dong's position is that the name Royal Pacific is not distinctive and that in any event he had the consent of the Royal Pacific Group to use that name in connection with his businesses. He also submits that the plaintiffs breached the SRA by wrongfully denying him the ability to use the name Royal Pacific, and by terminating the SRA for an improper purpose.
- [18] For the reasons that follow I find that the plaintiffs have established that the defendants have infringed the Registered Trade-mark and committed the tort of passing off, and are entitled to substantially all of the relief sought for those causes of action. However, I also find that Kingsway has not proven the essential elements of its claim of breach of contract against Mr. Dong.

The Witnesses

- [19] The plaintiffs called the following witnesses: Andrew Peck, David Choi, Ed Fung, Bill Bi, Sing Yeo, Tracie McTavish, Richard Laurendeau, and Dave Peerless.
- [20] Mr. Peck is the General Manager of the five Royal Pacific brokerages and a Managing Broker at Royal Pacific Realty Corp., which is the Oakridge office of the Royal Pacific Group. In his role as the General Manager, he is primarily responsible for addressing issues that realtors have in respect of licensing and transactional issues.
- [21] Mr. Choi is the Chief Executive Officer and President of both Royal Pacific Realty Corp. and Kingsway.
- [22] Mr. Fung is the Managing Broker of Kingsway.
- [23] Mr. Bi is the IT Manager for the Royal Pacific Group. He reports to Mr. Peck, and is employed by Royal Pacific Realty Corp. He has been the IT manager for approximately ten years.
- [24] Mr. Yeo is the Senior Vice-President of each of the Royal Pacific Group of Companies.
- [25] Messrs. Peck, Choi, Yeo and Fung are all direct or indirect shareholders in Royal Pacific Realty Holdings Ltd. which is the shareholder of the Royal Pacific Group. Mr. Choi is a shareholder of Royal Pacific Ltd. which is a shareholder of Royal Pacific Realty Holdings Ltd.
- [26] Mr. McTavish is the executive director at Rennie Marketing. He has been with Rennie Marketing for 12 years. Prior to that he was with Concord Pacific, a company that has developed major real estate projects in Vancouver. Mr. McTavish has been in the real estate business in Vancouver for over 36 years.

- [27] Mr. Laurendeau is the Managing Broker of the ReMax office in Richmond. He has been a licensed realtor since 1983 and has been the Managing Broker of the ReMax office since 2005. From about 2000 to 2005, Mr. Laurendeau was the manager of Royal Pacific's office in Richmond.
- [28] Mr. Peerless is the President and majority owner of Dexter Associates. Dexter Associates is an independent realty business that has three offices and approximately 180 sales agents. Mr. Peerless is also the Managing Broker of the Kerrisdale office of Dexter Associates, a well-known real estate brokerage in Vancouver.
- [29] Mr. Dong testified on behalf of the defendants, and called Mr. Cheema as a witness.
- [30] Mr. Cheema has been a Chartered Professional Accountant since 2010. He has acted as the accountant for Maijan and Bliip Box since 2013.

Background

- [31] The Registered Trade-mark was registered in 1996 in association with the following services:
- (1) Residential and commercial real estate services, namely the purchase and sale of residential, investment and commercial properties and businesses; appraisal services; residential and commercial leasing services; real estate consultation and local and overseas marketing services of real estate developments for others; property management services.
 - (2) Building services, namely real estate construction and development services.
 - (3) Commercial real estate brokerage and consultation services in the field of mergers and acquisitions of commercial properties and businesses.
- [32] The Registered Trade-mark was first used in 1994 and has been used constantly since then.
- [33] Royal Pacific Ltd. provides an oral or unwritten licence to the other members of the Royal Pacific Group to use the Registered Trade-mark. The licence arrangement has been in place since the initiation of the Royal Pacific Group. As new brokerages were joined to the Group, the licence was extended to them.
- [34] In addition to the Registered Trade-mark, prior to the events leading to this litigation the Royal Pacific Group also exclusively utilized the trading names ROYAL PACIFIC and ROYAL PACIFIC REALTY in the Greater Vancouver real estate industry. These names are used to describe their Vancouver real estate business.
- [35] Mr. Dong is a well-educated person with some considerable ability in the information technology field. At some time around 2010, he obtained a licence which permitted him to act as a real estate sales representative. In 2011, he began working for the Sutton Group as a sales representative. In 2012, he became involved in a dispute with another Sutton salesperson over entitlement to a commission. This dispute led to his leaving Sutton.

- [36] On June 26, 2012, Mr. Dong and Kingsway entered into the SRA. The proper construction of the SRA is disputed by the parties. The plaintiffs' position is that pursuant to the SRA, Mr. Dong was an independent contractor whose rights and obligations were governed by it. Mr. Dong's position is that he was an employee of Kingsway.
- [37] The events that have given rise to this action began in the summer of 2012. By that time, Mr. Dong had created a website with the domain name of stevenrealestate.co. The website combined information about Mr. Dong in his capacity as a sales representative of Kingsway with information about other real estate-related activities in which he was engaged.
- [38] By that time, Mr. Dong had a business plan to combine his real estate sales activities with the promotion of a social media referral application called Bliip Box. Mr. Dong hoped to be able to market Bliip Box to the real estate industry as a preferred supplier of websites. The pursuit of this venture would soon bring him into conflict with the Royal Pacific Group.
- [39] On August 1, 2012, the Real Estate Council of British Columbia informed Mr. Dong that certain aspects of his website did not comply with its regulations. Andrew Peck was copied with this complaint. He accordingly reviewed the stevenrealestate.co website.
- [40] On August 12, 2012, Mr. Peck sent an email to Mr. Dong outlining what he considered to be the deficiencies in the website. Among the concerns he expressed were references on the website to Steven Real Estate Developments, which stated that that entity could be contacted through the phone numbers and contact information of the Royal Pacific Brokerages at Kingsway and Oakridge.
- [41] Mr. Dong replied the same day by email, agreeing to address Mr. Peck's concerns. Subsequently Mr. Dong did make changes to the website which appeared to have made it compliant with the requirements of the Real Estate Council.
- [42] In 2013, a further issue arose over the stevenrealestate.co website. On August 26, 2013, the Real Estate Council again objected to the website, informing Mr. Dong that it did not consider that it complied with Council Rules. Apparently Mr. Dong was able to address that objection, but the website was again reviewed by Mr. Peck, who concluded that the content of the website was not acceptable to Royal Pacific.
- [43] On September 4, 2013, Mr. Peck sent an email to Mr. Dong outlining Royal Pacific's concerns about the website. The general tenor of this email was that Royal Pacific was concerned that the website might confuse members of the public who could conclude that the website was a corporate site of Royal Pacific rather than Mr. Dong's personal site.

[44] Mr. Dong continued to pursue the promotion of his Bliip Box technology. He had some discussions with Royal Pacific personnel about marketing it to them. On September 17, 2013, he sent an email to Mr. Peck asking if Royal Pacific would be interested in his technology. Mr. Peck replied saying that Royal Pacific was satisfied with its current suppliers. He also directed Mr. Dong to direct any further communications about his technology to Mr. Bi, the IT manager for the Royal Pacific Group.

[45] On October 6, 2013, Mr. Dong emailed Mr. Bi offering to commence discussions about providing the Bliip Box platform to Sales Representatives of the Royal Pacific Group.

[46] On October 9, 2013, Sonya Jakovickas, a compliance officer of the Real Estate Council, forwarded Mr. Peck an email that Mr. Dong had sent to a number of realtors. The email displayed the Royal Pacific Realty Logo and the words "Get endorsed at RoyalPacific.co."

[47] Under those words the following sentences appeared:

Royal Pacific Realty is one of BC's largest brokerages and now we are looking to endorse local businesses on Our Bliip Box. Below are some key benefits to advertising with us.

[48] The plaintiffs object to the following contents of the email. They say the email:

- (a) displayed the Registered Trade-mark, including the ® symbol, giving it an air of legitimate use;
- (b) used the trading names ROYAL PACIFIC and ROYAL PACIFIC REALTY;
- (c) used the address and contact information of Kingsway as the mailing address for Bliip Box;
- (d) referred to the domain name <royalpacific.co> in the following manner "Get Endorsed at ROYALPACIFIC.CO";
- (e) stated "Royal Pacific Realty is one of BC largest brokerages and now we are looking to endorse local business on our Bliip box"
- (f) stated that "ROYALPACIFIC.CO provides updates in the Real Estate Industry"; and
- (g) stated "Contact me today at: StevenDong@RoyalPacific.com" (this was the email address approved for Mr. Dong to use in connection with his activities as a sales representative of Kingsway).

[49] Mr. Peck testified that he was concerned that persons reading this email or viewing the website would conclude that the Royal Pacific Group was offering or endorsing the services being offered on the website.

[50] Ed Fung, the Managing Broker of Kingsway, informed Mr. Dong that Royal Pacific had seen the website and that Mr. Peck was waiting for an explanation for the use of the royalpacific.co website address.

- [51] On October 10, Mr. Dong acknowledged that he had obtained the domain name royalpacific.co and intended to use that domain on a site endorsing local businesses to start a real estate referral network.
- [52] Mr. Peck communicated the plaintiffs' position that Mr. Dong was not permitted to use a domain name with Royal Pacific in it in connection with any business other than that of the plaintiffs and demanded that he immediately take the site down.
- [53] The Royal Pacific Group also consulted its solicitors, who sent a cease and desist letter to Mr. Dong and Steven Real Estate on October 14, 2013.
- [54] The cease and desist letter asserted that the Royal Pacific Ltd. had a registered trade-mark to use the name Royal Pacific and Lion Design over a Maple Leaf and had used that trademark in connection with their real estate business since 1994. It also asserted that the use of the Trade-mark and the name Royal Pacific on the website constituted an infringement of the Royal Pacific Ltd.'s Trade-mark, as well as the tort of passing off.
- [55] This letter demanded that Mr. Dong take down the website and cease using the domain name royalpacific.co.
- [56] On October 14, 2013, the royalpacific.co website gave a description of the Royal Pacific Realty Group under the heading "About Royal Pacific Realty Group", followed immediately by a heading, "Get endorsed on our Bliip Box", which was followed in turn with a heading "Contact" under which all of the Royal Pacific Group brokerage offices' contact information was listed.
- [57] Shortly after October 9, 2013 Mr. Peck also decided to terminate the SRA with Mr. Dong but did not give immediate notice of termination for cause. Instead, on November 27, 2013, he gave Mr. Dong the 21 days' notice of termination required under the SRA. In accordance with that notice Mr Dong ceased to be an sales representative of Kingsway on December 18, 2013.
- [58] On December 2, 2013, Mr. Dong emailed Mr. Peck. In that email he took the position that he was entitled to use the Royal Pacific name on his website, reiterating his refusal to transfer the royalpacific.co domain name.
- [59] The Royal Pacific Group continued to demand that Mr. Dong transfer the royalpacific.co domain name to Royal Pacific Ltd. In response, Mr. Dong took the position that he did not own that domain name.
- [60] On January 13, 2014, the royalpacific.co website was substantially similar to the format it was in on October 14, 2013. Thereafter the website continued to promote real estate investments.

- [61] In addition to this website, Mr. Dong is the owner of a Facebook page called royalreferrals that displays the plaintiffs' Registered Trade-mark. While Mr. Dong initially denied he owned this page, in his cross-examination he admitted that he owned the page but said that someone else managed the page and that he had lost all contact information for that person. He also said that he could not remember the name of the person who manages the page. As of the date of trial this page continued to display the Registered Trade-mark.
- [62] There was a good deal of conflicting evidence about which of the defendants owned the royalpacific.co domain name. I do not find it necessary to make findings on this issue. I am satisfied that at all times Mr. Dong was in complete control of Maijan and Bliip Box. I am also satisfied that he used these corporations in the course of his business and that they are equally liable for any wrongful actions I find to have occurred in this case.
- [63] The documentary evidence shows that Maijan was billed for the original purchase of the royalpacific.co domain name. There is also evidence that the domain name was transferred from Maijan to Bliip Box. In addition, Mr. Dong made representations in this court to Master Taylor that Maijan had transferred the domain name to Bliip Box.
- [64] I am aware of Mr. Dong's evidence that this transfer was later reversed on the advice of his accountant. However, I am of the view that this evidence does not assist Bliip Box. It is clear that Mr. Dong considered that he was at liberty to use either Maijan or Bliip Box to own the domain name. The documentary evidence shows that since at least August 13, 2015, Bliip Box has been paying Godaddy for the renewal fees for that domain name.
- [65] Accordingly, I am satisfied that all three defendants participated in any wrongful act related to that domain name.

Issues

- [66] The parties have characterized the issues before me in different ways. This makes it somewhat difficult to succinctly set out their respective positions.
- [67] The plaintiffs identify seven issues in this case:
1. Did Mr. Dong breach the Sales Representative Agreement while he was an independent contractor with Royal Pacific Realty (Kingsway) Ltd?
 2. Did Royal Pacific Realty (Kingsway) Ltd. breach the Sales Representative Agreement by giving Mr. Dong 21 days' notice?
 3. Did Mr. Dong breach the Sales Representative Agreement after the Sales Representative Agreement was cancelled?
 4. Did the defendants infringe the Registered Trade-mark?
 5. Did the defendants pass off their services as those of the plaintiffs?

6. Is Mr. Dong personally liable for the actions of Maijan and Bliip Box?
7. If the defendants are liable, what remedies are the plaintiffs entitled to?

[68] Mr. Dong identifies 16 issues:

1. Did Kingsway breach Section 9 of their Sales Representative Agreement with Steven Dong by disallowing him to use the Royal Pacific name and Logo?
2. Did Kingsway breach their contract when they wrongfully terminated Mr. Dong so they could obtain the royalpacific.co domain without compensating Mr. Dong and to harm Bliip Box?
3. Is Kingsway's acquiescence to the use of their name and logo a full defense to this action by reason of the doctrine of estoppel by acquiescence?
4. Should the plaintiffs' action be estopped by the doctrine of ex turpi causa?
5. Did Mr. Dong breach the Sales Representative Agreement after the Sales Representative Agreement was cancelled?
6. Did the defendants infringe the Registered Trade-mark contrary to section 19 and 20 of the Trade-marks Act?
7. Did Mr. Dong depreciate the value of the plaintiffs' goodwill contrary to Section 22 of the Trade-marks Act?
8. Did the defendants pass off their Services as those of Royal Pacific?
9. Should Mr. Dong be personally liable for the actions of Maijan and Bliip Box?
10. Should the defendants transfer the domain royalpacific.co over to the plaintiffs?
11. Have the plaintiffs been unjustly enriched?
12. Are the plaintiffs entitled to an injunction?
13. Are the plaintiffs entitled to nominal damages for trade-mark infringement, passing off and breach of contract?
14. Are the plaintiffs entitled to special costs?
15. Should the vexatious litigation order be extended?
16. Have the plaintiffs abused the court's process?

Breach of the SRA

[69] The plaintiffs and defendants allege breaches of the SRA against each other.

- [70] The plaintiffs submit that Mr. Dong breached the SRA by using the Royal Pacific name and logo for purposes other than seeking real estate listings and real estate sales in connection with the business of Kingsway.
- [71] The plaintiffs also say that Mr. Dong used the name and logo to pursue other businesses and in particular, the business of promoting the Bliip Box platform in such a way as to mislead members of the public into believing that the Royal Pacific Group endorsed the platform.
- [72] Mr. Dong says that Kingsway breached the SRA by terminating the SRA because he was trying to promote Bliip Box by selling websites. His position is that in terminating the SRA the Royal Pacific Group acted in bad faith and for the improper purpose of forcing him to transfer the royalpacific.co domain name to them without proper compensation.
- [73] In my view the dispositive question on this issue is whether Kingsway lawfully terminated the SRA.
- [74] I find that Kingsway acted lawfully and in accordance with its rights when it terminated the SRA.
- [75] Paragraph 14 of the SRA permits either party to terminate the SRA without cause by giving 21 days' notice.
- [76] I find that there was nothing that prevented Kingsway from exercising this right when it gave notice of termination on November 27, 2013. Kingsway was no doubt motivated by the dispute the Royal Pacific Group was having with Mr. Dong over the use of its Trade-mark, and trading name. However, I find that it did not terminate for the SRA for any improper or dishonest purpose.
- [77] Mr. Dong submits that it was unconscionable for Kingsway to terminate the SRA because it was done for improper purposes. His position is that he was terminated so that the Royal Pacific Group could obtain the royalpacific.co domain without compensation and to harm his software business. He says that he was terminated to send a message to other Royal Pacific sales representatives that if they used the Bliip Box platform they would also be terminated. He also asserts that it was wrong for Mr. Peck to consult counsel to achieve the purposes he alleges.
- [78] I see no merit in these submissions. There is no evidence that Kingsway terminated the SRA with Mr. Dong to interfere in any improper way in his pursuit of developing the Bliip Box platform. The evidence is clear that the Royal Pacific Group had no interest in that platform. There is no evidence that they did anything for the purpose of harming Bliip Box's business.
- [79] I find that Kingsway terminated Mr. Dong because of concerns arising out of the October 9 email and website. In particular, I find that Mr. Peck had an honest belief that the contents of the website would lead members of the public to associate the web-based platform Mr. Dong was promoting with the Royal Pacific Group.

- [80] It is also apparent from the communications between Mr. Dong and Mr. Peck in early October 2013 that the relationship between Mr. Dong and the Royal Pacific Group had hopelessly broken down, and that it would be impracticable for Mr. Dong to continue to be a sales representative of Kingsway.
- [81] I can find no evidence that Kingsway or anyone in the Royal Pacific Group acted in bad faith or for any improper purpose in terminating the SRA. I therefore find that Mr. Dong has no cause of action against Kingsway for such termination.
- [82] The question of whether Mr. Dong breached the SRA is irrelevant because Kingsway did not rely on any such breach in terminating it, choosing instead to rely on the provision of the SRA that permits cancellation upon three weeks' notice. Kingsway has also not shown that it suffered any damages from any breach on Mr. Dong's part over and above the damages that Royal Pacific Ltd. can recover for Trademark infringement and the tort of passing off.

Infringement of Trade-mark, and Passing Off

- [83] These are the critical issues in this litigation.

Infringement of Trade-mark

- [84] The plaintiff Royal Pacific Ltd. is the proprietor of the Registered Trade-mark.
- [85] The evidence establishes that Royal Pacific Ltd. licenses the other members of the Royal Pacific family to use the Registered Trade-mark. The licence arrangement has been in place since the initiation of the Royal Pacific Real Estate Group. As new brokerages were joined to the Group, the licence was extended to them.
- [86] Royal Pacific Ltd. and representatives of the Royal Pacific Group, including Mr. Peck and Mr. Choi, regularly monitor the use of the Registered Trade-mark by doing Google internet searches, enforcing the policy manual, and ensuring the Registered Trade-mark is used by the sales representatives in a suitable manner.

- [87] The SRA provides:

9. Property of the Company

Royal Pacific Real Estate Group Ltd. is the owner of the "Royal Pacific" name and the "Royal Pacific" logo (featuring a rampant lion against a maple leaf background), and has authorized the use of the name and logo to the Company, which in turn is authorizing their use to the Sales Representative, subject to the terms set out in this agreement. The Sales Representative agrees to refrain from modification to the Company's logo or other artwork in marketing material without the expressed approval of the Company.

All listings, multiple, exclusive or otherwise, and related documents, including contracts of purchase and sales are the property of the Company and will remain so upon cancellation of this agreement. Any property belonging to the Company including photos of the Sales Representative that the Sales Representative has in his/her possession upon cancellation of this Agreement shall be immediately returned to the Company.

The Sales Representative agrees to allow the Company to use any promotional items, and media promotions which include but are not limited to photos, news paraphernalia, listings, voice recording for the purposes of advertising in any form of media and without limit.

[88] The plaintiffs allege that the defendants infringed the Trade-mark by using a mark identical or similar to it on:

1. the email sent out on October 9, 2013;
2. the website at <royalpacific.co>; and
3. the Facebook page "royalreferrals" between at least March 2014 and March 2017.

[89] Sections 19 and 20 of the Trade-Marks Act create a cause of action for trade-mark infringement:

19 Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any goods or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those goods or services.

20 (1) The right of the owner of a registered trade-mark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who

- (a) sells, distributes or advertises any goods or services in association with a confusing trade-mark or trade-name

[90] The relevant portions of s. 6 of the Trade-marks Act state:

6 (1) For the purposes of this Act, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

- (5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including
 - (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
 - (b) the length of time the trade-marks or trade-names have been in use;
 - (c) the nature of the goods, services or business;

- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

[91] The issue I must address is whether the use of the Registered Trade-mark by the defendants was likely to have caused confusion. The applicable principles are summarized in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27:

[40] At the outset of this confusion analysis, it is useful to bear in mind the test for confusion under the Trade-marks Act. In *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824, Binnie J. restated the traditional approach, at para. 20, in the following words:

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [mark], at a time when he or she has no more than an imperfect recollection of the [prior] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202, to contrast with what is not to be done -- a careful examination of competing marks or a side by side comparison.

[41] In this case, the question is whether, as a matter of first impression, the "casual consumer somewhat in a hurry" who sees the Alavida trade-mark, when that consumer has no more than an imperfect recollection of any one of the Masterpiece Inc. trade-marks or trade-name, would be likely to be confused; that is, that this consumer would be likely to think that Alavida was the same source of retirement residence services as Masterpiece Inc.

[92] The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class: *Trans-High Corp. v. Conscious Consumption Inc.*, 2016 FC 949 at para. 26.

[93] The degree of resemblance, although the last factor listed in s. 6(5) of the Trade-mark Act, is the statutory factor that is often likely to have the greatest effect on the confusion analysis; *Masterpiece Inc.* at para. 49.

[94] In K. Gill, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed., (Toronto: Carswell, 2002), Chapter 8 - Likelihood of Confusion - 8.6. - Degree of Resemblance, the degree of resemblance is explained as follows:

- (d) - Taking Essential Features

To constitute confusion it is not necessary that every part of a trade-mark is copied; it is sufficient if enough is copied to have a tendency to confuse the public. A trade-mark is infringed if a person other than the registered proprietor or authorized user sells, distributes, or advertises wares or services in association with one or more of the trade-mark's essential features, provided that this is likely to cause confusion. The right of proprietors is to their trade-marks as a whole; but where the essential feature or, as it is sometimes called, a single characteristic and distinctive particular of the plaintiff's marks has been taken, a case of infringement may be established.

"[D]egree of resemblance" recognizes that marks with some differences may still result in likely confusion.

[95] I adopt as accurate the table set out in the plaintiffs' written argument comparing the Registered Trade-mark to the marks used by the defendants in each of the complained about publications.

The Registered Trade-mark

Mark used by Defendants in October 9, 2013 email

Mark used on website at <royalpacific.co> in 2014

Mark used on Facebook page "royalreferrals" from 2014 to 2017

[96] I find that the website as it existed on October 9, 2013 infringed the Registered Trademark.

[97] I find that the Registered Trade-mark is inherently distinctive; the Trade-mark and trade-names have been in continuous use since the early 1990s; there is a similarity between the business of the Royal Pacific Group and some of the services offered on the website and the marks are very similar.

[98] I do not understand Mr. Dong to be taking the position that the marks he has used in his email on his website and the royalreferrals Facebook page are not similar. They clearly are.

[99] However, Mr. Dong's position is that he has the consent of the Royal Pacific Group to use the mark, or at least that it acquiesced in his usage of it. Mr. Dong also asserts that he was required to use the Royal Pacific name on his website.

[100] However, Mr. Dong has failed to appreciate the difference between his using the Trade-mark in connection with his duties as a sales representative of Kingsway and using it in a manner that represents that there is an association between the Royal Pacific Group and the Bliip Box technology or other businesses that Mr. Dong was pursuing.

[101] Mr. Dong had no right to use the Royal Pacific logo or name and goodwill in connection with his own separate businesses, including Bliip Box. The terms under which he was entitled to use the Royal Pacific name and logo are set out in the SRA.

- [102] At paragraph 108 of his argument on the issue of whether Kingsway breached s. 9 of the SRA by preventing him from using the Royal Pacific name and logo, Mr. Dong asserts that Kingsway never objected to his October 9 marketing piece. If Mr. Dong is seeking to make a distinction between Kingsway and the rest of the Royal Pacific Group, I find this argument to be disingenuous. If he is suggesting that Royal Pacific never objected he is wrong.
- [103] Both Mr. Peck and Mr. Fung objected to the October 9 email and the website attached to it. Mr. Peck demanded that he take the website down immediately.
- [104] I find that no reasonable person in Mr. Dong's position could have formed the opinion that the Royal Pacific Group was consenting or acquiescing in the use of the Royal Pacific name or logo in connection with the promotion of his Bliip Box business or any other business of his apart from his duties under the SRA.
- [105] I am also satisfied that Mr. Dong was well aware of the advantages of being able to use the royalpacific.co domain name. His evidence was that his original intent in acquiring it was to make it a gift to Mr. Fung.
- [106] Mr. Dong operated his website for many years under the name stevenrealtor.com. There can be no reasonable explanation for his changing the name of his website to royalpacific.co other than to trade on the goodwill of the Royal Pacific brand.
- [107] I therefore see no merit in Mr. Dong's argument on this issue.

Passing Off

- [108] Section 7 of the Trade-marks Act contains a statutory enactment of the common law tort of passing off;

7 No person shall

- (a) make a false or misleading statement tending to discredit the business, goods or services of a competitor;
- (b) direct public attention to his goods, 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 goods, services or business and the goods, services or business of another;
- (c) pass off other goods or services as and for those ordered or requested

- [109] The three necessary components of passing-off are:

- a) The existence of reputation or goodwill at the relevant time. This includes consideration of whether the plaintiff was recognized by the trade name and whether the trade name was distinctive within the relevant field of activity.

- b) A misrepresentation leading the relevant public to believe there is a business association or connection between the parties. This includes consideration of whether the defendants' use of the trade name is likely to deceive the relevant public. Any misrepresentation need not be deliberate and proof of intent is not necessary. Evidence of likelihood of confusion, leading to the possibility of lost business opportunity is relevant. However, the establishment of actual confusion is not required.
- c) Damage or potential damage flowing to the plaintiff as a result of any misrepresentation due to loss of control over its reputation is presumed.

Vancouver Community College v. Vancouver Career College (Burnaby) Inc., 2017 BCCA 41 at paras. 27-30.

[110] In this proceeding, there are four allegations of passing off:

- a) the email sent on October 9, 2013, directed at real estate-related services;
- b) the website at <royalpacific.co>, which was directed at real estate services from at least October 9, 2013 to March 25, 2014;
- c) the domain name <royalpacific.co>; and
- d) the Facebook page "royalreferrals" which was also directed at referrals in the real estate community from 2014 to 2017.

[111] I have already found that the plaintiffs have established goodwill in the name and Trade-mark. The plaintiffs called a good deal of uncontradicted evidence establishing their reputation in the real estate field in Greater Vancouver.

[112] Tracie McTavish, Richard Laurendeau and David McTavish were witnesses called by the plaintiffs to testify as to the goodwill and reputation of the Royal Pacific Group in the Greater Vancouver Real Estate industry. All three were able to describe the Royal Pacific Trade-mark from memory and testified that Royal Pacific was well known and respected in this market.

[113] The evidence also established that Royal Pacific has been in business since 1994. It is one of the largest independent brokerages in Vancouver and arranged sales of real estate valued at over \$15 billion in 2016. In addition, I find that the Royal Pacific Group utilizes the trading names ROYAL PACIFIC and ROYAL PACIFIC REALTY in its business.

[114] Mr. Dong put into evidence numerous entities that have used the name Royal Pacific in support of his position that the name Royal Pacific was not distinctive of the plaintiffs' business.

- [115] I do not find this evidence persuasive. There is no doubt that other companies have used the name Royal Pacific in connection with their businesses. However, none of them has used the Royal Pacific logo or anything similar. In addition, most of those businesses operated in other countries or jurisdictions and none was a real estate company. In my view the critical question is whether the plaintiffs have established goodwill in the Vancouver area real estate industry. The evidence in this case establishes that they have done so.
- [116] The second element of the tort is a misrepresentation leading relevant members of the public to believe that there is a business connection between the parties. This involves a consideration of whether confusion in the minds of the public is a likely consequence of the actions complained off.
- [117] The tort of passing off can occur not only when a competitor leads the public to believe that its products or services are that of the plaintiff but also when the defendant has promoted its own products in such a way to create the impression that its product or services are in some way approved or endorsed by the plaintiff or that there is some business connection between the plaintiff and the defendant; *National Hockey League v. Pepsi-Cola Canada Ltd.* (1992), 42 C.P.R.(3d) 390 (B.C.S.C.), *aff'd* (1995), 59 C.P.R. (3d) 216 (B.C.C.A.).
- [118] In my view, this is the manner in which the actions of the defendants constitute passing off in this case.
- [119] The issue of what constitutes confusion in the minds of the public was addressed in *Vancouver Community College*:
- [57] Referring to the jurisprudence the judge recognized, correctly, that whether there is likely to be confusion must be answered in the context of the circumstances of the case. He referred to these observations by Justice Binnie in *Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22:
- 56 What, then, is the perspective from which the likelihood of a "mistaken inference" is to be measured? It is not that of the careful and diligent purchaser. Nor, on the other hand, is it the "moron in a hurry" so beloved by elements of the passing-off bar: *Morning Star Co-Operative Society Ltd. v. Express Newspapers Ltd.*, [1979] F.S.R. 113 (Ch. D.), at p. 117. It is rather a mythical consumer who stands somewhere in between, dubbed in a 1927 Ontario decision of Meredith C.J. as the "ordinary hurried purchasers": *Klotz v. Corson* (1927), 33 O.W.N. 12 (Sup. Ct.), at p. 13. See also *Barsalou v. Darling* (1882), 9 S.C.R. 677, at p. 693.
- [Emphasis in original]
- [120] In this case, the context is that the relevant market is the lower mainland or greater Vancouver real estate industry. Royal Pacific has a well-recognized name and reputation in that market. That industry and geographic area was the very market in which Mr. Dong was soliciting business.

[121] I conclude that the use of the domain name royalpacific.co for the website together with numerous references to aspects of the plaintiffs' business and the fact that the webpage was offering real estate related products would have caused confusion in the mind of an "ordinary hurried consumer", who could have confused the owner of the website with the Royal Pacific Group.

[122] The law is well settled that interference with the goodwill of the plaintiff is sufficient to establish damage, the third element of the tort. At paras. 75-76 of Vancouver Community College, Justice Saunders approved the statement of the principle set out by Justice Shaw in Edward Chapman Ladies' Shop Limited v. Edward Chapman Limited, 2006 BCSC 14:

[75] In the trial decision of Edward Chapman Ladies' Shop Limited, 2006 BCSC 14, Mr. Justice Shaw admirably described the jurisprudence on damage, including:

[53] The defendant argues that no financial loss has been proven by the plaintiff. In terms of demonstrable loss of business to date, I agree with the defendant. As I read the case law, however, proof of actual financial loss is not required; rather, damage may be inferred from the unauthorized use of another's goodwill. Damage may also be inferred from the loss of control over one's goodwill.

[54] In Sir Robert McAlpine Ltd. v. Alfred McAlpine Plc., 2004 EWHC 630 at para. 20 (Ch.), Mann J. said:

When it comes to considering damage, the law is not so naïve as to confine the damage to directly provable losses of sales, or "direct sale for sale substitution". The law recognises that damage from wrongful association can be wider than that.

[55] In Irvine v. Talksport Ltd., [2002] 1 W.L.R. 2355, at 2366 (Ch.), Laddie J. said:

But goodwill will be protected even if there is no immediate damage....[A]lthough the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it.

[56] In Visa International Service Association v. Visa Motel Corporation (1984), 1 C.P.R. (3d) 109 at 119 (B.C.S.C.), Proudfoot J. (as she then was) said:

[T]he lack of power to control the use of the marks to which goodwill attached by unauthorized users was recognized as an apprehended form of damage to goodwill.

[76] In this case the interference with the appellant's goodwill is sufficient to establish damage.

[Emphasis of Saunders J.A.]

[123] I am therefore satisfied that the plaintiffs have established the three elements necessary to establish the tort of passing off. In this regard I note that after the termination of the SRA, the defendants continued to operate the royalpacific.co website and update it to March, 2014.

Defences

[124] At paragraph 68 of these reasons I set out the issues identified by the defendants. I have already dealt with most of those issues but will address them again briefly.

[125] I have already found that Kingsway did not breach the SRA. Mr. Dong was permitted, and indeed encouraged to use the Royal Pacific name and logo in connection with his activities as a sales representative. Read in context, any permission given to Mr. Dong to use the name and logo was clearly limited to that purpose. Section 9 of the SRA did not grant Mr. Dong the right to use the Royal Pacific name and logo for any other purpose.

[126] Mr. Dong relied on what he called the doctrine of estoppel by acquiescence with respect to the use of the name and logo. However I can no evidence of either estoppel or acquiescence in the conduct of the plaintiffs. In my view, in advancing this argument Mr. Dong is again confusing the limited right granted to him to use the name and logo in connections with his duties as a sales representative with use for any other purpose.

[127] Mr. Dong has not shown any ground on which the doctrine of ex turpi causa can be applied to this case. I have already found that the plaintiffs have acted lawfully and in good faith throughout this dispute.

[128] I will address the question of whether the defendants must transfer the royalpacific.co domain name to Royal Pacific Ltd. in my reasons dealing with remedies.

[129] There is also no evidence that the plaintiffs have benefitted at all, let alone been unjustly enriched in this case.

[130] I will also address the issue of damages, special costs and the continuation of the vexatious litigant order later in these reasons.

[131] Finally I find that the plaintiffs have done nothing to abuse the process of this court.

Remedies

[132] The plaintiffs seek the following remedies:

- a) an injunction prohibiting the defendants by themselves and their servants, workmen, agents and employees, from directly or indirectly:

- i. using the trade names and trade-marks ROYAL PACIFIC and ROYAL PACIFIC REALTY and the Registered Trade-mark in the future including without limitation use in association with sales of, distribution of or advertising of wares or services in association with the trade names and trade-marks ROYAL PACIFIC and ROYAL PACIFIC REALTY and the Registered Trade-mark;
 - ii. directing public attention to any of the defendants' services in such a way as to cause or to be likely to cause confusion between the services and business of the defendants and the services and business of the plaintiffs, including without limitation by adopting, using or promoting "ROYAL PACIFIC" or "ROYAL PACIFIC REALTY" as, or as part of, any trade-mark, trade-name, trading style, meta tags (or other internet search engines, optimization tools or devices), corporate name, business name, domain name (including any active or merely re-directing domain name); or
 - iii. passing off the defendants' services as and for those of the plaintiffs;
- b) an injunction that the defendants or any one of them transfer the <royalpacific.co> domain name to the plaintiff Royal Pacific Real Estate Ltd. and provide assistance to the plaintiff Royal Pacific Real Estate Ltd. as may be necessary to transfer the <royalpacific.co> domain name;
 - c) nominal damages for Trade-mark infringement and passing off in the amount of \$30,000;
 - d) nominal damages for breach of contract in the amount of \$5,000;
 - e) special costs;
 - f) pre-judgment and post-judgment interest; and
 - g) extension of the vexatious litigation order made on February 5, 2016.

[133] In most circumstances a successful plaintiff in an action for passing off and infringement of Trade-mark is entitled to an order restraining the defendant from continuing its unlawful activities.

[134] I am satisfied that the plaintiffs are entitled to the injunctive relief sought in paragraphs a) (i) and (ii) and (iii) above.

[135] In the circumstances of this case, I am also of the view that an order should be made requiring the defendants to transfer the royalpacific.co domain name to the plaintiff Royal Pacific Ltd.

[136] I have the authority to make such an order under s. 53.2(1) of the Trade-marks Act, which provides:

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

[137] In *Michaels v Michaels Stores Procurement, Inc.*, 2016 FCA 88, the court held that s. 53.2(1) gives the court the power to order the transfer of a domain name when a breach of the Act has been established;

8 Further, the jurisdiction to order delivery up of the domain names in question (e.g. *michaels.ca*) is firmly rooted in statute. Section 53.2 of the Trade-marks Act gives the Court a wide discretion to grant the remedies it considers necessary to give effect to rights that have been infringed, such as those under ss. 20(1.1) of the Trade-marks Act. It provides that "if a Court is satisfied... that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances...". A statutory basis for the order requiring delivery up of the domain name can also be found in subsection 20(2) of the Federal Courts Act (R.S.C. 1985, c. F-7), which gives the Court jurisdiction to order any appropriate remedy known to common law or equity: *Merck v. Apotex*, 2006 FCA 323 at para 123.

9 On the evidence before the judge, the domain name was the mechanism by which the respondent's mark was infringed, and was the instrument of confusion in the marketplace. No palpable and overriding error has been demonstrated in the judge's discretionary decision to require delivery up of the domain name.

[138] In this case the domain name was integral to the infringement of the Registered Trade-mark, the tort of passing off and to the breach of s. 7 of the Trade-marks Act. Mr. Dong at no time acknowledged that the use of the *royalpacific.co* domain name was in any way wrongful. I am of the view that an order requiring the defendants to transfer the domain name is necessary to protect the rights of the plaintiffs and reduce the risk of further litigation over the use of the domain name.

[139] I therefore order that all defendants take all necessary steps to transfer the domain name *royalpacific.co* to the plaintiff Royal Pacific Ltd.

Mr. Dong's Personal Liability

[140] I am satisfied that all three defendants are liable for Trade-mark infringement and passing off.

[141] In certain circumstances a director or directing mind of a company will not be held personally liable for wrongful acts that they cause that company to take. The classic example of such a situation is found in *Said v. Butt*, [1920] 3 K.B. 497, in which it was held that a managing director of a company could not be found liable for inducing the company to breach a contract with a third party.

[142] In *Mentmore Manufacturing Co. v. National Merchandise Manufacturing Co.* (1978), 89 D.L.R. (3d) 195 (F.C.A.), the court held that a director of a company could only be liable for knowing, deliberate, wilful participation in a wrongdoing. In that case the wrongdoing in question was manufacturing ball point pens in breach of the patent rights of the plaintiff. If that ratio applies to this case, the plaintiffs would have to show that Mr. Dong engaged in deliberate, willful and knowing pursuit of wrongful conduct by Maijan or Bliip Box to impose liability on him for any wrongful acts on their part.

[143] However, in *ADGA Systems International Ltd. v. Valcom Ltd.* (1999), 43 O.R. (3d) 101 (Ont. C.A.), the Ontario Court of Appeal pointed out that the rule in *Said v. Butt* does not apply to cases in which the director or officer of a company personally commits a tort:

After detailing the mischief that would flow from permitting such claims to be made McCardie J. concluded at p. 506:

I hold that if a servant acting bona fide within the scope of his authority procures or causes the breach of a contract between his employer and a third person, he does not thereby become liable to an action of tort at the suit of the person whose contract has thereby been broken. ... Nothing that I have said to-day is, I hope, inconsistent with the rule that a director or a servant who actually takes part in or actually authorizes such torts as assault, trespass to property, nuisance, or the like may be liable in damages as a joint participant in one of such recognized heads of tortious wrong .

The consistent line of authority in Canada holds simply that, in all events, officers, directors and employees of corporations are responsible for their tortious conduct even though that conduct was directed in a bona fide manner to the best interests of the company, always subject to the *Said v. Butt* exception.

[144] The Court of Appeal considered the issue of directors' liability in *Merit Consultants International Ltd. v. Chandler*, 2014 BCCA 121. As I read that decision the Court expressed general agreement with *ADGA*. At para. 22, Newbury J.A. quoted with approval from *XY LLC v. Zhu*, 2013 BCCA 352;

[22] In *XY v. Zhu* itself, we concluded that:

... it appears to be the law in Canada that as long as tortious conduct on the part of an employee or agent of a corporation (or any other employer) is properly pleaded and proven as an "independent" tort by the employee or agent, the wrongdoer can be held personally liable notwithstanding that he or she may have been acting in the best interests of (and at the behest of) the employer or principal. I see no reason in principle or policy why such liability should be

restricted to cases involving physical damage (as *Said v. Butt* may have suggested in 1920), or to claims in negligence (as referred to in *London Drugs*, [1992] 3 S.C.R. 299, Hildebrand and Neilson.) Certainly the Ontario Court of Appeal did not so restrict it in *ADGA*. ... [At para. 73.]

[145] I conclude that Mr. Dong is liable for his own tortious conduct whether or not he was acting on behalf of a corporation when he carried it out.

[146] In this case I find that it was Mr. Dong who used the *royalpacific.co* domain name and advertised on the website distributed on October 9, 2013. I also am satisfied that it was Mr. Dong himself who caused the Facebook page complained of to be created.

[147] My conclusion that Mr. Dong is personally liable is reinforced by the evidence that shows that Mr. Dong at no time differentiated between his personal interests and those of Maijan and Bliip Box. Apart from the fact that they were incorporated, there is little or no evidence that these companies were anything other than vehicles through which Mr. Dong carried on business.

Damages

[148] The plaintiffs seek nominal damages against Mr. Dong for \$1,000 for breach of contract. Of the two plaintiffs, only Kingsway has a contract with Mr. Dong.

[149] I am not persuaded that Kingsway is entitled to any damages against Mr. Dong. Proof of actual damage is an essential element of a claim for breach of contract. Kingsway did not rely on any breach of contract by Mr. Dong when it terminated the SRA. The principal complaints made against Mr. Dong are trade-mark infringement and passing off. Moreover, Kingsway has not demonstrated any damages as a result of any breach of conduct by Mr. Dong.

[150] I therefore dismiss the claim against Mr. Dong for breach of contract.

[151] Royal Pacific Ltd. is entitled to nominal damages. By definition nominal damages are damages that cannot be determined by reference to any loss to the plaintiff or wrongful gain by the defendant.

[152] In this case I am satisfied that the defendants do not appear to have made any financial gain from their wrongful conduct. They undoubtedly have caused the plaintiffs a good deal of inconvenience but there is no evidence that any financial loss was caused to the business of either plaintiff.

[153] The relief I have granted by way of injunction and by ordering the defendants to transfer the *royalpacific.co* domain name to Royal Pacific Ltd. have provided the plaintiffs with an adequate remedy.

[154] In *RBC Dominion Securities Inc. v. Merrill Lynch Canada Inc. et al*, 2004 BCSC 1464, the court awarded \$1,000 in nominal damages for each breach. In this case four instances of infringement or passing off have been made out. I consider that an award of \$1,500 for each breach is appropriate in this case and therefore award damages of \$6,000.

Continuation of Prohibition against Pursuing actions against Plaintiff's Counsel

[155] Finally, I have concluded that the order prohibiting Mr. Dong from commencing any action against the plaintiffs' counsel without leave of the court should be made permanent.

[156] In the course of these proceedings, including at trial, Mr. Dong made a number of unsubstantiated allegations against the law firm representing the plaintiffs. There was no evidence lead capable of supporting any such allegations. These included allegations of dishonesty and unprofessional conduct.

[157] I am satisfied that the plaintiffs' counsel should not be put to the expense of defending a proceeding against them without Mr. Dong satisfying this court that it is in the interests of justice that it should proceed.

[158] I therefore make an order permanently prohibiting Mr. Dong from commencing any action against the firm WLG (Canada) LLP or any partner, associate, employee or agent of that firm with respect to the conduct of the firm in acting for the plaintiffs in this action without obtaining leave of the court.

Application to amend Counterclaim

[159] It follows from the conclusions I have reached in these reasons that the issues the defendants wish to raise by way of an application to amend their counterclaim have been resolved against them and no further application can be brought to advance a counterclaim.

Costs

[160] The plaintiffs have been substantially successful in this action and are entitled to their costs.

Special Costs

[161] The plaintiffs seek an award of special costs.

[162] The law is well settled that the court can award special costs when it is satisfied that a party has engaged in reprehensible conduct in the course of the litigation. However, a decision to award special costs is discretionary.

[163] In this case there is much to criticize about Mr. Dong's conduct. However, I have concluded that much of his conduct can be explained by his unfounded but genuine conviction that the plaintiffs have sought to persecute him in this action.

[164] While there was no medical evidence to this effect before me it was clear that Mr Dong has a compulsive personality. While this does not excuse his conduct, it is a factor that I take into account in determining whether he should be punished by an award of special costs.

[165] I am aware that Mr Dong advanced many unmeritorious arguments. However, as pointed out in Merit Consultants International Ltd, there is a fine line between advancing unmeritorious claims that have little chance of success that a party genuinely believes in and the assertion of hopeless arguments recklessly or spuriously.

[166] I am satisfied that Mr Dong had a genuine but misplaced belief that his arguments were meritorious.

[167] I am also concerned that an award of special costs will further delay the conclusion of this already lengthy proceedings. One consequence of an award of special costs would be a waiver of privilege which would permit Mr. Dong to review all of the files of the plaintiffs' counsel. Such an exercise is not in the interest of the parties.

[168] Accordingly, I decline to order special costs against Mr. Dong.

Scale of Costs

[169] I have concluded that costs should be assessed on scale C as a matter of more than ordinary difficulty.

[170] In *Mort v. Saanich School District No 1*, 2001 BCSC 1473, Justice R. D. Wilson set out some factors that should be considered in determining the appropriate scale of costs under the tariff of costs as it then existed:

5 The starting point is to determine whether this matter was of little difficulty; less than ordinary difficulty; ordinary difficulty or importance; more than ordinary difficulty or importance; or, of unusual difficulty or importance. Difficulty or importance must be established, not both.

6 Relevant factors to consider in answering that question include:

- (a) The length of the trial;
- (b) the complexity of the issues involved;
- (c) the number and complexity of pre-trial applications;
- (d) whether or not the action was hard fought with little or nothing being conceded along the way;
- (e) the number and length of Examinations for Discovery;
- (f) the number and complexity of Experts' Reports; and
- (g) the extent of the effort required in the collection and proof of facts.

- [171] In *Meghji v. Lee*, 2014 BCCA 105, the Court of Appeal referred to *Mort* with approval, and found that all matters that were formerly covered in scales 4 and 5 of the repealed Supreme Court Rules should be treated as matters of more than ordinary difficulty:
- [136] We say this for two reasons. First, given the existing case law defining matters of ordinary difficulty, the drafters of the Rules, by using the same phrasing, appear to have intended to continue the existing cost regime in relation to cases of ordinary difficulty, as that phrase has been defined and judicially considered. Further, the Rules reflect an intention to collapse, into one category, all cases of less than ordinary difficulty. The language of the current Rules combines matters of little difficulty (which formerly fell into Scale 1) and matters of less than ordinary difficulty (formerly Scale 2) into what is now Scale A. There was not an equal and proportionate expansion of the range of cases falling within each scale in the new tariff. Having consolidated all matters of less than ordinary difficulty into one scale, it is our view that the drafters also consolidated all matters of more than ordinary difficulty, including matters of unusual difficulty or importance, into Scale C.
- [172] In this case, the trial was lengthy, occupying 15 days over an 8-month period. The legal issues were not unduly complex but were complicated by the many unmeritorious issues raised by the defendants. There were a number of pre-trial applications made necessary by the difficulties faced by the plaintiffs in obtaining proper disclosure of documents and responsive answers on examination for discovery. The action was hard fought, with the defendants conceding nothing and making allegations of impropriety against the plaintiffs, its officers and counsel for the plaintiff. The examinations for discovery were lengthy. There were no expert reports but the plaintiffs were put to a great deal of time and effort to determine the ownership of the critical domain name *royalpacific.co*.

[173] For these reason I order costs to be assessed on Scale C.

SEWELL J.

Source & reproduction note

Judgment wording, source notices and original paragraph numbers are retained. Esheria supplies the layout and this PDF's page numbers; these are not the source pagination. This is a research copy, not an official or certified court document. Check quotations, citations and publication restrictions against the original source before relying on it.

ORIGINAL SOURCE <https://www.bccourts.ca/jdb-txt/sc/18/12/2018BCSC1272.htm>

CASE PAGE <https://chat.esheria.ai/case-law/canada/royal-pacific-real-estate-group-ltd-v-dong-2018>

Prepared on 29 October 2026 · Esheria