

CANADA / JUDGMENT

Royal Pacific Real Estate Group Ltd. v. Dong

2020 BCCA 323

COURT

British Columbia Court of Appeal

DECIDED

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2020 BCCA 323 Royal Pacific Real Estate Group Ltd. v. Dong

COURT OF APPEAL FOR BRITISH COLUMBIA

Citation:

Royal Pacific Real Estate Group Ltd. v. Dong,

2020 BCCA 323

Date: 20201120

Docket: CA45538

Between:

Royal Pacific Real Estate Group Ltd. and

Royal Pacific Realty (Kingsway) Ltd.

Respondents

(Plaintiffs)/

(Defendants by Counterclaim)

And

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

Steven Real Estate, Maijan Holdings Inc.

and Bliip Box Inc.

Appellants

(Defendants)/

(Plaintiffs by Counterclaim)

Before:

The Honourable Madam Justice Saunders

The Honourable Madam Justice Bennett

The Honourable Madam Justice DeWitt-Van Oosten

On appeal from: An order of the Supreme Court of British Columbia, dated July 30, 2018 (Royal Pacific Real Estate Group Ltd. v. Dong, 2018 BCSC 1272, Vancouver Docket S139554).

Counsel for the Appellant:

M.B. Funt

Counsel for the Respondent:

S.E. Foster

N. Pike

Place and Date of Hearing:

Vancouver, British Columbia

September 17, 2020

Place and Date of Judgment:

Vancouver, British Columbia

November 20, 2020

Written Reasons by:

The Honourable Madam Justice Bennett

Concurred in by:

The Honourable Madam Justice Saunders

The Honourable Madam Justice DeWitt-Van Oosten

Summary:

The Appellants appeal the order that found the Appellants liable for trade-mark infringement and the statutory tort of passing-off, and dismissed the Appellants' counterclaim. The Appellants contend that the trial judge: (1) committed palpable and overriding error in finding that the Appellants were not authorized by written agreement to use the trade-mark and trade name in the manner that it was used; and (2) erred in law in dismissing the Appellants' counterclaim

without evidence. Held: Appeal dismissed. The trial judge reviewed the written agreement and the evidence and committed no palpable and overriding error in reaching his conclusion. Furthermore, the trial judge addressed all of the issues raised and there was no unfairness in the trial.

Reasons for Judgment of the Honourable Madam Justice Bennett:

- [1] Steven Dong was licensed to act as a real estate representative. He owns Steven Real Estate Developments (which is not a legal entity and although named in the style of cause, is not a party in the proceedings), Maijan Holdings Inc., and Bliip Box Inc. However, in the course of conducting his business, he cannot use the protected, trade-marked property of others without permission. Mr. Dong appeals from the decision that found that he (and his companies) infringed the trade-mark of Royal Pacific Real Estate Group Ltd., and committed the tort of passing off. Royal Pacific Realty (Kingsway) Ltd. unsuccessfully sued for breach of contract.
- [2] Mr. Dong counterclaimed alleging that Royal Pacific Realty (Kingsway) Ltd. breached the Sales Representative Agreement by wrongfully denying him the ability to use the name Royal Pacific, and by terminating the Sales Representative Agreement for an improper purpose. His counterclaim was also dismissed. He appeals that conclusion as well. The reasons for judgment are indexed at 2018 BCSC 1272 (the "Reasons").
- [3] I would dismiss the appeal.

Factual Background

- [4] Royal Pacific Real Estate Group Ltd. ("Royal Pacific Ltd.") is the proprietor of a registered trade-mark in Canada (the "Registered Trade-mark" or "logo"). Together with Royal Pacific Realty (Kingsway) Ltd. ("Kingsway"), the entities are part of a group of companies (the "Royal Pacific Group" or "Royal Pacific") in the business of real estate sales.
- [5] The Registered Trade-mark, which was used at least from December 1994, was registered in 1998 in association with residential and commercial real estate services, building services, and commercial real estate brokerage and consultation services. Royal Pacific Ltd. provides an oral or unwritten license to the other members of the Royal Pacific Group to use the mark:
(the "Registered Trade-mark")
- [6] In addition, the Royal Pacific Group exclusively utilized the trading names ROYAL PACIFIC and ROYAL PACIFIC REALTY in the Greater Vancouver real estate industry to describe their real estate business.
- [7] Mr. Dong is the sole shareholder, director and officer of Maijan Holdings Inc. ("Maijan"), and the sole director of Bliip Box Inc. ("Bliip Box"). In and around 2010, he obtained a license that permitted him to act as a real estate sales representative.

- [8] On June 26, 2012, Mr. Dong and Kingsway entered into a written Sales Representative Agreement ("SRA").
- [9] By the summer of 2012, 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. At this time, Mr. Dong also had a business plan to combine his real estate sales activities with the promotion of a social media referral application called Bliip Box. He hoped to be able to market Bliip Box to the real estate industry as a preferred supplier of websites.
- [10] On August 1, 2012, the Real Estate Council of British Columbia (the "Council") informed Mr. Dong that certain aspects of his website did not comply with its regulations. Andrew Peck, a manager of several Royal Pacific Group brokerages, reviewed the website after being copied on the complaint.
- [11] On August 12, 2012, Mr. Peck sent an email to Mr. Dong outlining what he considered to be the deficiencies in the website. This included the website's provision of the contact information of Royal Pacific Group brokerages at Kingsway and Oakridge as the contact information for an entity called Steven Real Estate Developments. Mr. Dong made changes to his website in response to this email.
- [12] On August 26, 2013, the Real Estate Council again objected to the stevenrealestate.co website. Changes were made, but they did not satisfy Mr. Peck, who concluded that the content of the website was not acceptable to Royal Pacific Group.
- [13] On September 4, 2013, Mr. Peck sent an email to Mr. Dong outlining Royal Pacific's concerns about the website. Royal Pacific was worried that members of the public would be confused and conclude that it was a corporate website of Royal Pacific rather than a personal website of Mr. Dong.
- [14] Mr. Dong continued to pursue the promotion of his Bliip Box technology. He sent an email on September 17, 2013 to Mr. Peck asking if Royal Pacific would be interested in his technology. Mr. Peck replied no, and directed him to communicate with the IT manager at Royal Pacific Group, Mr. Bi.
- [15] On October 9, 2013, a compliance officer of the Council forwarded Mr. Peck an email that Mr. Dong had sent to a number of realtors. The email displayed the Registered Trade-mark, the words "Get endorsed at RoyalPacific.co", and the following:
- "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."
- [16] The email used the trading names ROYAL PACIFIC and ROYAL PACIFIC REALTY, and, among other things, used the address and contact information of Kingsway as the mailing address of Bliip Box.

- [17] Mr. Peck was concerned that persons reading the email or viewing the website would conclude that the Royal Pacific Group was offering or endorsing the services being offered on the website.
- [18] On October 10, 2013, after being contacted by the managing broker of Kingsway, 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.
- [19] Mr. Peck communicated to Mr. Dong that he was not permitted to use a domain name containing 'Royal Pacific' in connection with any business other than that of Royal Pacific Group. He demanded that Mr. Dong take the website down.
- [20] On October 14, 2013, the royalpacific.co website gave a description of the Royal Pacific Group, followed immediately by a heading, "Get endorsed on our Bliip Box", which was followed in turn with the contact information of all of the Royal Pacific Group brokerage offices.
- [21] The Royal Pacific Group sent a cease and desist letter to Mr. Dong and Steven Real Estate on October 14, 2013, demanding that Mr. Dong take down the website and cease using the domain name royalpacific.co. The letter alleged an infringement of the Registered Trade-mark and the tort of passing off.
- [22] On November 27, 2013, Mr. Peck gave Mr. Dong 21 days' notice of termination of the SRA.
- [23] On December 2, 2013, Mr. Dong emailed Mr. Peck and took the position that he was entitled to use the Royal Pacific name on his website. He also reiterated his refusal to transfer the royalpacific.co domain name.
- [24] As of December 18, 2013, Mr. Dong ceased to be a sales representative of Kingsway.
- [25] The royalpacific.co website continued to operate until March 2014. In addition, Mr. Dong owned a Facebook page called "royalreferrals" that displayed the Registered Trade-mark, including up until the date of trial.

Background of the Proceedings

Trial Judgment

- [26] The trial judge began by considering whether the SRA had been breached by either party. In his view, the dispositive question was whether Kingsway had lawfully terminated the SRA. He concluded that it had. Paragraph 14 of the SRA permitted either party to terminate the SRA without cause by providing 21 days' notice, and nothing prevented Kingsway from exercising that right when it gave Mr. Dong notice of termination on November 27, 2013. There was no evidence to support the allegation that it had done so for an improper or dishonest purpose.

[27] Turning to the issue of trademark infringement, the judge reproduced s. 9 of the SRA as follows:

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 [sic] 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.

[28] Relying on the principles applicable to the "confusion" analysis, the judge found that the royalpacific.co website as it existed on October 9, 2013 infringed the Registered Trade-mark. He rejected Mr. Dong's argument rooted in consent and/or acquiescence, noting:

[100] 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.

[29] The trial judge later added:

[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.

- [30] The judge was also satisfied that Mr. Dong and his related entities committed the tort of passing off. Royal Pacific established goodwill in the Vancouver area real estate industry, and, given the domain name and its content, the mind of an "ordinary hurried consumer" would have been confused as to the ownership of the royalpacific.co website. Damages were established by inference.

Additional Proceedings

- [31] Royal Pacific filed its Notice of Civil Claim in December 2013. The Appellants filed three responses to that claim, the last one on May 30, 2016 (the "3rd Amended Response to Amended Notice of Civil Claim").
- [32] The Appellants filed their counterclaim in May 2015, which was struck in its entirety. The second amended counterclaim was filed on May 30, 2016 (the "Second Amended Counterclaim").
- [33] A trial management conference was held on April 7, 2017. Among other things, Mr. Dong had not produced documents sought in respect of his counterclaim. As a result, the trial on the main action was ordered to proceed and the Second Amended Counterclaim was adjourned.
- [34] When he issued his reasons for judgment on the main action, the trial judge dismissed the Second Amended Counterclaim.
- [35] Mr. Dong filed an application on December 4, 2017 to add Mr. Peck as a party to his counterclaim on the basis of conduct as part of his employment with Royal Pacific, including an allegation of defamation. This was the third time that application had been filed. The first one was abandoned, and the second one was stayed pending service of the application on Mr. Peck. That did not occur and remains stayed. The third application to amend the counterclaim and add parties was filed after the trial of the main action, and prior to submissions at trial on December 15, 2017. It had not been served on Mr. Peck. Mr. Peck is now deceased.

The Issues

- [36] The Appellants allege the trial judge committed a palpable and overriding error by finding that Mr. Dong was not entitled under the SRA to utilize the Registered Trade-mark and trade name in the manner he did. They also allege the judge erred in law by dismissing their counterclaim "without evidence" after previously ordering that it would be heard separately.

Position of the Parties

- [37] Mr. Dong says that he was granted permission to use the Registered Trade-mark in a broad fashion, and that the SRA did not limit his right solely to real estate sales with Kingsway. He asserts that, pursuant to the SRA, he was entitled to use the logo and name of Royal Pacific for his other businesses, and in particular, Bliip Box. He submits that the finding that there

was a distinction between his realty business (where he was permitted to use the logo) and his separate businesses (Bliip Box, etc.) was a conclusion unsupported by the evidence. He submits that Bliip Box was used to advertise his real estate services and therefore was in the course of his real estate business. He says that all of the infringements found by the trial judge were actually related to his real estate business, and thus the judge erred in concluding that he infringed the Registered Trade-mark and engaged in "passing off". He says he had permission to use the logo, and that Royal Pacific was wrong to terminate the SRA.

- [38] Mr. Dong submits that the Appellants were not permitted to advance their counterclaim, call evidence, or make submissions and, as a result, an injustice occurred. He says that the Appellants' claims as follows were not resolved at the trial:
60. The Appellants' counterclaim made various allegations against the respondents which were not canvassed in evidence at trial due to the severance of the counterclaim. In particular, the Appellants' alleged that:
- (a) The Respondents were unjustly enriched in relation to the direction of internet traffic from royalpacific.co;
 - (b) Kingsway breached the SRA by refusing to allow Mr. Dong to use the Royal Pacific name and logo in his real estate marketing and by sending the Cease and Desist Letter; and
 - (c) The Respondents caused damage to the Appellants including a loss of opportunity to obtain commissions and other remuneration and loss of reputation, credibility and character as a real estate agent.
- [39] He submits that the extension of the trial was not to accommodate his counterclaim arguments.
- [40] Royal Pacific submits that the SRA is clear on its face, and that the trial judge correctly found that Mr. Dong's permission to use the Royal Pacific name and logo was limited to his activities as a sales representative. They submit that the SRA did not grant Mr. Dong the right to use the name or logo for any other purpose. Royal Pacific contends that the scope of the permission was clearly defined within the terms of the agreement. In addition, Royal Pacific points out that neither Maijan nor Bliip Box had any permission to use Royal Pacific's intellectual property. The use of the name and logo to promote Bliip Box clearly fell outside the terms of the SRA. Royal Pacific says there was no evidence that Bliip Box was connected to Mr. Dong's real estate business, and ample evidence showing that it was not. It was, they say, a social media platform aimed at a multitude of industries, generating fees and profit for Bliip Box.
- [41] Royal Pacific says that Mr. Dong continued to use its intellectual property after the termination of the SRA, and in particular, the website royalpacific.co, utilizing the name Royal Pacific, and making it appear that Royal Pacific Group endorsed, or at least was associated with, the website. Similarly, on a Facebook page titled "royalreferrals", operated

by Mr. Dong, he used the Registered Trade-mark and the name "Royal Pacific", and was still operating this Facebook page long after the SRA was terminated. Royal Pacific contends that there was ample evidence to support the trial judge's findings, and that he committed no palpable and overriding error.

- [42] The Respondents acknowledge that the counterclaim was initially adjourned, however, they submit that the trial judge did hear all the issues pleaded in the counterclaim. They submit that at trial, Mr. Dong unilaterally raised numerous arguments and defences that were not pleaded in the 3rd Amended Response to Amended Notice of Civil Claim and also raised all of the claims pleaded in the Second Amended Counterclaim. It is contended that although the trial judge had previously held the Second Amended Counterclaim would be adjourned to a future date, the trial judge heard and carefully considered all of Mr. Dong's arguments in the counterclaim. These accommodations for Mr. Dong caused the trial to last an additional seven days, beyond the eight days originally scheduled, for a total of 15 days.
- [43] The Respondents say that in the Appellants' closing submissions at the end of trial, the Appellants made lengthy oral and written submissions on 17 different "issues" (numbered 1(a), 1(b), 2-5, 5(a), and 6-15). The Appellants addressed the two pleaded defences but also an additional 15 other grounds that were not pleaded in the 3rd Amended Response to Amended Notice of Civil Claim. As a consequence, the written submissions were over 200 pages long.

Discussion

Interpretation of the Sales Representative Agreement

Standard of Review

- [44] Mr. Dong asserts that the trial judge erred in his interpretation of the SRA. The parties agree that the standard of review on a question of mixed fact and law, absent an extricable error of law, is a palpable and overriding error. See *Housen v. Nikolaisen*, 2002 SCC 33 at paras. 34-36; *Sattva Capital Corp. v. Creston Moly Corp.*, 2014 SCC 53 at paras. 50, and 52-53; *Li v. Rao*, 2019 BCCA 264 at para. 29.
- [45] In *Benhaim v. St-Germain*, 2016 SCC 48 at paras. 38-39, Justice Wagner (as he then was) described what is meant by "palpable and overriding error":
- [38] It is equally useful to recall what is meant by "palpable and overriding error". Stratas J.A. described the deferential standard as follows in *South Yukon Forest Corp. v. R.*, 2012 FCA 165, 4 B.L.R. (5th) 31, at para. 46:

Palpable and overriding error is a highly deferential standard of review . "Palpable" means an error that is obvious. "Overriding" means an error that goes to the very core of the outcome of the case. When arguing palpable and overriding error, it is not enough to pull at leaves and branches and leave the tree standing. The entire tree must fall.

[39] Or, as Morissette J.A. put it in *J.G. v. Nadeau*, 2016 QCCA 167, at para. 77 (CanLII), [TRANSLATION] "a palpable and overriding error is in the nature not of a needle in a haystack, but of a beam in the eye. And it is impossible to confuse these last two notions."

The Sales Representative Agreement

[46] The agreement is some six pages long, and is not unduly complicated. I set out the applicable parts below:

WHERE the Company is duly registered as a real estate agent as defined in the British Columbia Real Estate Act & Regulations (the "Act") and owns, for the purpose thereof, the facilities and equipment required to conduct its real estate brokerage business;

AND WHEREAS the Sales Representative is eligible to be licensed as a salesperson as defined in the British Columbia Real Estate Act & Regulations;

AND WHEREAS the Sales Representative wishes to secure access to such facilities and equipment for the purpose of conducting a real estate business and the Company desires to engage the Sales Representative as an independent salesperson to represent the Company on the terms and conditions set out in this Agreement;

2. Duties of the Sales Representative

The Sales Representative shall conduct his or her business activities in any manner that he or she considers appropriate and shall exercise his or her judgment and to which clients will be solicited and the time, and place and manner in which his or her business activities are arranged subject only to compliance with applicable legislation, prudence and ethics as practiced in real estate in the Greater Vancouver marketplace, such restrictions as are set out in this Agreement or in policies and procedures issued by the Company from time to time and all applicable legislation.

The Sales Representative shall devote such portion of his or her time and energy, as the Sales Representative deems appropriate to the furtherance of the Sales Representative's business. The Sales Representative agrees to not engage in other forms of employment without the strict understanding and approval of the Company, such approval to not be unreasonably withheld. At all times during the term of the Agreement, the Sales Representative shall attend faithfully and diligently to his/her duties which shall include, but not be limited to, the following:

5. Relationship

Notwithstanding paragraph 1, it is understood and the parties agree that the Sales Representative is an[d] shall remain at all times as a self-employed independent contractor and is not and shall not represent himself or herself to be a partner of the Company or to be related to the Company other than as a self-employed Independent Contractor.

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 [A]greement. The Sales Representative agrees to refrain from modifications 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.

14. Cancellation and Termination of this Contractual Agreement

The Sales Representative acknowledges the Company's right to cancel and terminate this Agreement for cause at any time without notice or payment in lieu of notice. Cause shall include, but not be limited to, misconduct reflecting detrimentally on the Company or breach on a material provision of this agreement, including failure to disclose under sub-section 2(a), and failure to remain a member in good standing of the local Real Estate Board.

The company may also cancel this Agreement by providing 21 days written notice.

The Sales Representative may terminate this Agreement upon three weeks written notice to the Company. Any notice given hereunder shall be sufficiently given if delivered personally or if sent by prepaid registered mail (in which case notice is deemed to have been given and received on the fourth day after mailing to the Company head office at Suite 550 North Tower, 650 W. 41st Ave, Vancouver, BC V5Z 2M9 and to the attention of the General Manager.

Unless terminated as hereinbefore provided, this Agreement shall be automatically renewed on each anniversary date of its commencement for a term of one year. Notwithstanding the foregoing, the [C]ompany and the Sales Representative may at any time terminate this Agreement by mutual agreement in writing.

Upon termination the Sales Representative must refrain from using the "Royal Pacific" name and logo or any variation thereof and will refrain from operating or doing business in any manner that might lend to give the general public the impression that the Sales Representative is licensed with or employed by Royal Pacific.

[Emphasis in original.]

- [47] The trial judge concluded that Kingsway acted lawfully when it terminated the SRA, and did so for no improper or dishonest purpose. The trial judge found that the termination was not intended to harm Bliip Box's business as alleged by Mr. Dong, but to prevent Mr. Dong from misleading the public by his use of the name and the Registered Trade-mark. While Mr. Dong seeks that this Court draw different inferences from the evidence, he has not identified a palpable or overriding error in the trial judge's findings.
- [48] Mr. Dong submitted that the trial judge erred in concluding that he infringed the Registered Trade-mark and committed the tort of passing off. He says that he had permission to use the Registered Trade-mark and the name in his real estate business, and that the trial judge erred in concluding that he did not.
- [49] Mr. Dong does not take issue with the fact that Royal Pacific Ltd. was the proprietor of the Registered Trade-mark. Nor does he dispute that there is a cause of action arising from trademark infringement (ss. 6, and 19-20 of the Trademarks Act, R.S.C. 1985, c. T-13). He does not dispute the finding that the Registered Trade-Mark is distinctive, and that the marks he used in his email, on his website and on the royalreferrals Facebook page are similar. Rather, he contends, as he did at trial, that he had consent to use the Registered Trade-mark.
- [50] After a review of the applicable provisions of the SRA and the evidence, the trial judge concluded:
- [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.
- [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.
- [51] I can discern no overriding or palpable error in his conclusions. Mr. Dong is asking this Court to draw its own inferences and make findings of fact consistent with his position at trial.
- [52] The trial judge also found that Mr. Dong committed the statutory tort of passing off, as outlined in s. 7 of the Trademarks Act:

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; or
- (d) make use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to
 - (i) the character, quality, quantity or composition,
 - (ii) the geographical origin, or
 - (iii) the mode of the manufacture, production or performanceof the goods or services.
- (e) [Repealed, 2014, c. 32, s. 10].

[53] The trial judge set out the elements of the statutory tort of passing-off:

[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.

[54] The trial judge set out the four ways Royal Pacific alleged passing off:

[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.

[55] The trial judge concluded that there was overwhelming evidence of goodwill associated with the name and the Registered Trade-mark, and no issue is taken with this finding. The issue of whether Mr. Dong had permission to use the Registered Trade-mark was resolved against him, as noted above. The trial judge concluded that Mr. Dong promoted his products, including Bliip Box, 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 a business connection between the plaintiff and the defendant, citing *National Hockey League v. Pepsi-Cola Canada Ltd.*, [1992] B.C.J. No. 1221 (B.C.S.C.), *aff'd* (1992), 2 B.C.L.R. (3d) 3 (B.C.C.A.).

[56] The trial judge's conclusions are set out in the Reasons:

[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.

[57] In my view, Mr. Dong has not identified an overriding or palpable error with respect to the findings of the trial judge.

[58] No issue is taken with the final conclusion that damages resulted.

[59] It cannot be said that the trial judge erred in his findings or drawing of inferences from the evidence as contended by Mr. Dong. I would not give effect to this ground of appeal.

The Dismissal of the Counterclaim

Background

[60] Although initially the application to amend the Second Amended Counterclaim, which Mr. Dong says was filed on December 4, 2017, and the counterclaim itself were adjourned, the trial judge ended up resolving both. He concluded that the issues raised by the defendants by way of counterclaim were resolved against them in the main claim, and there was no basis upon which to advance a counterclaim.

[61] Mr. Dong himself was unrepresented at trial, and represented his defendant companies. During the course of the proceedings, an order was made against Mr. Dong for commencing any action against the plaintiffs' counsel without leave of the court. That was made permanent. The court said the following about the conduct of Mr. Dong:

[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 [sic] 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.

[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.

[62] All issues raised by the Appellants were heard by the trial judge and set out in the Reasons:

[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?

[63] The trial judge then addressed each ground raised by the Appellants:

[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 [find] 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.

[64] After dismissing each of them, he dismissed the Second Amended 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.

Discussion

[65] The parties agree that it is a fundamental principle that requires each party to have an opportunity to be heard and present its case, and rely on the concurring reasons of Ryan J.A. in *Moradkhan v. Mofidi*, 2013 BCCA 132 at para. 81:

[81] It is a foundational principle of our legal system that justice can only be achieved if the procedure leading to a decision is fair. The rules of procedural fairness that have developed over the centuries are the product of wisdom gained through experience. All parties must have an opportunity to be heard by presenting all their evidence, having an opportunity to scrutinize the evidence of the other party, and making submissions as to their positions on the law and the facts. In the case of a trial this cannot be done in a judge's office. Justice also requires that when a trial has concluded the decision is final. This is why the rules relating to re-opening a trial, and those governing appeals, limit the ability to set aside an order once it is made.

[66] It is important to appreciate that Mr. Dong was self-represented at his trial. His counterclaim was initially adjourned because he brought motions that derailed it, and continually failed to produce documents. However, the counterclaim substantially depended on Mr. Dong being successful in the action brought against him.

[67] In the 3rd Amended Response to Amended Notice of Civil Claim , Mr. Dong (and the corporate defendants) argued that:

- there was infringement because the activity was authorized;
- there was no breach of contract;
- the plaintiffs suffered no damage;
- ss. 7, 19-20 and 22 of the Trademarks Act were not breached;
- ss. 3 and 27 of the Copyright Act were not breached;
- the defendants did not make a profit; and
- the defendants did not continue any wrongful activities.

[68] In the Second Amended Counterclaim, Mr. Dong, after relying on some of the facts in the 3rd Amended Response to Amended Notice of Civil Claim, added more facts to the counterclaim argument (facts pertaining to Bliip Box, the SRA, Kingsway's knowledge, Mr. Dong's actions, damages, etc.). The arguments themselves in the Second Amended Counterclaim were that:

- Kingsway breached the SRA;
- Kingsway's alleged breach of contract constituted an intentional interference with the economic interest of Bliip, carried out with the intention of harming Bliip; and

· Kingsway has been unjustly enriched.

[69] There is certainly a link between the pleadings. Justice Sewell was clear that "the issues [Mr. Dong and the other 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" (para. 159 of the Reasons). He also dealt with the issues raised by the defendants in the matter throughout the judgments and then again at paras. 124-131 of the Reasons.

[70] It is clear from the record that Mr. Dong was permitted to raise every argument available on his counterclaim.

[71] If he had an action against Mr. Peck, which is highly doubtful, it was not appropriate to be added to the counterclaim so late in the process. Mr. Peck had never been served with the amended counterclaim, and there was nothing to adjourn with regard to that piece of the amended counterclaim.

[72] It is apparent, in my view, that the trial judge gave Mr. Dong considerable leeway to raise and argue issues during the trial. It is also clear that, at the end of the day, he dealt with the issues that would have been in the counterclaim, and did not commit an error when he dismissed it. There was nothing further to be gained by allowing Mr. Dong to pursue a counterclaim, as the factual foundation upon which it rested had been decided against him.

[73] In my view, there was no unfairness in the manner this trial was conducted. Indeed, the trial judge bent over backwards to allow Mr. Dong to present all of his arguments. I would not give effect to this ground of appeal.

Conclusion

[74] Having found no error as alleged by Mr. Dong, I would dismiss the appeal.

"The Honourable Madam Justice Bennett"

I AGREE:

"The Honourable Madam Justice Saunders"

I AGREE:

"The Honourable Madam Justice DeWitt-Van Oosten"

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