

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Keezio Group, LLC v. The Shrunk's Family
Toy Company Inc.*,
2024 BCSC 64

Date: 20240115
Docket: S1914059
Registry: Vancouver

Between:

Keezio Group, LLC

Plaintiff

And

The Shrunk's Family Toy Company Inc. and David Cirjak

Defendants

Before: The Honourable Justice K. Loo

Reasons for Judgment

Counsel for the Plaintiff:

R. Nelson Godfrey
N. James

Appearing for The Shrunk's Family Toy
Company Inc. and on his own behalf:

D. Cirjak

Place and Dates of Hearing:

Vancouver, B.C.
November 15-16, 2023

Place and Date of Judgment:

Vancouver, B.C.
January 15, 2024

Table of Contents

CHRONOLOGY 4

THE LEGAL PRINCIPLES 6

ISSUES..... 7

ANALYSIS..... 8

 Did The Shrunks make the November 2019 Complaints? 8

 Were either or both of the November 2019 Complaints false or misleading? 8

 The Trademark Infringement Complaint 8

 The Copyright Infringement Complaint 11

 Did the November 2019 Complaints Tend to Discredit the Business, Wares or Services of Keezio, a Competitor? 13

 The Ho Lee Statements 13

 Damages 15

 Permanent Injunction 17

 Punitive Damages 18

 Personal Liability 18

 The Shrunks' Amended Counterclaim 19

EVIDENTIARY ISSUE 20

CONCLUSION AND COSTS..... 20

[1] This summary trial under R. 9-7 of the *Supreme Court Civil Rules* [the “*Rules*”] arises from a dispute between two business competitors who both sell inflatable beds for children.

[2] Since around 2017, the plaintiff, Keezio Group, LLC (“Keezio”), has sold the “Hiccapop Inflatable Toddler Travel Bed” (the “Hiccapop Bed”). Jason Clute is the principal of Keezio.

[3] Since 2008, the defendant, The Shrunks’ Family Toy Company Inc. (“The Shrunks”), has sold inflatable beds consisting of an inflatable mattress, centred within an inflatable bed frame. David Cirjak is the principal of The Shrunks.

[4] Both products are sold primarily through the Amazon online retail platform.

[5] In its notice of civil claim, Keezio alleges, among other things, that The Shrunks made unfounded complaints to Amazon and posted a negative review online, causing Keezio to lose business. It alleges that The Shrunks also made disparaging remarks about Keezio to Keezio’s primary manufacturer.

[6] At the beginning of this hearing, Keezio abandoned some of its claims. In this summary trial, it advances claims arising only from a communication between The Shrunks and Keezio’s manufacturer Ho Lee Co. Ltd. (“Ho Lee”) in February 2019 and a communication by The Shrunks to Amazon in November 2019. Keezio seeks declarations, damages and a permanent injunction arising from these two communications.

[7] The Shrunks responds by claiming that the infringement notice that it sent to Amazon and its communications with the manufacturer were justified. In its August 19, 2021 amended counterclaim, The Shrunks seeks a declaration that Keezio infringed a copyright held by Mr. Cirjak, as well as damages and a permanent injunction.

Chronology

[8] The dispute between the parties started in February 2017, when Keezio first received a notice by email from Amazon, stating that Amazon had “received a report of trademark infringement” regarding the Hiccapop Bed. The notice identified Mr. Cirjak as the complainant.

[9] As a result of this notice, Amazon removed the Hiccapop product listing pages from its website. It appears uncontroverted that when a party makes a complaint to Amazon that a product or product pages infringe its intellectual property rights, Amazon does not assess the substantive validity of the complaint. Rather, the alleged offending product listing may be removed, and a notice is sent to the product owner.

[10] On February 21, 2017, Mr. Cirjak communicated with Mr. Clute by email, acknowledging that The Shrinks had made the complaint. Mr. Cirjak asserted that Keezio had “copied our product” and was “‘stealing’ The Shrinks’ intellectual property”. On or about February 22, 2017, The Shrinks retracted its infringement complaint, and the Hiccapop product listing pages were reinstated approximately one week later.

[11] On or about February 21, 2017, Mr. Cirjak posted an online review on one of Keezio’s Amazon product listing pages. It was a “one star” review and stated, among other things, that Keezio had copied The Shrinks’ products and violated The Shrinks’ intellectual property. The Shrinks contends that the negative review was posted only for a short period of time between February 21 and February 22, 2017, before it was later removed by Mr. Cirjak.

[12] On or about April 17, 2017, Keezio received another notice by email from Amazon, stating that Amazon had received a second report of trademark infringement regarding the Hiccapop Bed. The Shrinks denies that it filed this report.

[13] The complaints arising from events in 2017 were not pursued on this summary trial. Although no submissions were made in this regard, it might be

inferred that these claims were abandoned because they are statute-barred under s. 6 of the *Limitation Act*, S.B.C. 2012, c. 13.

[14] Ho Lee is a manufacturer in Taiwan that serves both Keezio and The Shrunks. Keezio pleads that Mr. Cirjak made a telephone call to Ho Lee in February 2019 in which Mr. Cirjak made disparaging statements about Keezio. There is evidence that Mr. Cirjak sent emails to Ho Lee in February 2019 in which similar disparaging statements were made.

[15] In November 2019, Keezio received another two notices by email from Amazon, stating that Amazon had received infringement complaints regarding Keezio's product listing pages on the Amazon website.

[16] The first of those notices, delivered on November 22, 2019 (the "Trademark Infringement Notice"), referred to a breach of trademark. As a result of this notice, Amazon delisted at least one page from Keezio's product listings which contained a chart, comparing features of Keezio's product to the features of The Shrunks' product.

[17] Mr. Clute has deposed that he emailed The Shrunks, seeking clarification about the alleged infringement. Receiving no response from The Shrunks, Keezio then corresponded with Amazon, ultimately modifying the webpage so that "The Shrunks" was removed and replaced with the words "Rhymes with Skunks". Through an email dated November 28, 2019, Amazon advised Keezio that it would reinstate Keezio's content, but it is unclear on the evidence when in fact the content was reinstated.

[18] The second infringement notice, delivered on November 28, 2019 (the "Copyright Infringement Notice"), referred to a breach of copyright. The Copyright Infringement Notice provided six ASIN numbers (Amazon Standard Identification Numbers) which identified as the subjects of the complaint six webpages that were sales pages for the Hiccapop Bed. These pages were delisted on or about November 28, 2019 and eventually reinstated on December 2, 2019.

The Legal Principles

[19] The claims in this summary trial are primarily advanced under s. 7 of the *Trademarks Act*, R.S.C. 1985, c. T-13 [*Trademarks Act*]:

Prohibitions

- 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 performance of the goods or services.

[20] In *S. & S. Industries Inc. v. Rowell*, [1966] S.C.R. 419 at 424, 1966 CanLII 53 [*S. & S. Industries*], the Court held:

The combined effect of ss. 7(a) and 52 of the *Trade Marks Act* is to create a statutory cause of action for which damages may be awarded if a person is damaged by false or misleading statements by a competitor tending to discredit the claimant's business, wares or services. The essential elements of such an action are:

1. A false or misleading statement;
2. Tending to discredit the business, wares or services of a competitor; and
3. Resulting damage.

[21] The Court held that there is no express requirement that the false or misleading statements be made with knowledge of their falsity, or that they be made maliciously: *S. & S. Industries* at 425. The defendants are not relieved of liability even if they reasonably or honestly believed that their complaints were correct.

[22] In addition to the trademark infringement claim, Keezio advances claims for defamation, injurious falsehood and other causes of action. During the hearing, counsel for Keezio conceded that the other causes of action were duplicative or overlapped with the trademark infringement claim. These reasons will therefore focus on Keezio's claims under the *Trademarks Act*, except in respect of the statements made to Ho Lee.

Issues

[23] The following issues must be decided in this summary trial:

1. Did The Shrunks make the 2019 complaints (collectively, the "November 2019 Complaints") which led to the Trademark Infringement Notice and the Copyright Infringement Notice?
2. Were either or both of the November 2019 Complaints false or misleading?
3. Did the November 2019 Complaints tend to discredit the business, wares or services of Keezio, a competitor?
4. Is The Shrunks liable for the Ho Lee statements?
5. If The Shrunks is liable, what damages ought to be awarded?
6. Should a permanent injunction be ordered?
7. Should punitive damages be awarded?
8. Is Mr. Cirjak personally liable for the damages?
9. Has The Shrunks' counterclaim been made out?

[24] No issue was taken by either party regarding the suitability of these issues to be determined by summary trial. I am able to find the facts necessary to decide the issues and I am of the view that that it would not be unjust to do so.

Analysis

Did The Shrunks make the November 2019 Complaints?

[25] The Trademark Infringement Notice and the Copyright Infringement Notice both identified Tomislav Kacunic of The Shrunks as the rights holder who reported these infringements. The Shrunks acknowledges that it employed Mr. Kacunic at the relevant times. Mr. Kacunic did not give evidence in this proceeding.

[26] Mr. Cirjak alleges in a late-filed affidavit that it was not The Shrunks who filed the November 2019 Complaints but rather its United States distributor, SupplyKick, LLC (“SupplyKick”). In this regard, he referred to and attached correspondence with SupplyKick to his affidavit.

[27] In my view, there is no merit to The Shrunks’ argument that it is not responsible for the November 2019 Complaints. While the email evidence shows that SupplyKick may have encouraged or given advice to The Shrunks, there is no evidence that SupplyKick actually made the November 2019 Complaints. Even if SupplyKick did send the complaints, I find that it did so as an agent of The Shrunks. The Shrunks bears responsibility and liability for the November 2019 Complaints.

Were either or both of the November 2019 Complaints false or misleading?

The Trademark Infringement Complaint

[28] The Trademark Infringement Notice included an ASIN which identified the subject of the complaint as being a webpage with a comparative chart (the “Product Features Chart”). The Product Features Chart had three columns with the following headings: “Product Features”, “Hiccapop” and “The Shrunks”. It set out comparative data for a number of product features, including items such as maximum weight limits, and whether each product had a lifetime guarantee or a removable mattress. It is evident that the Product Features Chart was intended to, and did, compare attributes possessed by the two products. There is no suggestion in the materials before the Court that the data in the Product Features Chart were false.

[29] The actual trademark complaint sent by The Shrunks to Amazon was not in evidence, but it appears uncontroverted that The Shrunks' complaint concerned Keezio's use of the name "The Shrunks" on the Project Features Chart, and that the complaint asserted an infringement of The Shrunks' trademark. The Trademark Infringement Notice stated, in part:

We are contacting you because we received a report of trademark infringement on the product detail page associated with one or more of your listings.

[30] In Mr. Cirjak's affidavit, he deposed that:

The Project Features Chart used the Shrunks' registered trademark in association with the goods claimed in registration without the Shrunks' authorization.

[31] Documents filed in this proceeding show that "The Shrunks" is a registered trademark. The issue of whether the trademark infringement complaint was false is largely a legal question and is governed by case law, such as the decision in *Clairol International Corp. v. Thomas Supply & Equipment Co.* 55 C.P.R. 176, 1968 CanLII 1280 [*Clairol*].

[32] *Clairol* concerned brochures which compared attributes of the defendants' product, "Revlon Colorsilk", to those of the plaintiffs', "Miss Clairol Hair Color Bath". The Court addressed the plaintiffs' complaint under s. 19 of the *Trademarks Act* which provides the trademark owner with "the exclusive right to the use throughout Canada of such trade mark in respect of such wares and services": *Clairol* at 563.

[33] Section 4(1) of the *Trademarks Act* provides:

When deemed to be used

4 (1) A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

[34] The Court in *Clairol* held that the presence of the plaintiffs' marks on the comparative shade charts of the defendants' brochures did not amount to a "use" of such marks within the meaning of s. 4(1): 567–568.

[35] Subsequently, in *United Airlines, Inc. v. Cooperstock*, 2017 FC 616, the Court held:

[36] To constitute use as a trademark, a mark must be used to indicate the origin of goods or services; that is, to distinguish goods or services of an individual from those of others. If, as in *Clairol International Corp. v. Thomas Supply & Equipment Co.*, 1968 CanLII 1280 (CA EXC), [1968] 2 Ex. C.R. 552, 1968 CarswellNat 32 (WLNNext Can.), the trademark of another is merely being used to compare one's own goods or services to those of others, then this will not constitute trademark use ...

[Emphasis added.]

[36] The authorities described above establish that the use of a competitor's trademark for comparison purposes does not constitute trademark infringement within the meaning of the *Trademarks Act*. Therefore, The Shrunks' complaint that Keezio infringed its trademark was false.

[37] I will also briefly address a secondary argument made by The Shrunks in its pleadings but not specifically argued in the hearing: that the Product Features Chart infringed the rights of The Shrunks under s. 22 of the *Trademarks Act* which forbids the use of another's trademark in a manner that would depreciate the value of the goodwill attached to it.

[38] In *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23 at para. 46 [*Veuve Clicquot*], the Supreme Court of Canada held that a s. 22 claim under the *Trademarks Act* contains four elements:

1. the registered trademark has been used by the defendant in connection with wares or services – whether or not such wares and services are competitive with those of the claimant;
2. the registered trademark is sufficiently well known to have significant goodwill attached to it;

3. the trademark was used in a manner likely to have an effect on the goodwill (i.e., linkage); and
4. the likely effect of this use would be to depreciate the value of its goodwill (i.e., damage).

[39] In my view, the authorities collectively stand for the proposition that simply using a competitor's trademark in comparative advertising – for comparative purposes – does not, in itself, depreciate the goodwill of that trademark: see *Constellation Brands US Operations Inc. v. Société de vin internationale Itée*, 2021 QCCA 1664 at paras. 26–29. In any event, The Shrunks led no evidence to establish the second, third or fourth criteria from *Veuve Clicquot* set out above.

The Copyright Infringement Complaint

[40] The Copyright Infringement Notice stated, in part:

We removed some of your listings because we received a report from a rights owner that they may infringe the rights owner's copyright. The listings we removed are at the bottom of this message.

[41] As with the Trademark Infringement Complaint, the actual copyright complaint sent by The Shrunks to Amazon was not in evidence, but the Copyright Infringement Notice provided six ASINs which identified as the subjects of the complaint six webpages that were sales pages for the Hiccapop Bed.

[42] As with the Trademark Infringement Complaint, the issue of whether the Copyright Infringement Complaint was false is largely a legal question.

[43] Section 64(2) of the *Copyright Act*, R.S.C. 1985, c. C-42 provides:

Non-infringement re certain designs

(2) Where copyright subsists in a design applied to a useful article or in an artistic work from which the design is derived and, by or under the authority of any person who owns the copyright in Canada or who owns the copyright elsewhere,

- (a) the article is reproduced in a quantity of more than fifty, or
- (b) where the article is a plate, engraving or cast, the article is used for producing more than fifty useful articles,

it shall not thereafter be an infringement of the copyright or the moral rights for anyone

(c) to reproduce the design of the article or a design not differing substantially from the design of the article by

(i) making the article, or

(ii) making a drawing or other reproduction in any material form of the article, or

(d) to do with an article, drawing or reproduction that is made as described in paragraph (c) anything that the owner of the copyright has the sole right to do with the design or artistic work in which the copyright subsists.

[Emphasis added.]

[44] Therefore, when a useful article is reproduced in a quantity of more than fifty (and it is clear that The Shrunks' inflatable beds falls within this criterion), it is not an infringement of copyright to reproduce the article's design. It follows that The Shrunks' complaint that Keezio infringed its copyright was false.

[45] The Copyright Infringement Notice referred only to an infringement of copyright. Claims now made by the defendants that they possessed other legal rights, such as trade dress rights, are not relevant to the falsity of the complaint. That said, I will address their other legal claims briefly, particularly given that the defendants are self-represented.

[46] First, the defendants furnished evidence that the design of The Shrunks' inflatable bed is on the supplemental trademark register in the United States. However, being on the supplemental register is not the same as being registered. It appears that The Shrunks has sought the registration of trade dress rights in the past but have been refused. There is no evidence that the Shrunks has a registered trademark on the design or shape of its products.

[47] Second, while it is possible that trademark rights can exist without registration, such rights require The Shrunks' products to have become recognized by the public as having a particular source. Common law trade dress rights require unique and distinctive elements indicative of a specific source – that is, a “distinguishing guise”: see *Corocord Raumnetz GmbH v. Dynamo Industries Inc.*,

2016 FC 1369; *Fox Restaurant Concepts LLC v. 43 North Restaurant Group Inc.*, 2022 FC 1149 at paras. 43–48

[48] Although the defendants have tendered declarations from four individuals in support of trade dress rights, those declarations by themselves – which appear to have been made in support of an effort at trademark registration – are not sufficient evidence for me to find that The Shrunks has common law trade dress rights in its design. This is particularly so because its attempts to register its trade dress rights were refused.

Did the November 2019 Complaints Tend to Discredit the Business, Wares or Services of Keezio, a Competitor?

[49] I find that the November 2019 Complaints tended to discredit Keezio’s business, wares or services. The fact that the November 2019 Complaints misled Amazon into removing the product listing pages for Keezio’s products is evidence of that discredit: see *Yiwu Thousand Shores E-Commerce Co. Ltd. v. Lin*, 2021 FC 1040 at para. 58.

The Ho Lee Statements

[50] In its notice of civil claim, Keezio alleges:

On or about February 17, 2019, Keezio was made aware that Cirjak had contacted Ho Lee by telephone and made certain remarks to Ho Lee about Keezio that generally disparaged Keezio’s name, reputation and business, including:

- (a) “Keezio is copying my products illegally”;
- (b) “I want to find where Keezio is making their product, because Keezio is in violation of my design and trademarks”; and
- (c) “I want to contact their manufacturer to see if I can shut down Keezio’s China manufacturing source”.

[51] This is the only pleaded claim regarding communications between Ho Lee and the defendants. There was no evidence advanced regarding this alleged telephone call, and no one from Ho Lee swore an affidavit. Mr. Cirjak denies making the impugned statements.

[52] It follows that this claim has not been made out.

[53] During the course of the summary trial, it became apparent that there is a further claim based on email correspondence between Mr. Cirjak and a representative of Ho Lee. I will consider that claim on its merits, as the defendants did not take the position that they were unprepared to deal with the claim or that they were surprised by it.

[54] On February 17, 2019, Mr. Cirjak wrote to a representative of Ho Lee:

Good day and first of all, wishing Ho Lee, staff and Charles a prosperous and happy new year ...

From our last meeting in China, Charles mentioned that the enclosed pump was not from Ho Lee – but from close looking, you will see the Ho lee code of – HB-162SB – This is the same pump as Shrunk's, but different color and is Ho Lee pump.

Because this customer is infringing on our trademarks, Charles told us that he will tell us which factory is buying the pump? Or help us find out ...

Please advise at your soonest, and advise factory name and location at your soonest ... thank you – David.

[Emphasis added.]

[55] And then subsequently, on February 27, 2019, Mr. Cirjak wrote again to Ho Lee:

Please note the issue is, they are a competitor – which is fine, but I sent email to your team, Vivi, Corona and Melody – To ask about this company and where they make products, as they are copying our products.

[Emphasis added.]

[56] It may be reasonably inferred that Mr. Cirjak was referring to Keezio when he wrote about the “customer” in the February 17, 2019 email and the “company” in the February 27, 2019 email.

[57] The legal basis for Keezio’s claim involving the Ho Lee statements is uncertain but it appears to advance a claim in defamation.

[58] Mr. Cirjak’s statement that Keezio was “infringing on our trademarks” is similar to the Trademark Infringement Complaint but made to a different party – Ho

Lee. This statement was false and no defence has been established regarding it. However, Keezio has conceded that no damage has been proven in respect of the Ho Lee statements. It is my view that this particular statement regarding “infringing” does not add anything of significance to Keezio’s claim.

[59] Mr. Cirjak’s statement that Keezio “are copying” The Shrinks’ products is different in kind. This allegation was made by Mr. Cirjak and denied by Mr. Clute. I am unable to determine whether it is true or false based on the affidavit evidence but that question does not have to be determined in order to resolve the issues on this summary trial. As addressed in the authorities above, it is not unlawful for one party to copy another’s design in a useful article reproduced in a quantity of more than fifty, absent trade dress rights. Keezio’s claim in respect of this statement regarding “copying” is dismissed.

Damages

[60] Keezio claims that it lost profits totalling \$93,718 USD as a result of the November 2019 Complaints, but the evidence advanced regarding damages is, frankly, inadequate. There is no independent or expert evidence regarding the assessment or the calculation of damages. Keezio’s evidence in support of its damages claim comes only from Mr. Clute.

[61] Mr. Clute’s damages calculation contains the following aspects, some of which are problematic:

1. The calculation assumes that the lost profit is \$60 USD per unit, but the evidence in this regard is confusing and insufficient. Mr. Clute baldly asserts that this was the lost profit per unit but this assertion cannot strictly be true for every unit. The evidence shows that the price of Keezio’s product varied over time. Assuming that the cost fluctuated over time, it would follow that the profit per unit would vary.
2. The calculation assumes a 30% increase in sales as compared to 2018, but there is no evidence of comparable statistics between 2018 and 2019,

except for the month of October, and there is no way for this Court to determine whether the comparative data for October were representative of the rest of the year. Indeed, at least one spreadsheet in the materials shows that Keezio's overall sales decreased between 2018 and 2019.

3. The calculation includes the cost of efforts to regain Keezio's "ranking" on Amazon after the impugned period through a sale during which Keezio's products were sold at a discount. However, it was unclear on the evidence what the rankings mean or what their significance is. Keezio has not persuaded this Court that it was reasonable or necessary for it to conduct this sale as a result of the defendants' conduct, or that the "lost profit" flowing from the discounted sale price during this period ought to be the defendants' responsibility.
4. The calculation includes lost sales after the period during which Keezio's sales pages had been reinstated. In my view, there is no support for damages in this regard.

[62] There is no clear evidence contradicting Mr. Clute's assertions as to damages, and it is reasonable to conclude that the delisting of Keezio's product pages caused a decrease in Keezio's sales on the days on which the delisting occurred, and so I will assess damages on that basis. However, the problems described above give this Court some reason to doubt Mr. Clute's assumptions and calculations.

[63] In my view, it is appropriate to assess damages in this case by comparing Keezio's 2018 figures to its 2019 figures, without a 30% increase in sales. The decreased sales will then be multiplied by a profit margin of \$50 USD per unit for the days during which the Keezio sales pages were delisted.

[64] It is notable that November 29, 2019 was "Black Friday" and December 2, 2019 was "Cyber Monday". Referring to the Friday and the Monday following Thanksgiving Day in the United States, these are days on which stores and online

vendors are usually particularly busy because they offer highly promoted sales at discounted prices.

[65] Keezio submits that this Court ought to compare the dates on which the sales pages were delisted in 2019 to dates which were equivalent, relative to Black Friday and Cyber Monday, rather than comparing dates exactly one year apart. I agree that this is a reasonable approach. Therefore, November 29, 2019 (Black Friday in 2019) will be compared to November 23, 2018 (Black Friday in 2018). The period during which Keezio's pages were delisted were November 22, 2019 (seven days before Black Friday) to December 2, 2019 (Cyber Monday) inclusive and will be compared to November 16, 2018 to November 26, 2018 inclusive.

[66] There will be no damages for Keezio's attempts to regain its rankings, and no damages for the period after the sales pages were reinstated. As stated above, Keezio concedes that there were no damages in respect of the Ho Lee statements.

[67] By my calculation, the sales on the relevant days in 2018 totalled 1,129 units, and the sales on the relevant days in 2019 totalled 640 units. Therefore, the decrease in sales totalled 489 units. At a loss of profit of \$50 USD per unit, the damages total \$24,450 USD.

Permanent Injunction

[68] Keezio seeks a permanent injunction enjoining the defendants from making any false or misleading statements similar to the November 2019 Complaints.

[69] In *Google Inc. v. Equustek Solutions Inc.*, 2017 SCC 34 at para. 66, the Supreme Court of Canada set out the test for a permanent injunction, stating:

To obtain a permanent injunction, a party is required to establish: (1) its legal rights; (2) that damages are an inadequate remedy; and (3) that there is no impediment to the court's discretion to grant an injunction (*1711811 Ontario Ltd. v. Buckley Insurance Brokers Ltd.*, 2014 ONCA 125, 371 D.L.R. (4th) 643, at paras. 74-80; *Spry*, at pp. 395 and 407-8).

[70] Further, in *Grosz v. Guo*, 2020 BCSC 997, the Court held:

[74] Final or permanent injunctions are an extraordinary remedy, and the court must exercise its discretion to grant such relief cautiously. Because of their potentially broad and restrictive scope, and the potential consequences of their breach (including being found in contempt of court), injunctive orders must be tailored to the specific circumstances of the case in which they are ordered, and they must not go beyond what is reasonably necessary to effect compliance ...

[71] In my view, there is insufficient evidence of a continuing threat to Keezio's rights which would warrant the relief sought. It has been more than four years since the November 2019 Complaints were made and there is no evidence that The Shrunks has engaged in such conduct since.

Punitive Damages

[72] Keezio claims punitive damages. In *Whiten v. Pilot Insurance Co.*, 2002 SCC 18 at para. 36, the Supreme Court of Canada held:

Punitive damages are awarded against a defendant in exceptional cases for "malicious, oppressive and high-handed" misconduct that "offends the court's sense of decency": *Hill v. Church of Scientology of Toronto*, 1995 CanLII 59 (SCC), [1995] 2 S.C.R. 1130, at para. 196. The test thus limits the award to misconduct that represents a marked departure from ordinary standards of decent behaviour. Because their objective is to punish the defendant rather than compensate a plaintiff (whose just compensation will already have been assessed), punitive damages straddle the frontier between civil law (compensation) and criminal law (punishment).

[73] This Court heard directly from Mr. Cirjak who appeared without representation on this application. I have concluded that he honestly believes that Keezio copied The Shrunks' products, but he fundamentally misunderstands the nature of the intellectual property rights that The Shrunks legally possesses. There is insufficient evidence before me to demonstrate that his conduct has been malicious. Accordingly, I find that the test for punitive damages in *Whiten* has not been made out.

Personal Liability

[74] In *The Owners, Strata Plan KAS 3410 v. Meritage Lofts Inc.*, 2022 BCCA 109, the Court of Appeal held:

[27] ... While companies necessarily act through human agents, corporate owners and principals are not personally liable for the tortious conduct of a company merely by virtue of their status as owners and principals: *Merit Consultants* at para. 14. On the contrary, the corporate veil is rarely pierced and corporate owners and principals are rarely found liable for actions ostensibly carried out under a corporate name in the absence of findings of fraud, deceit, dishonesty or want of authority. Although findings of liability are always fact-specific, corporate owners, principals and employees are protected from personal liability when acting within the course of their employment unless “it can be shown that their actions are themselves tortious or exhibit a separate identity or interest from that of the company so as to make the act or conduct complained of their own”: *Montreal Trust Co. of Canada v. ScotiaMcLeod Inc.* (1995), 129 D.L.R. (4th) 711 at 720, 1995 CanLII 1301 (Ont. C.A.), (leave to appeal to SCC ref’d [1996] S.C.C.A. No. 40).

...

[29] Importantly, in order to establish an independent cause of action against a corporate owner, principal or employee, material facts sufficient to support a personal tort claim apart from any corporate liability must be specifically pleaded. ...

[Underline emphasis in original.]

[75] In this case, no independent cause of action was pleaded against Mr. Cirjak. Although it is likely that Mr. Cirjak directed the November 2019 Complaints to be made, his name was not on the actual complaints, and the November 2019 Complaints were made on behalf of The Shrunk's company. Mr. Cirjak was therefore acting in his corporate capacity as founder and officer of the company, and not in his personal capacity. For these reasons, I have concluded that Mr. Cirjak ought not to bear personal liability for the damages ordered in favour of Keezio.

The Shrunk's Amended Counterclaim

[76] In its August 19, 2021 amended counterclaim, The Shrunk's seeks a declaration that Keezio has infringed The Shrunk's copyright in the Inflatable Bed Design and a permanent injunction restraining Keezio from “selling, distributing or manufacturing any goods in association with a work that is a reproduction of an substantial part of the Inflatable Bed Design”.

[77] For the reasons set out above, I am not able to find that The Shrunks holds the trademark and copyright rights alleged. Therefore, the amended counterclaim is dismissed.

Evidentiary Issue

[78] At the outset of this hearing, Keezio sought to exclude the entirety of Mr. Cirjak's third affidavit and parts of his fourth affidavit on the basis that these materials were delivered too late and constituted case-splitting. I agree with Keezio that these materials should be struck.

[79] I have nonetheless reviewed the materials and concluded that their admission would not change my conclusions in any event. Most of the impugned content is legally irrelevant to the issues to be determined by this Court.

Conclusion and Costs

[80] In summary, I have concluded that The Shrunks is liable to Keezio under s. 7 of the *Trademarks Act* for the November 2019 Complaints, both of which were false. The Shrunks shall pay to Keezio the amount of Canadian currency that is necessary to purchase the sum of \$24,450 USD, pursuant to the *Foreign Money Claims Act*, R.S.B.C. 1996, c. 155.

[81] Keezio's claim for a permanent injunction, its claim for punitive damages, and its claim against Mr. Cirjak personally are dismissed.

[82] The Shrunks' counterclaim is also dismissed.

[83] Unless there are matters, such as settlement offers, which would impact this Court's decision on costs, in which case the parties shall arrange through the registry to make submissions, it is my view that the assessment of costs in this action ought to be governed and limited by Rules 14-1(1)(f)(i) and 15-1(15) to (17).

[84] The relevant portions of those Rules include:

How costs assessed generally

(1) If costs are payable to a party under these Supreme Court Civil Rules or by order, those costs must be assessed as party and party costs in accordance with Appendix B unless any of the following circumstances exist:

...

- (f) subject to subrule (10) of this rule [regarding small claims],
 - (i) the only relief granted in the action is one or more of money, real property, a builder's lien and personal property and the plaintiff recovers a judgment in which the total value of the relief granted is \$100 000 or less, exclusive of interest and costs, or
 - (ii) the trial of the action was completed within 3 days or less,

in which event, Rule 15-1(15) to (17) applies to the action unless the court orders otherwise.

...

Costs

(15) Unless the court otherwise orders or the parties consent, and subject to Rule 14-1 (10), the amount of costs, exclusive of disbursements, to which a party to a fast track action is entitled is as follows:

- (a) if the time spent on the hearing of the trial is one day or less, \$8 000;
- (b) if the time spent on the hearing of the trial is 2 days or less but more than one day, \$9 500;
- (c) if the time spent on the hearing of the trial is more than 2 days, \$11 000.

[85] Pursuant to these Rules, The Shrunk's is liable to Keezio for costs in the amount of \$9,500 CAD, exclusive of taxes and disbursements.

“The Honourable Justice Loo”