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INTELLECTUAL PROPERTY DISPUTES: RESOLUTIONS AND REMEDIES

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This publication is a one-stop reference for litigators and counsel, whether intellectual property specialists or not, advising and representing parties in disputes over Intellectual Property. It covers every aspect of a dispute including the many subject areas of Intellectual Property and the various options and remedies available to resolve a dispute from risk management to ADR to all stages of litigation. This release features updates to Appendix 1C, Quantum Section – Remedies for Patent Infringement; Appendix 2C, Quantum Section – Trademark Infringement and Passing Off; Appendix 3B, Quantum Cases – Copyright Infringement; and to Appendix 8I, Summary of Procedure for the Resolution of Disputes under the *CIRA Domain Name Dispute Resolution Policy*.

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Highlights

- § **1C:55.50 Fromfroid SA v. 1048547 Ontario Inc.** — The Court of Appeal was not convinced that even if its witnesses were deliberately lying, such conduct did not rise to the level of "highly reprehensible misconduct" required to award punitive damages. The Court of Appeal explained that there was little doubt that attempts to mislead the Court may form the basis for punitive damages. It may be that the amount of $200,000 was on the higher end of the scale for punitive damages for cases such as this, however, under the circumstances, the Court of Appeal was not inclined to interfere with the trial judge's assessment as the Court of Appeal had not been convinced by Skotidakis that such an amount was beyond the point of being "rationally required to punish the defendant's misconduct": *1048547 Ontario Inc. v. Fromfroid S.A.* (2025), 2025 FCA 151.
- § **2C:75.30 Dermaspark Products Inc v. Patel** — The appellants suggested that the Federal Court's decision might make it "become [the] norm to order punitive damages" in a case such as this, a result "which is contrary to Supreme Court's jurisprudence". However, the Federal Court of Appeal noted that when one looks at the entire array of facts in this case — a rather unusual one — that was not so. In deciding to award punitive damages, the Federal Court relied on several findings of fact: Patel's risky and reckless behaviour, her ignoring of "red flags" that should have tipped her off that she was buying a counterfeit machine, her knowledge of the respondents' products and machine and their prices before she bought counterfeit items, the need for a real machine given that it was regulated by Health Canada for safety purposes and her "cavalier" attitude towards that as she used the counterfeit products and machine on her clients, the perpetuation of her conduct for two years, her denial of any trademark or copyright infringement until the hearing, and her testimony which was inconsistent, vague and evasive. It added that her conduct could not be excused as naïve. Rather she was "a business owner with responsibilities that she ignored". Finally, the amount of statutory and compensatory damages awarded was "not sufficient to sanction [the] conduct". The Federal Court of Appeal noted that all those determinations were grounded in the evidentiary record. There was no palpable and overriding error: *Patel v. Dermaspark Products Inc* (2025), 2025 FCA 145, 2025 CarswellNat 3184.
- § **3B:0.50 Yelda Haber Ve Görsel Yayincilik A.S. v. GLWiZ Inc.** — The Defendants shall pay to the Plaintiff statutory damages in the amount of $5,958,000 CAD. The total revenue that the Programs and the Live Channel generated for the Defendants during the Relevant Period was $65,000 CAD or less. The Court focused on the Defendants' revenues and not their profits. The evidence was that the Defendants earned $7.5 million CAD in revenues from the GLWiZ Service during the Relevant Period from its entire catalogue of 300 channels, 1,000 series and 3,000 movies. It remained open to the Plaintiff to contest how the Defendants arrived at attributing only $65,000 CAD of those revenues to the Programs. The Court was left with only the $65,000 CAD revenue figure to consider. Even assuming that the works at issue were in a single medium, the Court concluded that the Defendants had not demonstrated that an award of $500 CAD per work would result in a total award that was grossly out of proportion to the infringement. At

$500 CAD per work (2,974 episodes of the Programs and the Live Channel), the total award would be $1,487,500 CAD. An award of $1,487,500 CAD would not be grossly out of proportion in all of the circumstances. The Court was satisfied that an award of statutory damages of $2,000 CAD per episode, of each of the Programs, was justified. In relation to the Live Channel, a larger amount was warranted due to the heightened need for deterrence *vis-à-vis* the Defendants and the public at large. Accordingly, the Court awarded statutory damages of $10,000 CAD in relation to the Live Channel. Therefore, the total amount of statutory damages awarded was $5,958,000 CAD: *Yelda Haber Ve Görsel Yayincilik A.S. v. GLWiZ Inc* (2025), 2025 CF 1107, 2025 FC 1107, 2025 CarswellNat 2690, 2025 CarswellNat 2691.

- **Summary of Procedure for the Resolution of Disputes under the CIRA Domain Name Dispute Resolution Policy — Case Law: Response** — Although the Panel would allow the Registrant's late Response, the Proceeding would continue to be heard by a single Panel pursuant to Rule 6.5. The Rules do not specifically speak to circumstances where a single Panelist is appointed as a result of a Respondent's default but then the Panelist proceeds to allow the Response. Normally where a Response is filed in a timely manner, a three-person Panel is appointed pursuant to Rule 6.4. However, where there is no Response, a Complainant may elect to proceed with a single-member Panel, as it had done here pursuant to Rule 6.4. The Panel noted that there is perhaps a gap in the Rules because a single-Member Panel can be elected to hear the case in the event of a failure to file a Response, but that single-member Panel can also, as was done here, decide to admit a late Response. Accordingly, once the single-member Panel decides to admit a late Response, the Panel can also then require that the proceeding continue with a three-member Panel as a result of a late Response being admitted. The Panel can however, alternatively, determine how best to proceed in the circumstances, having regard to Rules 9.1(a), (b), and (c) and that can mean that the Proceeding continue with the single-member Panel. The Panel weighed the circumstances to determine what was fair and appropriate in the circumstances. By requiring the matter proceed with a three-person Panel as a result of the admission of a late Response Nunc pro tunc, the Complainant would in a way be prejudiced since the Complainant would have to pay for a three-person Panel instead of a single-member Panel, which represents a significant increase in costs. On the other hand, a Registrant is normally entitled to a three-member Panel at the Complainant's cost if the Registrant files a Response. Although it was a close call, in the circumstances, the Panel decided to permit the matter to proceed with a single-Member Panel. The reasons for that were as follows: a) the Registrant failed to address the hard-copy delivery of the Complaint thereby increasing the indulgence required; b) had the Registrant satisfactorily addressed the hard-copy delivery issue, the Registrant would have likely been given the opportunity to request a three-member Panel, as it is normally entitled to it; c) on balance it seemed fair that because the Registrant was being permitted to file late even with an incomplete explanation, and to the prejudice of the Complainant whose Complaint was now responded to when it otherwise would not have been that the Complainant's financial burden of having to pay for a three-member Panel be alleviated in exchange for permitting the Registrant the indulgence; and

d) if the Panel were to direct that the matter proceed as a three-person Panel, it would create a difficult situation in that the procedure for appointing a three-person Panel does not necessarily involve the present Panelist and if that were to be the case, the Complainant would as a result have to pay for not just the present Panelist fee, but also possibly for an additional set of three-Panelists, something that is not contemplated in the Rules and would be an unforeseeable additional expense. The Panel recognized that this solution was not entirely satisfactory but noted that the Rules appear to have a gap that should be addressed in their next itineration, but until then, the Panel was charged with finding the fairest route for both parties in the circumstances. The Panel believed that this solution gives each of the parties a benefit; the Registrant got to file its Response and the Complainant avoided having to pay additional fee: *Automotive Finance Corp. and Paolo Fasciani, Re* (2025), 2025 CarswellNat 1686 (C.I.R.A.).

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