

Federal Court



Cour fédérale

Date: 20240723

Docket: T-1856-23

Citation: 2024 FC 1152

Ottawa, Ontario, July 23, 2024

PRESENT: Mr. Justice McHaffie

BETWEEN:

**LOUIS VUITTON MALLETTIER S.A.;
AND LOUIS VUITTON CANADA, INC.**

Plaintiffs

and

**WALEED BANI TORF, ALSO KNOWN AS VALID BANI TORF,
WALEED BT, WALEED B, WALEED TORF AND WALAD TORF;
MOHAMMED BANI TORF, ALSO KNOWN AS MOHAMMAD
BANI TORF, MOHAMMED TORF, MO BANI TORF;
KHALED BANI TORF, ALSO KNOWN AS KHALED TORF;
ALHAKAM BAHAALDIN BRIFCANY, ALSO KNOWN AS
ALHAKAM BRIFCANY, ALHAKAM KURDI BRIFCANY,
HAKAM KURDI AND HAKAM KURDY;
BAHA ALTAYEB BRIFCANY, ALSO KNOWN AS BAHA
ALTAYEB BRAFCANY, TAYEB BRIFCANY, AND TAYEB KURDI;
BAHAALDIN AHMAD BRIFCANY, ALSO KNOWN AS
BAHAALDIN A. BRIFCANY AND BAHAALDIN BRIFCANY;
VIVO ROSA INC.; CANADIAN MADMAC INC.; AND
AZIZ BANI TORF**

Defendants

JUDGMENT AND REASONS

I. Overview

[1] There is no question that some of the defendants in this action were involved in the sale of counterfeit goods bearing trademarks and a copyright design owned by Louis Vuitton Malletier SA [Louis Vuitton Malletier]. The disputed questions on this motion for summary trial are whether all of the defendants are liable for the damages arising from the trademark and copyright infringement, and what damages and/or punitive damages ought to be awarded.

[2] Louis Vuitton Malletier and its exclusive Canadian distributor, Louis Vuitton Canada, Inc [Louis Vuitton Canada, and collectively Louis Vuitton] argue that all of the defendants are jointly and severally liable, and that damages ought to be assessed at \$559,000 plus a punitive damages award of \$250,000. The defendants argue that only Alhakam Brifcany should be found liable, and that damages should be limited to \$20,000, with no punitive damages.

[3] For the reasons below, I find that Louis Vuitton has demonstrated that Alhakam Brifcany, Mohammed Bani Torf, Waleed Bani Torf, Canadian Madmac Inc [Canadian Madmac] and Vivo Rosa Inc [Vivo Rosa] are liable for violations of the *Trademarks Act*, RSC 1985, c T-13, and the *Copyright Act*, RSC 1985, c C-42. I find that Alhakam Brifcany and Canadian Madmac are liable for damages in the total amount of \$110,750, and that Mohammed Bani Torf, Waleed Bani Torf, and Vivo Rosa are jointly and severally liable for \$105,500 of this total. I also conclude that this is an appropriate case to award punitive damages of \$100,000 against Alhakam Brifcany and Canadian Madmac jointly and severally, and punitive damages of

\$50,000 each against Mohammed Bani Torf and Waleed Bani Torf, for which amounts Vivo Rosa shall also be jointly and severally liable.

[4] The motion for summary trial and the action are therefore granted in part, for the reasons and on the terms set out in further detail below.

II. Issues

[5] Louis Vuitton's motion for summary trial raises the following issues:

- A. Is this an appropriate case for summary trial?
- B. Has Louis Vuitton met its onus to establish one or more violations of the *Trademarks Act* and/or the *Copyright Act*?
- C. Has Louis Vuitton met its onus to demonstrate that each of the defendants is liable for those violations?
- D. If so, what remedies are appropriate, including damages and/or punitive damages?

[6] The first two of these questions are not materially contested by the defendants, so I will address them only briefly before focusing on the final two questions.

III. Analysis

A. *Summary Trial*

[7] Rule 216(6) of the *Federal Courts Rules*, SOR/98-106, provides that the Court may grant judgment on an action in whole or in part upon summary trial if satisfied that there is “sufficient evidence for adjudication, regardless of the amounts involved, the complexities of the issues and the existence of conflicting evidence,” unless the Court considers that it would be unjust to decide the issues. Conversely, Rule 216(5) provides that the Court shall dismiss a motion for summary trial if the issues raised are not suitable for summary trial or if it would not assist in the efficient resolution of the action.

[8] As with all rules, the rules governing summary trial are to be interpreted and applied so as to secure the just, most expeditious and least expensive outcome of the proceeding, with consideration being given to the principle of proportionality: *Federal Courts Rules*, Rule 3; *Viiv Healthcare Company v Gilead Sciences Canada, Inc*, 2021 FCA 122 at paras 35–42, citing, among others, *Tremblay v Orio Canada Inc*, 2013 FC 109 at para 24. Relevant factors to consider include the complexity of the matter, its urgency, the amounts at stake, the potential cost of conventional trial and the time and cost of summary trial, whether the summary trial will risk wasting time and effort, and whether it will dispose of the entirety of the matter or risk “litigating in slices”: *Tremblay* at para 24; *Alberta v Canadian Copyright Licensing Agency (Access Copyright)*, 2024 FC 292 at paras 147–149. The reference in Rule 216(6) to “conflicting evidence” confirms that summary trial may be appropriate even if there are credibility issues to be decided, where there is sufficient evidence to determine the matter and the circumstances are

such that deciding the matter through summary trial will not be unjust: *Chanel S de RL v Lam Chan Kee Company Ltd*, 2015 FC 1091 [*Lam Chan Kee #1*] at para 5; rev'd but aff'd on this point, *Kwan Lam v Chanel S de RL*, 2016 FCA 111 [*Kwan Lam #1*] at para 16.

[9] In the present case, the defendants do not dispute that the matter is an appropriate one for summary trial. This is a relevant factor supporting determination of the matter by summary trial, as the Court will be reluctant to require parties who are content to proceed by summary trial to incur the cost and delay of a full trial: *Alberta* at para 150; *Tremblay* at para 26.

[10] The parties have filed affidavits and the defendants have been cross-examined. There is sufficient evidence for adjudication. Although issues of credibility are raised, I am satisfied, in light of the evidence before me, the parties' positions, the nature of the matter, and the issues and amounts at stake, that it would not be unjust to determine the matter by way of summary trial.

B. *Violations of the Trademarks Act and the Copyright Act*

(1) Overview of the evidence filed on this summary trial

[11] Louis Vuitton filed extensive evidence in support of its allegations of infringement. This evidence was presented through 26 affidavits from 14 witnesses. The witnesses included nine private investigators involved in Louis Vuitton's investigation of counterfeit sales. Affidavits were also provided by two lawyers, Ms. May M. Cheng and Ms. Jennifer Ko, who acted as Independent Supervising Solicitors in the service and execution of an Anton Piller Order issued by this Court on September 12, 2023. Ms. Jana Checa Chong, Senior Intellectual Property

Counsel for the North American Division of Louis Vuitton Malletier, provided three affidavits with respect to the trademarks, copyright, and business of Louis Vuitton; the counterfeit goods at issue; and the harm arising both from counterfeiting generally and from the counterfeit goods at issue. The remaining affidavits came from a paralegal, Ms. Amy L. Jobson, and a law clerk and e-Discovery & Litigation Case Manager, Ms. Cathy Stallone, both with counsel for Louis Vuitton. None of Louis Vuitton's witnesses was cross-examined.

[12] Each of the seven personal defendants also swore an affidavit. The personal defendants are members of two families. Given that they share surnames, I will adopt the defendants' approach of referring to them by their first names for clarity, without meaning any disrespect in doing so. Mohammed Bani Torf [Mohammed], Waleed Bani Torf [Waleed], and Aziz Bani Torf [Aziz] are brothers who are sons of Khaled Bani Torf [Khaled]. Alhakam Bahaaldin Brifcany [Hakam] and Baha Altayeb Brafcany [Tayeb] are brothers who are sons of Bahaaldin Ahmad Brifcany [Bahaaldin]. Mohammed and Hakam met in college, and the other brothers ultimately met each other through this connection. Each of the defendants' affiants was cross-examined. The transcripts of those cross-examinations, together with responses to undertakings that were given during those cross-examinations, were filed.

[13] In addition to the individual defendants, there are two corporate defendants. Canadian Madmac is an Ontario company associated with the Brifcany family, incorporated in 2014. Hakam is listed in the company's corporate profile report as its sole director, and as General Manager and President, while Bahaaldin is also listed as President. Canadian Madmac was originally set up by Bahaaldin, Hakam, and Tayeb as a property management business; it was

also used for Hakam's cleaning and sanitizing business, and Tayeb's construction business.

Hakam's affidavit was presented on behalf of both himself and Canadian Madmac.

[14] Vivo Rosa is an Ontario company associated with the Bani Torf family, incorporated in 2017. Khaled and Mohammed are listed in a corporate profile report as its directors, with Khaled also listed as General Manager and Mohammed as President. The Vivo Rosa business was run by Mohammed and Waleed, selling shoes and accessories branded with the trademark VIVO ROSA. The business had retail stores in the Eaton Centre and on Queen Street in Toronto until the onset of the COVID-19 pandemic. Mohammed's affidavit was presented on behalf of both himself and Vivo Rosa.

(2) The underlying facts: sales of counterfeit Louis Vuitton goods

[15] This matter relates primarily to activities online and at a warehouse location on Cawthra Road in Mississauga, Ontario. Mohammed, Waleed and Aziz's father, Khaled, had initially leased two neighbouring and connected units at Cawthra Road, Units 23 and 24, for another business interest. When Khaled was refused entry to Canada in around October 2019, Mohammed and Waleed took over the units. They hired Hakam and Tayeb to build a drywall partition between Units 23 and 24. They then used Unit 23 as a warehouse for the Vivo Rosa business, and rented Unit 24 to another unrelated business. After Mohammed and Waleed closed the Vivo Rosa retail stores in 2020, they moved their stock into Unit 23, operating it as an online and warehouse pickup business. This led to the creation of an Instagram handle associated with the warehouse business, <@vivo.warehouse>. The unrelated business moved out of Unit 24 in the spring of 2021.

[16] In August 2021, Louis Vuitton retained private investigators to investigate a “pop-up” store at the Cawthra Road location, advertised by an entity operating as “Fnomenal” or “ShopFnomenal.” The evidence indicates that ShopFnomenal is associated with an individual named Lisa Waisglass, who the defendants referred to simply as “Lisa.” Ms. Waisglass is not a defendant in this proceeding and did not give evidence.

[17] Louis Vuitton’s investigation led to a visit by investigators on August 28, 2021, to the pop-up shop, which was being held at Unit 24 of the Cawthra Road location. Various designer goods including counterfeit Louis Vuitton merchandise were being sold.

[18] A parallel investigation on behalf of Chanel Limited and Chanel Inc [Chanel] had also led to a visit to the same pop-up shop by a different investigator two days earlier, on August 26, 2021. Both investigators noted that Units 23 and 24 were connected, with one unit containing Vivo Rosa branded shoes, and the other being used for the pop-up shop selling counterfeit goods. Although there is some inconsistency in the investigators’ evidence on this front, the preponderance of the evidence indicates that Unit 23 contained the Vivo Rosa shoes, while Unit 24 was used for the display and sale of counterfeit goods.

[19] Louis Vuitton’s investigation continued through the remainder of 2021 and through 2022, with investigators reviewing online advertising, communicating with individual defendants, and attending at the Cawthra Road premises on various occasions to purchase samples of the counterfeit goods being offered. These included visits to the Cawthra Road premises and

associated purchases of counterfeit Louis Vuitton goods on October 25, 2021 and February 26, 2022.

[20] In the summer of 2022, management of the Cawthra Road location did not renew Vivo Rosa's lease for Units 23 and 24, and Vivo Rosa moved out. Thereafter, the counterfeit business continued at Unit 75, an upstairs unit at the same Cawthra Road address. Investigators visited Unit 75 and made a further purchase of counterfeit Louis Vuitton goods on October 15, 2022.

[21] On December 20, 2022, Louis Vuitton delivered a cease and desist letter addressed to Vivo Rosa, to the attention of Mohammed, Khaled, and Hakam. The letter was served personally at Unit 75 of the Cawthra Road location through two private investigators. Hakam, Waleed, and Aziz were present. The letter identified and asserted Louis Vuitton's rights in its common law and registered trademarks. It set out Louis Vuitton's knowledge of the defendants' online and warehouse activities, and demanded that they immediately cease any further distribution and sale of counterfeit Louis Vuitton merchandise, and deliver up all counterfeit Louis Vuitton merchandise in their possession or control.

[22] This did not happen. Further investigations revealed that online advertising and sales at Unit 75 of the Cawthra Road location continued during 2023. Investigators arranged further visits to the Unit 75 location in March, May, and August 2023, again making purchases of counterfeit Louis Vuitton goods on each occasion. These investigations also revealed another nearby warehouse address on Tedlo Street.

[23] On September 6, 2023, Louis Vuitton commenced this action, and filed a motion *ex parte* seeking an Anton Piller Order and a Mareva Order. These were granted by Justice Pallotta on September 12, 2023, based on some of the same affidavits filed on this summary trial. The Anton Piller Order required the defendants, and anyone appearing to be in charge of Units 23, 24, and 75 of the Cawthra Road premises and the Tedlo Street premises, to permit entry to those authorized by the Order for the purpose of searching for, identifying, and removing evidence, including merchandise bearing any of the “LOUIS VUITTON Trademarks” (a term defined in the Statement of Claim to cover 39 registered trademarks, including the trademark LOUIS VUITTON and other word and design marks owned by Louis Vuitton Malletier). It also enjoined the defendants from importing, selling, or distributing products that infringe the LOUIS VUITTON Trademarks.

[24] The following day, September 13, 2023, the Anton Piller Order was executed at Unit 75 of the Cawthra Road location under the supervision of Ms. Cheng, acting as Independent Supervising Solicitor. Hakam was present and received a partial explanation of the Anton Piller Order, but left before the explanation was finished. The location was searched and almost 500 items of counterfeit Louis Vuitton merchandise were seized, including bags, shoes, wallets, scarves, and other clothing items, in addition to packaging bearing the trademark LOUIS VUITTON. Certain documents were also seized.

[25] Also on September 13, 2023, efforts were made to execute the Anton Piller Order at the Tedlo Street location. However, an individual at that location refused entry and service of the

Order on several occasions. That evening, Waleed contacted Louis Vuitton's counsel, indicating a desire to co-operate in the execution of the Anton Piller Order at the Tedlo Street location.

[26] Ms. Cheng supervised the execution of the Anton Piller Order at the Tedlo Street premises on September 14, 2023, with Waleed present. The search revealed empty boxes bearing the trademark LOUIS VUITTON, but no merchandise. Waleed also invited the search team to search his house and garage on a voluntary basis, but this revealed no further goods bearing Louis Vuitton trademarks. Aziz was also present at the search of the garage.

[27] The Anton Piller Order was not executed at Units 23 and 24 of the Cawthra Road location, which were no longer associated with the defendants.

[28] On September 25, 2023, Justice Pallotta extended and continued the Anton Piller Order and the Mareva Order, and granted Louis Vuitton's request to add Aziz as a defendant to the Statement of Claim. Louis Vuitton's motion seeking review of the execution of the Anton Piller Order was adjourned. On November 3, 2023, on consent of the parties, Justice Pallotta further extended and continued the Anton Piller Order and the Mareva Order, and noted that the parties had advised that the review motion was no longer required. The defendants did not and do not challenge the execution of the Anton Piller Order.

[29] Despite the execution of the Anton Piller Order, a subsequent investigation revealed that Hakam continued to sell counterfeit items through an Instagram account. During an investigation apparently linked primarily to other brands, an investigator asked Hakam if he had any

Louis Vuitton merchandise. This ultimately led to a further sale of a counterfeit Louis Vuitton bag in January/February 2024.

(3) Louis Vuitton has established violations of the *Trademarks Act*

[30] Through the uncontested affidavits of Ms. Jobson and Ms. Checa Chong, Louis Vuitton has established that Louis Vuitton Malletier is the registered owner in Canada of numerous trademarks, including multiple registrations for the trademarks LOUIS VUITTON (notably, TMA557,173 and TMA288,667); LV DESSIN (notably, TMA557,176 and TMA287,463); and TOILE DAMIER DESSIN (notably, TMA550,893 and TMA492,021). Louis Vuitton Malletier's trademarks also include a number of other design marks, including TOILE MONOGRAM (DESSIN), TMA557,200; TOILE MONOGRAM NsurB (LV & DESSIN), TMA960,128; LV & DESSIN, TMA352,916; and different flower or floral designs (TMA671,117; TMA671,118; TMA678,565; TMA692,843; TMA401,088). I will refer to these trademarks collectively as the Louis Vuitton trademarks. Ms. Checa Chong's affidavit also demonstrates ownership of a number of other trademarks that are defined in her affidavit and in the Statement of Claim as being among the "LOUIS VUITTON Trademarks," but about which there is no evidence of infringement in this case (such as the trademarks MACASSAR, MAHINA, NEVERFULL, and DANS LA PEAU).

[31] I note that Ms. Checa Chong's affidavit states that "Louis Vuitton"—a term she defines as meaning Louis Vuitton Malletier and Louis Vuitton Canada collectively—owns and has registered the trademarks. However, the trademark registrations clearly identify Louis Vuitton Malletier as the sole registered owner of the trademarks. I therefore take Ms. Checa Chong's

reference to “Louis Vuitton” as meaning Louis Vuitton Malletier. This is also the only interpretation that makes sense of her statement that “Louis Vuitton Canada is wholly owned by Louis Vuitton.”

[32] The defendants do not contest Louis Vuitton Malletier’s ownership of the Louis Vuitton trademarks. Nor do they contest Louis Vuitton’s allegations that the sale of non-genuine Louis Vuitton products bearing one or more of the trademarks constitutes infringement contrary to sections 19 and 20 of the *Trademarks Act*; depreciation of goodwill contrary to section 22 of the *Trademarks Act*; passing off contrary to paragraph 7(b) of the *Trademarks Act*; passing off by substitution contrary to paragraph 7(c) of the *Trademarks Act*; and/or use of a materially false description likely to mislead the public as to the character, quality, or composition of the products, contrary to paragraph 7(d) of the *Trademarks Act*.

[33] Given the defendants’ concessions and the nature of the conduct, I need not engage in an extensive analysis of these provisions. Suffice it to say that I am satisfied on the basis of the evidence presented that Louis Vuitton has established the existence of significant goodwill in the various Louis Vuitton trademarks; that Louis Vuitton Malletier owns common law and registered rights in the trademarks; that the merchandise had identical copies of the trademarks marked on them and/or on the packages in which they were distributed; that the trademarks were used in connection with the counterfeit goods; and that Louis Vuitton did not authorize any of the defendants to import, sell, or offer for sale goods bearing one or more of the Louis Vuitton trademarks.

[34] The trademarks used in the counterfeiting business are identical or effectively identical to the Louis Vuitton trademarks, and are being used on exactly the same types of goods. The Louis Vuitton trademarks are inherently distinctive and have acquired distinctiveness through use and advertising. Based on the trademark registrations, the Louis Vuitton trademarks have been in use for a lengthy period of time. Given these factors and the nature of both Louis Vuitton's trade and that of the counterfeiting business, I find that the use of the trademarks on the counterfeit goods was likely to cause confusion with the Louis Vuitton trademarks and would thereby deceive the public: *Trademarks Act*, ss 2 ("confusing," "trademark"), 4(1), 6(1), (2), (5); *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at paras 18–27; *Kirkbi AG v Ritvik Holdings Inc*, 2005 SCC 65 at paras 66–68; *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295 [*Hamdard Trust*] at paras 38–39, 41–48; *Louis Vuitton Malletier SA v Singga Enterprises (Canada) Inc*, 2011 FC 776 [*Singga*] at paras 100–108. I therefore conclude that Louis Vuitton has established infringement of the registered Louis Vuitton trademarks and passing off contrary to sections 7(b), 19, and 20 of the *Trademarks Act*.

[35] I also find that supplying counterfeit goods in place of genuine Louis Vuitton goods, including in particular response to requests by investigators for Louis Vuitton goods, amounts to passing off the counterfeit goods as and for Louis Vuitton goods ordered or requested, and that Louis Vuitton has established passing off by substitution, contrary to paragraph 7(c) of the *Trademarks Act*: *Distrimic Inc v Dispill Inc*, 2006 FC 1229 at paras 67–68; *Singga* at paras 105–108. The evidence regarding the nature and quality of the counterfeit goods compared to those of genuine Louis Vuitton products also leads me to conclude that the marking of the goods with the

Louis Vuitton trademarks amounts to making use of a description that is false in a material respect and likely to mislead the public as to the character, quality, or composition of the goods, contrary to paragraph 7(d) of the *Trademarks Act: Singga* at paras 107–108.

[36] My finding above regarding the existence of goodwill in the Louis Vuitton trademarks applies both to goodwill as that term is used in reference to passing off under paragraph 7(b) and goodwill as that term is used in section 22 of the *Trademarks Act: Veuve Clicquot* at paras 46, 50–54; *Hamdard Trust* at paras 46–50. I find that the use of the identical marks in association with counterfeit goods, particularly those of inferior quality sold at a discounted price, would likely have an effect on the goodwill in the marks, and that the likely effect would be to depreciate the value of that goodwill: *Veuve Clicquot* at paras 63–67; *Singga* at paras 107–108. I conclude that Louis Vuitton has established depreciation of the goodwill in the registered Louis Vuitton trademarks contrary to section 22 of the *Trademarks Act*.

(4) Louis Vuitton has established copyright infringement

[37] In the absence of any contrary evidence or argument, the uncontested evidence of Ms. Checa Chong is also sufficient to establish that Louis Vuitton Malletier is the owner of copyright in a work known as “Multicolored Monogram-White Print.” This work shows a repeated series of Louis Vuitton trademarks, including the LV DESSIN and several flower designs, arrayed in a geometric pattern in multiple colours against a white background, and appears effectively to be a multi-coloured version of the design registered as TOILE MONOGRAM NsurB (LV & DESSIN), TMA960,128.

[38] The evidence demonstrates that at least two of the seized counterfeit goods bear the Multicolored Monogram-White Print. The defendants do not contest that these goods entail the reproduction of the Multicolored Monogram-White Print in whole or substantial part. I conclude that Louis Vuitton has established infringement of copyright contrary to sections 3 and 27 of the *Copyright Act*.

[39] Allegations of infringement in respect of a second work, known as “Multicolored Monogram-Black Print,” were withdrawn at the hearing.

C. *Liability of the Defendants*

(1) Introduction

[40] Hakam admits he imported and sold counterfeit Louis Vuitton goods and infringed the Louis Vuitton trademarks. The defendants assert that Hakam was the only one who engaged in and is responsible for the infringement, and that the other defendants, both personal and corporate, should not be found liable.

[41] For the following reasons, I find that on a balance of probabilities, Hakam, Mohammed, Waleed, Canadian Madmac, and Vivo Rosa are liable for the violations of the *Trademarks Act* and *Copyright Act* prior to service of the Anton Piller Order in September 2023, and that Hakam is also liable in connection with the further infringement in early 2024. I conclude that the evidence does not establish on a balance of probabilities that Aziz, Tayeb, Khaled, or Bahaaldin

engaged in or should be found liable for the trademark and copyright violations. I will address the liability of each personal defendant below, followed by the two corporate defendants.

(2) Alhakam Brifcany

[42] Hakam was actively involved in the advertising, offering for sale, and sale of counterfeit Louis Vuitton goods during the period from August 2021 until December 2023, with at least one additional sale in early 2024. He is seen in reports and videos by investigators as being involved in sale operations at Cawthra Road, including in the first attendance on August 28, 2021. While he claims that the initial sales at that location were run by Lisa and ShopFnomenal, Hakam was involved in the sales process from the outset. Indeed, Hakam's own evidence, in the form of his notations on the Canadian Madmac bank account, show that he was receiving numerous payments for counterfeit goods at least since early August 2021 and even earlier, before the late August "pop-up" shop and before the first rent payment from Lisa Waisglass appears in Canadian Madmac's account on August 19, 2022.

[43] Hakam was also present at Cawthra Road and active in the sale of counterfeit Louis Vuitton goods during investigative visits on February 26, 2022, and October 15, 2022. When investigators served a cease and desist letter at Cawthra Road on December 20, 2022, he was present and stated that he worked at the location. He was also there during later investigative visits on March 15, May 2, and August 16, 2023. Both before and after service of the cease and desist letter, Hakam communicated with investigators and arranged for sales; counterfeit goods were advertised on an Instagram account he controlled, <@designers_toronto>; and he received

payments by e-transfer using his personal email account, although the recipient of the transfer was listed as Canadian Madmac.

[44] When the Anton Piller Order was served on September 13, 2023, Hakam was again present at Cawthra Road, although he left during the execution of the order. Despite the Anton Piller Order, which included an injunction not to import or sell products that infringe Louis Vuitton's trademarks, Hakam continued to advertise counterfeit Louis Vuitton product through a different Instagram account, <@luxury_toronto1>, and sold another counterfeit Louis Vuitton bag to an investigator in early 2024.

[45] I am satisfied that Louis Vuitton has established that Alhakam Brifcany's actions in connection with the sale of counterfeit Louis Vuitton goods render him personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above.

(3) Mohammed Bani Torf

[46] In his affidavit, Mohammed claims he does not know anything about any of the matters alleged in Louis Vuitton's Statement of Claim and that he was not involved. He says the sale of counterfeit goods was "Hakam's business," and he never had anything to do with it beyond subleasing part of the Cawthra Road location for his business. He claims he was simply engaged in his own business selling Vivo Rosa branded items. At the same time, he admits that he and Waleed rented a portion of the Cawthra Road warehouse to Lisa for a ShopFnomenal weekend event, to attending the event with Waleed to "keep an eye on the space," to renting the space to

Lisa for a total of eight different weekends in 2021, and to subsequently renting space to Hakam for his business.

[47] Mohammed's assertion that he never had anything to do with the counterfeit business is simply not credible. The evidence of the investigators, which I accept, was that Mohammed assisted customers in connection with the sale of counterfeit goods. He claims the counterfeit goods were all Lisa's, but admitted on cross-examination that he assisted customers and arranged sales when Lisa was not there. He did the same for Hakam. Hakam also called him to the Cawthra Road location when the cease and desist letter was served by investigators in December 2022, whereupon Mohammed, in his own words, "kicked them out."

[48] The <@vivo.warehouse> Instagram and TikTok handles associated with the Vivo Rosa business, were used in at least 2022 to advertise goods bearing various luxury brands, including counterfeit Louis Vuitton merchandise. While Mohammed claimed that Waleed was responsible for the Instagram account, it was clearly associated with the Vivo Rosa business that Mohammed and Waleed both ran. Mohammed claimed in his affidavit that he and Waleed started the <@vivo.warehouse> Instagram account and that it was used to showcase their own merchandise, which was "all Vivo Rosa brand items." This is clearly not accurate, since the Instagram account was used to advertise counterfeit merchandise by at least early 2022.

[49] Screenshots from another Instagram account with the handle <@lv_toronto_fanpage>, dated in June and August 2023, show a link to WhatsApp with Mohammed's telephone number, and include pictures of a variety of branded goods, including counterfeit Louis Vuitton

merchandise. While he claims that he did not open the account and had no recollection of it, no satisfactory explanation was presented as to why his phone number was associated with the account. Mohammed's telephone number also appeared on the shipping label on a box of counterfeit merchandise addressed to Tayeb, discussed further below.

[50] Mohammed's credibility is also generally undermined by his assertions during his cross-examination that he was unaware that selling non-genuine goods was trademark infringement. Mohammed, Hakam, and Waleed had been served in March 2022 with a similar cease and desist letter on behalf of Chanel Limited and Chanel Inc. In the wake of this letter, Mohammed wrote in June 2022 to Louis Vuitton's counsel (who also acted for Chanel), stating that they had stopped selling or carrying bags with Chanel trademarks "after we understood that [it's] a trademark infringement." This came after initial protests from Waleed that Viva Rosa "has never and will never sell counterfeit." His protests, even in cross-examination, that he did not understand the legalities of it, or thought that the only issue was selling Chanel products, are simply not credible.

[51] Mohammed's direct involvement in sales of counterfeit goods at the warehouse shows that he was not forthright in his affidavit, where he claimed he never had anything to do with "Hakam's business." He also did not present any personal financial records that might show the extent of his involvement, limiting his productions to an account held in the name of Vivo Rosa. Overall, Mohammed's actions, knowledge, and involvement are inconsistent with his assertion that he had nothing to do with the counterfeit business or the sale or offering for sale of counterfeit Louis Vuitton products in particular.

[52] Mohammed may not have been as actively involved as Hakam, and may or may not have been the “ringleader” of the counterfeit business, as Louis Vuitton contends. However, I am satisfied that Louis Vuitton has established on a balance of probabilities that Mohammed Bani Torf’s actions in connection with the sale of counterfeit Louis Vuitton goods render him personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above to the date of service of the Anton Piller Order. After that date, there is no evidence indicating that Mohammed continued to infringe Louis Vuitton’s trademark rights or copyright. In particular, there is no evidence connecting Mohammed to the <@luxury_toronto1> Instagram handle or to the further sale by Hakam.

(4) Waleed Bani Torf

[53] Like his brother Mohammed, Waleed asserts that he does not know anything about any of the matters alleged in Louis Vuitton’s Statement of Claim, that he was not involved, that the sale of counterfeit goods was “Hakam’s business,” and that he never had anything to do with it. At the same time, he also adopts the substance of Mohammed’s affidavit, including having been involved in renting space at Cawthra Road to Lisa and later to Hakam for their business, and attending at the events at which counterfeit goods were sold. Waleed asserts that he did business selling Vivo Rosa products out of a partitioned space at the Cawthra Road location. He claims his involvement in the counterfeit business was limited to occasionally referring people to Hakam when they asked for products that Vivo Rosa did not sell.

[54] I find Waleed’s evidence, and in particular his assertion that he had no involvement in the sale of counterfeit goods, not to be credible. He admits in his affidavit to having accepted a

payment by e-transfer from an investigator on October 25, 2021, which he forwarded to Hakam, but says it arose because “Hakam stepped out of the warehouse for a few minutes and asked me to assist him with a transaction.” This assertion is inconsistent with the investigator’s account, which I accept, that Waleed arrived to meet the investigator at the Cawthra Road location and opened the warehouse for him. Further, the video evidence from this event shows Waleed being entirely familiar with the products and their pricing, referring to himself as one of the owners, talking about customers from different locations in Canada, and stating that he had just made a shipment based on an online sale.

[55] Waleed admitted in cross-examination that he made other sales, accepting transfers and forwarding payments to Hakam. As noted above, he was also personally involved in posting photographs to the <@vivo.warehouse> Instagram account advertising counterfeit items including counterfeit Louis Vuitton products. He was also present when the Chanel cease and desist letter was delivered at Units 23 and 24 of the Cawthra Road location. Despite his claim that he only visited the showroom at Unit 75 occasionally to print shipping labels, he was there when the Louis Vuitton cease and desist letter was delivered, told the investigator that he worked there, and responded to the delivery of the letter by tearing it up.

[56] The evidence of the investigators, including the video evidence, shows that Waleed was knowledgeable, involved, and active in the sale of counterfeit goods including Louis Vuitton goods. Even after the Louis Vuitton cease and desist letter was delivered in December 2022, Waleed continued to be involved in selling counterfeit Louis Vuitton merchandise. He advertised counterfeits on an Instagram account named <@lustingforshoes>, which gave his Linktree

account (waleedvivo). He also arranged a further sale transaction with an investigator in March 2023.

[57] I am satisfied that Louis Vuitton has established on a balance of probabilities that Waleed Bani Torf's actions in connection with the sale of counterfeit Louis Vuitton goods render him personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above to the date of service of the Anton Piller Order. After that date, there is no evidence indicating that Waleed continued to infringe Louis Vuitton's trademark rights or copyright. In particular, there is no evidence connecting Waleed to the <@luxury_toronto1> Instagram handle or to the further sale by Hakam.

(5) Aziz Bani Torf

[58] Aziz is a young man, who recently graduated from high school and commenced studies at college. His affidavit claims he has never worked for his brothers, Mohammed and Waleed, and does not know anything about any of the matters raised in Louis Vuitton's Statement of Claim. He asserts that the only involvement he had in this case was being present at the September 14, 2023, search of the Bani Torf home, referred to at paragraph [26] above.

[59] It is clear that Aziz's affidavit understates his awareness of the business. He was present at Unit 75 when the Louis Vuitton cease and desist letter was delivered on December 20, 2022. He also stated on cross-examination that he would sometimes move or cut up boxes, or throw out garbage for his brothers and Hakam, as unpaid labour. Louis Vuitton relies on these facts, together with (a) statements Aziz made to investigators on December 20, 2022, and

September 14, 2023; (b) his presence at the Tedlo location in August 2023; and (c) his name on mail seized at Unit 75, to argue that Aziz was involved in the counterfeit business and is liable for violation of its trademark rights and copyright.

[60] I agree with Louis Vuitton that statements Aziz made to investigators on December 20, 2022, and September 14, 2023, show he knew the nature of the counterfeit business. This undermines his credibility, given his contrary claim that he knows nothing about the matters raised in the claim. I am not satisfied, however, that these statements are sufficient, either alone or in combination with the other evidence, to show that Aziz engaged in—or was otherwise sufficiently involved in the business to be personally liable for—passing off, making use of a materially false description, trademark or copyright infringement, or depreciation of goodwill. None of the numerous visits from investigators show Aziz engaged in the sale of counterfeit goods or assisting customers, and the evidence does not show him being paid for or profiting from the business. As Louis Vuitton concedes, Aziz’s presence and awareness of the business is not alone enough to attract liability. While Aziz would have been considerably wiser to avoid his brothers’ counterfeit merchandise business entirely, I conclude that his helping his older brothers with boxes and garbage is not sufficient to demonstrate trademark infringement or otherwise attract liability.

[61] With respect to the other evidence relied on by Louis Vuitton, I note that the investigator who attended at the Tedlo location in August 2023 stated that they did not observe any Louis Vuitton merchandise, or any fashion merchandise at all, such that Aziz’s presence there cannot be considered evidence that he violated Louis Vuitton’s trademark rights or copyright.

Aziz's name does appear on several documents seized from Unit 75, apparently in connection with shipping companies, including an uncashed cheque from UPS for an overpayment. However, the documents were addressed to Aziz at Unit 23, and there was nothing to connect them or the shipping particularly to the counterfeit business rather than the non-counterfeit Vivo Rosa business, even assuming his name was found on them as a result of his own actions rather than those of his brothers.

[62] Overall, based on my assessment of the evidence, I conclude that Louis Vuitton has not established on a balance of probabilities that Aziz Bani Torf's actions render him personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above.

(6) Tayeb Brafcany

[63] Tayeb states that he worked with his brother Hakam in property management, but denies any involvement in selling counterfeit goods. He says Mohammed and Waleed paid him to build the partition wall between Units 23 and 24 when the warehouse was empty, and that he later performed ongoing maintenance at Unit 23. However, he remained on the Unit 23 side of the partition and was unaware of what occurred in Unit 24 and was unaware of the counterfeit business.

[64] Louis Vuitton does not allege that Tayeb was present at either Units 23/24 or Unit 75 on any of the occasions when investigators visited those locations and purchased counterfeit Louis Vuitton goods. There is no evidence of him having arranged for or conducted any sales of Louis Vuitton or other counterfeit goods. Nor is his name associated with any of the online

advertising of counterfeit goods. Louis Vuitton alleges his involvement in the business is demonstrated by (a) his name appearing on shipping labels on two boxes and on documents seized at Unit 75; (b) Hakam's statement to an investigator that he worked with Tayeb; (c) inconsistent evidence regarding his presence and work at Unit 23; and (d) a payment from Tayeb to the bank account of Canadian Madmac in January 2022.

[65] One of the boxes was photographed during the execution of the Anton Piller Order. The shipping label is dated in January 2022, and is addressed to "Tayeb Brifcany" at Unit 23, but with Mohammed's telephone number. Tayeb states that Hakam used his name to ship a box to Unit 23 on one occasion when Hakam was on vacation, that he received the box at Unit 23 without any knowledge of its contents, and that he simply left it at the unit. There is no evidence that the box contained Louis Vuitton or other counterfeit products (it did not at the time the Anton Piller Order was executed), although the shipping label shows its contents as "wallets." The other box was photographed during an investigator's visit to Unit 75. The shipping label is dated in April 2023. It is again addressed to "Tayeb Brifcany" with Mohammed's telephone number, but with the address of the Tedlo Street location. It contained Louis Vuitton shirts. Tayeb states that he has no knowledge at all of this box.

[66] Two documents were seized at Unit 75 with Tayeb's name on them. They both date from the summer of 2022. They are addressed to "Tayeb Brifcany" at Unit 23, and each relates to a collection demand, on behalf of Fedex and UPS, respectively.

[67] In my view, while these shipping labels and documents arguably provide some evidence connecting Tayeb to the counterfeit business, they are not sufficient, alone or with the other evidence, to establish his involvement in the business or to show that he engaged in violations of the *Trademarks Act* or the *Copyright Act* or is liable for the infringements described above. I am not satisfied that the labels or documents are sufficient to demonstrate, for example, that Tayeb is liable for importing goods that infringe the *Trademarks Act* or the *Copyright Act*. In my view, the use of Tayeb's name spelled how Hakam spells his last name (Brifcany) rather than how Tayeb spells it (Brafcany), and with Mohammed's telephone number rather than Tayeb's, is consistent with Tayeb's name having been used by Hakam and/or Mohammed for shipment. The documents suggest that this occurred more than once. However, they do not themselves contradict Tayeb's assertion that he was only aware of one occasion.

[68] With respect to Hakam's statement that he worked with Tayeb, this evidence comes from one of the investigator's affidavits in connection with a February 26, 2022, visit to the Cawthra Road location (as part of their Chanel investigation). However, the context of the statement is unclear; the statement does not appear in the video made by the investigator during their visit, or in the investigator's exchange of messages with Hakam. The evidence as a whole also indicates that Hakam made a number of different statements regarding his and others' roles in the business that were not true. The investigator did not identify Tayeb as having been present at the Cawthra Road location.

[69] Louis Vuitton alleges that Tayeb's assertion that he did some occasional ongoing maintenance at Unit 23 was inconsistent with Waleed's evidence that he did not. I agree there is

an inconsistency between these two statements, but cannot draw from it the inference Louis Vuitton seeks to draw, namely that it indicates that Tayeb was involved in the counterfeiting business. Nor can I draw the inference that Louis Vuitton wishes to draw from Tayeb having paid money to Canadian Madmac, namely that this was done to operate its counterfeit business. This appears to be no more than speculation without foundation in the evidence.

[70] Although Tayeb's name does appear in the record in connection with the counterfeit business, I am unable to conclude on the totality of the evidence that Louis Vuitton has established on a balance of probabilities that Tayeb Brafcany has engaged in or otherwise acted in a manner to render him personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above.

(7) Khaled Bani Torf

[71] Khaled Bani Torf was outside Canada between October 2019 and late January 2024, living in Kuwait. He states that his sons ran Vivo Rosa, and that he was not involved in the company beyond being listed as a director, making an initial investment in the company, and covering rent when his sons could not cover expenses. He says he has no knowledge of the matters alleged in Louis Vuitton's claim, and was unaware that his sons were advertising counterfeit goods in connection with the Vivo Rosa Instagram handle.

[72] Louis Vuitton does not allege that Khaled was directly involved in the sale of counterfeit Louis Vuitton products. Rather, it alleges Khaled is liable for the trademark and copyright

violations because as an officer and director of Vivo Rosa, he “expressly directed, ordered, authorized, aided, and abetted the activities of Vivo Rosa,” and he failed to take any steps to prevent the sale of counterfeit items, despite having the authority to do so by virtue of his corporate role. It also alleges that Vivo Rosa acted as the landlord of Units 23 and 24 at Cawthra Road, and at the Tedlo Street location, renting premises to Lisa and Hakam in connection with the counterfeit business, and that Khaled is liable in this connection.

[73] While I conclude below that Mohammed and Waleed’s use of the Vivo Rosa company in connection with the counterfeit business renders that company liable for the trademark and copyright violations, I am not satisfied that the evidence establishes that Khaled is liable for those violations through his role with Vivo Rosa.

[74] Intellectual property infringements by a company may result in personal liability by its directors or officers where there are “circumstances from which it is reasonable to conclude that the purpose of the director or officer was not the direction of the manufacturing and selling activity of the company in the ordinary course of [their] relationship to it but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it”: *Mentmore Manufacturing Co, Ltd et al v National Merchandising Manufacturing Co Inc et al*, 1978 CanLII 2037 (FCA), 89 DLR (3d) 195 at pp 204–205; *Cinar Corporation v Robinson*, 2013 SCC 73 at para 60. In other words, personal liability will only attach when there is “that degree and kind of personal involvement by which the director or officer makes the tortious act [their] own”: *Mentmore* at p 203.

[75] In the present case, Louis Vuitton does not point to any actions from which it is reasonable to conclude that Khaled deliberately, wilfully, or knowingly pursued conduct likely to constitute infringement, or that he had a degree of personal involvement that would make the infringements his own. While it argues that Khaled “expressly directed, ordered, authorized, aided, and abetted the activities of Vivo Rosa,” it points to no evidence of express direction, ordering, authorizing, aiding, or abetting of the infringement, any direct financial benefit from it, or even any knowledge of it. Rather, Louis Vuitton effectively relies exclusively on Khaled’s role as a director and officer of the company, which appears to have been largely a paper role. This is insufficient to meet the *Mentmore* test for liability: *Lam Chan Kee #1* at para 16, rev’d on other grounds, *Kwan Lam #1*; *Chanel S de RL v Lam Chan Kee Company Ltd*, 2016 FC 987 [*Lam Chan Kee #2*] at paras 33–34, aff’d on other grounds, *Kwan Lam v Chanel S de RL*, 2017 FCA 38 [*Kwan Lam #2*]. In this regard, I note that there is no evidence that Khaled acted as the controlling mind of Vivo Rosa either the counterfeit business or the non-counterfeit business of Vivo Rosa “as his own.”

[76] I am not persuaded that Louis Vuitton has established on a balance of probabilities that Khaled Bani Torf is personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above.

(8) Bahaaldin Brifcany

[77] Bahaaldin Brifcany similarly states that while he set up Canadian Madmac as a property management business for his sons, Hakam and Tayeb, it was run by them and he was never

involved in the active management of the company. He states that he was not involved with the sale of Louis Vuitton counterfeit bags and had no knowledge of it.

[78] As with Khaled, Louis Vuitton alleges Bahaaldin is liable for the violations of the *Trademarks Act* and the *Copyright Act* because of his role as an officer of Canadian Madmac, alleging that he “expressly directed, ordered, authorized, aided, and abetted the activities of Canadian Madmac.” They also assert that he is liable as the sole director of an Ontario company that purchased Unit 75, which was used for the counterfeit business. They also point to Bahaaldin’s admission on cross-examination that he attended Unit 75 after the counterfeit business was established there, an admission made after he initially denied having visited the unit after having bought it.

[79] For reasons similar to those above, I am not satisfied that Louis Vuitton has established that Bahaaldin himself engaged in infringing conduct, that he deliberately, wilfully, or knowingly pursued conduct likely to constitute infringement, or that he had a degree of personal involvement that would make the infringements his own: *Mentmore* at pp 203–205. There is no evidence that he directed, ordered, authorized, aided, or abetted the counterfeiting business, and again no evidence that Bahaaldin treated the counterfeit business or Canadian Madmac “as his own.”

[80] I agree with Louis Vuitton that Bahaaldin’s changing answer regarding having been present at Unit 75 undermines his credibility. However, I am not satisfied that his presence demonstrates a personal involvement that creates personal liability, either through his own

conduct, or as a listed officer of Canadian Madmac or director of the Ontario company that owns Unit 75. Nor am I satisfied that the financial transactions Louis Vuitton points to establish that Bahaaldin knowingly either funded or benefited from the counterfeiting business in a manner that would attract personal liability for the infringements.

[81] On the evidence and arguments presented, I am not satisfied that Louis Vuitton has established on a balance of probabilities that Bahaaldin Brifcany is personally liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above.

(9) Canadian Madmac

[82] Hakam concedes that money from the counterfeit business was put through the Canadian Madmac bank account. Indeed, he asserts that most of the money from the businesses was put through that account, an assertion discussed further below in discussing damages. E-transfers made for counterfeit goods, sent to Hakam's personal email address, showed as deposits being made to Canadian Madmac and ended up in the Canadian Madmac account. I am satisfied that Hakam's actions in connection with the counterfeiting business were taken in association with the Canadian Madmac company and render that company liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above.

(10) Vivo Rosa

[83] Mohammed and Waleed's evidence seeks to distinguish between the legitimate business of Vivo Rosa, selling Vivo Rosa branded shoes and accessories, and the counterfeit business.

However, it is clear from the evidence that the Vivo Rosa business and name were associated with the counterfeit business: Vivo Rosa rented the Unit 24 space to Ms. Waisglass for the counterfeit business; merchandise bags bearing the Vivo Rosa name were displayed and used in connection with the counterfeit business; the <@vivo.warehouse> Instagram handle was used to advertise counterfeit items and attract business to the warehouse selling counterfeit goods; and at least Waleed accepted payments for counterfeit goods using a Vivo Rosa email address.

[84] I am satisfied that Mohammed and Waleed's actions in connection with the counterfeiting business were sufficiently associated with the Vivo Rosa company to render that company liable for the violations of the *Trademarks Act* and the *Copyright Act* set out above to the date of service of the Anton Piller Order. After that date, there is no evidence connecting Vivo Rosa to the ongoing infringement of Louis Vuitton's trademark rights or copyright. In particular, there is no evidence connecting Vivo Rosa, Mohammed, or Waleed to the <@luxury_toronto1> Instagram handle or to the further sale by Hakam.

[85] I therefore conclude that Alhakam Brifcany, Mohammed Bani Torf, Waleed Bani Torf, Canadian Madmac, and Vivo Rosa were engaged in and are liable for the violations of the *Trademarks Act* and the *Copyright Act* arising from the business of selling counterfeit Louis Vuitton goods. For ease of reference, in the discussion below, I will use the terms "defendants" and "defendants' business" to refer to these defendants who I have found are liable for the counterfeit business.

D. *Remedies*

(1) Damages for violations of the *Trademarks Act*

(a) *Principles*

[86] The goal of an award of damages is to compensate the plaintiff for the loss they have sustained as a consequence of the defendant's unlawful acts, including any loss of trade actually suffered, and any harm to the plaintiff's business or goodwill: *Ragdoll Productions (UK) Ltd v Jane Doe*, 2002 FCT 918 at para 40; *Singga* at paras 125–126; *Louis Vuitton Malletier SA v Wang*, 2019 FC 1389 [*Wang*] at paras 117–122.

[87] The sale of counterfeit goods entails a depreciation of goodwill that can be difficult to quantify, as the depreciation harms the valuable intangible asset that is the trademark and can indirectly entail a loss of sales, but sales of counterfeit items do not necessarily translate into lost sales of a genuine product, particularly a luxury product: *Singga* at para 127; *Wang* at paras 118–119, 142; *Louis Vuitton Malletier SA v Yang*, 2007 FC 1179 [*Yang*] at paras 30–31. The Court therefore makes its best efforts based on the evidence before it, ordinary business knowledge, and common sense, to assess the harm suffered by the plaintiff as a result of the defendant's conduct: *Singga* at paras 125–126; *Ragdoll* at para 40. The scope and scale of the infringing activity is relevant to assessing the negative impact of the counterfeit goods on the trademark owner's goodwill: *Louis Vuitton Malletier v Sheine Reyes Rosales (Eniehs Selasor)*, 2023 FC 217 [*Rosales*] at para 50; *Lululemon Athletica Canada Inc v Campbell*, 2022 FC 194 at para 44.

[88] This Court has developed an approach of attempting to estimate the harm suffered by a plaintiff based on a lump-sum global damages assessment, sometimes termed “nominal” damages (although that nomenclature may not be accurate): *Wang* at paras 123–161 and the cases cited therein; *Lululemon* at paras 37–44; *Ragdoll* at paras 49–50; *Rosales* at para 44; *Kwan Lam #1* at para 17. On this approach, a standard amount of damages is awarded as a best estimate of actual damages, with different standards applied depending on the nature of the defendant, whether street vendor or flea market (originally \$3,000), fixed retail store (originally \$6,000), or manufacturer and distributor (originally \$24,000): *Ragdoll* at para 35, citing *Oakley, Inc v Doe*, 2000 CanLII 15963 (FC). The amounts are designed to compensate principally for damage to goodwill in the trademark and, indirectly, for any resulting lost sales due to that damage to goodwill, since a sale of a counterfeit luxury good does not typically displace the sale of a genuine luxury good: *Oakley* at paras 9–10; *Wang* at paras 176–177; *Yang* at para 31; *Singga* at para 127; *Lululemon* at paras 44–45.

[89] These standard or conventional amounts, originally derived from orders made by this Court in 1997 in *Nike International Ltd and Nike (Ireland) Ltd v Goldstar Design Ltd et al* (T-1951-95), have been adjusted for inflation: *Kwan Lam #1* at para 18; *Yang* at para 43; *Wang* at paras 123, 174; *Singga* at para 130; *Biofert Manufacturing Inc v Agrisol Manufacturing Inc*, 2020 FC 379 at para 209 and Annex B. The approach has also been adapted to new online modes of sale: *Lululemon* at paras 45–52; *Rosales* at para 49.

[90] Recognizing that a lump sum award based on these standard amounts may not reflect the damages attributable to recidivist counterfeiting activities over a period of time, the Court has

also developed approaches of awarding the standard amounts “per instance of infringement” or “per inventory turnover”: *Singga* at paras 131–133, citing *Yang* at para 43 and *Louis Vuitton Malletier SA v 486353 BC Ltd*, 2008 BCSC 799 [*Lee*] at paras 59–60, 65–67; *Lam Chan Kee #1* at para 22, aff’d on this point, *Kwan Lam #1* at paras 17–18; *Biofert*, Annex B, Category two.

[91] The term “per instance of infringement” is used to refer to instances in which an investigation or sale has resulted in or revealed infringing conduct: *Yang* at paras 9, 43–44. The idea of awarding the standard amount “per inventory turnover” is that the standard amount was designed to compensate for damages caused by the sales of goods on hand, which multiply each time inventory is sold and replaced: *Lee* at paras 63–71; *Wang* at para 170; *Singga* at para 146. In adopting such multipliers, caution and common sense must be applied to ensure that multiplication of a standard amount based on assertions of “instances of infringement” does not undermine the very principle of damages being compensatory or the requirement that a plaintiff prove their damages: *Wang* at paras 153, 157, 169; *Lululemon* at paras 42–44.

[92] The harm caused by the sale of counterfeit goods may be felt by both the trademark owner and by a Canadian licensee. This has led this Court in some cases to award damages based on the foregoing lump sum approach equally to both the trademark owner and their Canadian licensee or distributor: *Lam Chan Kee #1* at para 22, aff’d on this point, *Kwan Lam #1* at para 18; *Lam Chan Kee #2* at para 39; *Singga* at para 134; *Burberry Limited v Ward*, 2023 FC 1257 [*Ward*] at para 98. In other cases, this Court has questioned the practice of effectively doubling damages awards in circumstances where there is a foreign trademark owner and a Canadian licensee: *Wang* at paras 148–149, 154, 163–164; *H-D USA, LLC v Varzari*, 2021 FC 620 at

para 61. Nonetheless, in *Wang*, the Court awarded damages to each plaintiff (including each of Louis Vuitton Malletier and Louis Vuitton Canada) on the basis of limited argument having been presented and the Court of Appeal’s endorsement of the approach in *Kwan Lam #1: Wang* at paras 164, 174. In a case that involved trademark infringement but not counterfeit goods, I declined to award double damages on the basis that there was a foreign trademark owner and a Canadian licensee: *H-D USA* at paras 60–63. I address this question further below.

(b) *The parties’ positions*

[93] Based on the foregoing principles, Louis Vuitton proposes two possible methods of calculating its damages, each based on the standard lump sum amount for a fixed retail store, adjusted for inflation (\$9,000 in 2021; \$9,500 in 2022; \$10,000 in 2023; \$10,500 in 2024). The first method uses a “per inventory turnover” approach, based on a monthly inventory turnover from August 2021 (the first pop-up store) to September 2023 (execution of the Anton Piller Order), plus a further “turnover” associated with the sale in 2024. This method yields damages of \$259,500:

2021:	\$ 9,000	x	5	=	\$ 45,000
2022:	\$ 9,500	x	12	=	\$114,000
2023:	\$10,000	x	9	=	\$ 90,000
2024:	\$10,500	x	1	=	<u>\$ 10,500</u>
					\$259,500

[94] The second method uses a “per instance of infringement” multiplication, counting 14 “instances” between 2021 and 2024. To the Court’s understanding, the instances Louis Vuitton points to consist of (i) for 2021, the visits and purchases of counterfeit Louis Vuitton goods by an investigator in August and October 2021 (two instances); (ii) for

2022, the visits and purchases by investigators in February and October 2022, the service of the cease and desist letter in December 2022, and three other occasions in January, March and June 2022 in which investigators reviewed online advertising of counterfeit goods (six instances); (iii) for 2023, the visits and purchases by investigators in March, May, and August 2023, and other occasions on which investigators reviewed online advertising (five instances); and (iv) for 2024, the further sale of a Louis Vuitton bag. This method yields damages of \$135,500:

2021:	\$ 9,000	x	2	=	\$ 18,000
2022:	\$ 9,500	x	6	=	\$ 57,000
2023:	\$10,000	x	5	=	\$ 50,000
2024:	\$10,500	x	1	=	<u>\$ 10,500</u>
					\$135,500

[95] In each case, Louis Vuitton asserts that the rights of each of Louis Vuitton Malletier and Louis Vuitton Canada have been infringed and that each has been harmed by the defendants' conduct. It therefore asks that the above amounts be awarded to each plaintiff, effectively doubling the amounts to \$519,000 and \$271,000 respectively.

[96] For their part, the defendants submit that an award of damages of \$20,000 would be appropriate. This submission is based on Hakam's evidence, based on his own review of his bank records and his recollection, that he was making an average of \$6,000 to \$8,000 per month in total revenue from counterfeit goods, for a total of \$200,000 in total sales over time, of which Louis Vuitton brands represented about 10%. He estimated he sold no more than \$20,000 of Louis Vuitton branded items between August 2021 and September 2023, with a profit margin of "probably about 50%" on these items. Hakam produced bank account statements from Canadian Madmac for the period from 2021 to 2023 and from a personal account from 2021 to early 2024.

The defendants also concede that Vivo Rosa rented Unit 24 to Ms. Waisglass and that the evidence indicated a rent of \$1,500 to \$2,000 for each of about 8 weekends.

(c) *Assessment of damages*

[97] I agree with Louis Vuitton that the evidence of Hakam and the other defendants is not a reliable indicator of the full extent of sales and revenue of counterfeit Louis Vuitton goods, and thus the full extent of the defendants' counterfeit operations and the damage it has caused to the goodwill in the Louis Vuitton trademarks, for several reasons. First, it is clear even on the face of the documents that Hakam has understated the amount of revenue attributable to counterfeit sales. Hakam's account statements show numerous e-transfers from Waleed that Hakam marked as "[p]ersonal" and did not include in his calculation of revenues from counterfeit sales. However, these included payments that Waleed admitted came from sales of counterfeit goods, including a payment from one of Louis Vuitton's investigators.

[98] Similarly, Waleed claimed in cross-examination that some of the transfers were for unbranded products that Waleed sold at Unit 24 on Hakam's behalf. However, Hakam's evidence was that the goods he was selling from Unit 24 were counterfeit luxury branded goods. Hakam and Waleed's clear efforts to understate the revenue attributable to counterfeit sales undermine both their credibility and the reliability of Hakam's sales estimates. Mohammed's decision not to produce his own bank account statements also makes it difficult to assess the full extent of the counterfeit business.

[99] Further, the evidence suggests that the defendants encouraged customers to pay in cash and would not charge tax on cash sales. Some advertising even stated that payment could only be made in cash. While Hakam asserted that very little (perhaps 5%) of the sales were actually in cash, no accounting or other sales documentation was provided to confirm the extent of cash sales. Waleed stated that he tried his best to take cash only. Given Waleed and Hakam's lack of credibility on the extent of e-transfer payments, I find I cannot rely on their assertions regarding the extent of cash payments, particularly given the repeated statements in advertising that cash was preferred.

[100] The defendants also produced limited documents regarding purchases of counterfeit goods. Hakam produced six order forms from 2022, plus the order form for the bag sold in early 2024. No general accounting or customs records associated with the purchases were provided and no bank or other financial records showing payments to the Chinese supplier of the goods were produced. Remarkably, and not credibly, Hakam claimed in cross-examination that he could not remember how he paid the supplier, even for the transaction that occurred about a month prior to his cross-examination. I reject this evidence and conclude that Hakam sought to conceal financial and other records that would show the nature and extent of purchases of counterfeit goods. I draw an adverse inference regarding the extent of the counterfeit business as a result and conclude that it was significantly larger than Hakam's assessment of sales.

[101] I also agree with Louis Vuitton that Hakam's estimate of total sales is inconsistent with the uncontroverted evidence of the amount of counterfeit Louis Vuitton goods seized in execution of the Anton Piller Order. Counsel's estimate, based on the volume of goods seized

and the unit pricing given by Hakam, was that the Louis Vuitton counterfeit goods had a sale value of approximately \$54,000 to \$86,000. The defendants did not contest this estimate. Using the mid-point of these figures, Hakam's claim that he sold about \$10,000 worth of such goods per year would mean that there was 7 years' worth of inventory at the Unit 75 warehouse at the time of the seizure. This does not seem consistent with ordinary business knowledge and common sense given the nature of the business.

[102] I therefore conclude that Hakam's evidence that he sold a total of about \$20,000 worth of counterfeit Louis Vuitton goods is an unsound basis to estimate either the scope of the business or the damages suffered due to the defendants' trademark infringements.

[103] While the defendants in this case have provided more disclosure than in cases where a defendant is in default, the incompleteness of that disclosure is such that I agree with Louis Vuitton that the best manner in which to estimate damages is on the basis of the standard or conventional amounts that have been developed through the jurisprudence referred to above. I also agree that a single award of this amount would not adequately reflect the damages suffered due to a counterfeit business conducted on an active and ongoing basis for more than two years. At the same time, in the context of a physical store that advertises online, I have some difficulty with attempting to estimate damages based on a "per instance" approach in which each occasion that an investigation shows that the infringing conduct is ongoing counts as an "instance." As Justice Roy noted, "there is an inherent danger in multiplying *ad infinitum* the number of instances where infringement may be generated by plaintiffs": *Wang* at para 169. The number of times that an investigator reviews online advertising, or even the number of times a plaintiff

chooses to send an investigator to a store to make a purchase, may bear little relationship to the amount of damage to goodwill caused by the counterfeit business. Damage to goodwill is generally caused by the scale of the counterfeit business, not the frequency with which it is investigated.

[104] I therefore conclude that damages should be estimated using the standard amounts from the case law, multiplied to reflect a notional “turnover” of inventory, *i.e.*, the first method proposed by Louis Vuitton.

[105] However, I disagree with Louis Vuitton’s assertion that the evidence suggests that the defendants’ inventory turned over on a monthly basis. To support this claim, Louis Vuitton points to (i) Waleed’s statement to an investigator that he received shipments once a month; (ii) Mohammed’s testimony that Hakam received a box every two weeks to 20 days; and (iii) Hakam’s testimony that he got boxes in monthly. However, Waleed’s statement was made in a conversation with an investigator at Tedlo Street during the August 2023 visit referred to at paragraph [61] above. The investigator did not observe any counterfeit Louis Vuitton products or any fashion merchandise during this visit, and the photographs of this visit appear to show unbranded purses on display. It is far from clear from the investigator’s evidence that Waleed’s statement about the frequency of shipments related to counterfeit Louis Vuitton products or, indeed, to any counterfeit products, let alone that it referred to a turnover of inventory on a monthly basis.

[106] Mohammed's testimony was that Hakam was bringing in one box of "20 items" every two weeks to 20 days. Louis Vuitton cannot rely on the aspects of this evidence regarding the timing of shipments while ignoring the aspect going to the contents of the shipments. This statement does not suggest that the defendants' business underwent a full turnover every month. Similarly, Hakam's statement that he got one to three boxes per month, made in the context of questions about the box labelled with Tayeb's name, does not support a conclusion that the inventory of the business turned over within a month.

[107] Louis Vuitton argues that the expression "per turnover" should not be taken to mean a complete turnover of inventory, but simply refers to how often goods were imported to refresh inventory. It refers to *Lee*, in which the Court referred to evidence that counterfeit inventory was imported about every four months, and used this as a "turn-over rate": *Lee* at paras 69–71. I cannot accept this submission, for three reasons. First, my reading of *Lee* is that the Court was ultimately looking to estimate damages based on how often the inventory of the retail stores turned over, and not simply how often they imported goods: *Lee* at paras 66, 69. Second, as with the question of a "per incident" approach, the damage to the goodwill in a trademark is affected by the overall scope of sales, not by how often an infringer chooses to purchase supply. The damage to goodwill caused by sale of, say, 50 counterfeit items, is the same whether the infringer buys the items in one batch of 50 items or in 10 batches of 5 items. Louis Vuitton's approach would effectively assess the damages arising from the latter scenario as being 10 times greater than the former, which is untenable.

[108] Third, it is to be recalled that the standard amount of damages was established in the context of estimating damages after the seizure of goods following execution of an Anton Piller Order, and thus related to the full inventory. Simply multiplying that figure based on the number of times a retail operation imports any percentage of its inventory to “refresh” it would divorce the calculation from the original basis for the estimate. To my understanding, the purpose of using a “per inventory turnover” approach is to attempt to estimate the activity and scope of a counterfeit business, and thus the damage to the goodwill in the trademark caused by the business. It assumes a baseline amount of damage using the standard amount, and multiplies that by the approximate number of times the defendant has sold the equivalent of their inventory in the period at issue. The jurisprudence attempts to differentiate between inventories of different sizes by assigning different base amounts depending on the nature of the operation.

[109] There is necessarily some imprecision in assessing the frequency of turnover given the limitations on the evidence. Since those limitations are of the defendants’ doing, they weigh in favour of Louis Vuitton, *i.e.*, in favour of a more frequent turnover. Based on the evidence of sales, imports, and the scope of the business, my overall best assessment is that the defendants’ counterfeit business likely turned over its inventory approximately every quarter. This amounts to approximately 9 turnovers during the 26 months between August 2021 and September 2023 when the Anton Piller Order was executed. Applying this to the average inflation-adjusted standard amount during this period of \$9,500 yields \$85,500. Taking a step back from the methodology, and considering the range of damages that have been awarded for counterfeit goods in cases from *Ragdoll* forward, and the extent of the counterfeiting conduct that have resulted in those awards, I am satisfied that this amount reflects a reasonable estimate of the

damage to the goodwill in the Louis Vuitton trademarks resulting from the defendants' sale of counterfeit goods in the August 2021 to September 2023 time period.

[110] With respect to the evidence of a further sale of an infringing Louis Vuitton bag in early 2024, I am prepared to accept that this is evidence that Hakam continued to sell infringing Louis Vuitton products after the execution of the Anton Piller Order. However, the evidence does not establish that he continued to do so at a retail location, so as to attract the equivalent of another "turnover" of a retail store's inventory in this period. In my view, the appropriate level of damages is the equivalent of the "street vendor or flea market" amount, which would be about \$5,250 when adjusted for inflation, for a total of \$90,750. As the evidence does not establish that Mohammed, Waleed, or Vivo Rosa continued to be involved in the sale of counterfeit Louis Vuitton merchandise in this time period, only Hakam and Canadian Madmac are liable for this additional amount.

(d) *Claim for damages by each plaintiff*

[111] As noted, Louis Vuitton asks that damages be awarded equally to Louis Vuitton Malletier and Louis Vuitton Canada, effectively doubling the foregoing amounts. I decline to do so, for the following reasons.

[112] I begin by noting that the Statement of Claim alleges that Louis Vuitton Malletier (defined in the Statement of Claim as "Louis Vuitton") owns the Louis Vuitton trademarks; has established reputation and goodwill in the trademarks; has the exclusive right to advertise, offer for sale, and sell goods in association with the trademarks; and owns copyright in the identified

work. The Statement of Claim, and the draft order filed with this motion for summary trial, seeks declarations that Louis Vuitton Malletier owns the trademarks; that the defendants infringed those trademarks and depreciated the goodwill in them; that the defendants have directed public attention to their goods in such a way as to cause or be likely to cause confusion with the goods and business of Louis Vuitton Malletier; have passed off their goods as and for those of Louis Vuitton Malletier; and have infringed the copyright of Louis Vuitton Malletier. The only allegations in the Statement of Claim concerning Louis Vuitton Canada are that it is a Canadian Corporation, that it is wholly owned by Louis Vuitton Malletier, and that it is the exclusive distributor of Louis Vuitton products in Canada. In other words, neither the Statement of Claim nor the draft order contend that any trademark right of Louis Vuitton Canada under the *Trademarks Act* or any copyright under the *Copyright Act* has been violated by the defendants. Given this, it is difficult to see the juridical or statutory basis to award Louis Vuitton Canada damages, let alone damages equal to those awarded to Louis Vuitton Malletier.

[113] I agree with the concerns raised by Justice Roy in *Wang* regarding the conceptual and jurisprudential basis for doubling the estimate of damages on the basis that the Canadian seller is not the same corporate entity as the foreign trademark owner. No explanation is given for the award in *Yang*, which appears to be the first case in which each plaintiff within a corporate group was awarded the same amount of damages. In *Lee*, the British Columbia Supreme Court adopted the approach in *Yang* on the basis that “a defendant would be liable for damages to each plaintiff, if each plaintiff had enforced its rights individually” and that “[t]here is no reason to limit damage awards merely because multiple plaintiffs advanced their claims in one action”: *Lee* at para 67.

[114] This latter language appears to harken back to *Oakley*, in which the Court ordered the standard amount of damages to each of multiple plaintiffs, noting that each plaintiff could enforce its rights individually: *Oakley* at paras 12–13. However, in that case, the “multiple plaintiffs” being referred to were the different corporate groups asserting different intellectual property: Oakley, Viacom, Ragdoll, Nike, Nintendo, Fila, Tommy Hilfiger, and Adidas-Salomon. There is no indication in Justice Pelletier’s decision in *Oakley* that, for example, Oakley should receive double damages because Oakley, Inc and Oakley Canada Inc were both plaintiffs, while Fila would receive only a single amount because Fila Canada Inc was the only plaintiff from its group.

[115] The notion that both licensee and trademark owner are equally harmed also seems inconsistent with the very nature of the damages remedy sought. As noted above, this Court has confirmed on a number of occasions that the standard amounts are designed to compensate principally for damage to goodwill in the trademark given the difficulty in demonstrating such damage and, indirectly, for any resulting lost sales due to that damage to goodwill: *Oakley* at paras 9–10; *Wang* at paras 176–177; *Yang* at para 31; *Singga* at para 127; *Lululemon* at para 44.

[116] As Louis Vuitton concedes, the goodwill in the trademarks is owned by the trademark owner. Damage to goodwill is thus harm suffered by the owner of the trademark: *Smith & Nephew Inc v Glen Oak Inc*, 1996 CanLII 4065 (FCA), [1996] 3 FC 565 (CA) at para 22; *Trademarks Act*, s 50(1). I agree with Louis Vuitton that a distributor may derive some benefit from the goodwill owned by the trademark owner. However, that benefit comes from the distributor’s ability to sell and profit from the sale of goods bearing the trademark, and the harm

to the distributor thus comes from the loss of that ability, *i.e.*, the lost sales arising from the loss of goodwill. That loss is already included in the standard estimate of damages. Conversely, where the loss primarily sounds in lost sales, damages are more directly suffered by the party that has lost the sales in Canada: *Stork Market Inc v 1736735 Ontario Inc (Hello Pink Lawn Cards Inc)*, 2017 FC 779 at para 88.

[117] Where a trademark owner sells its own goods in Canada, it suffers both the loss of goodwill and the harm from any resulting lost sales. Where a distributor sells the goods in Canada, the owner primarily suffers the loss of goodwill, while the distributor primarily suffers the loss of sales. The total amount of the loss or harm does not double simply because there are two corporate entities involved in the process. To put it another way, it is difficult to see how a Canadian luxury brand owner that sells its own product in Canada should be considered to suffer only half as much damage from counterfeiting as a foreign brand owner that sells in Canada through a related Canadian company, simply because the latter has two companies involved.

[118] Louis Vuitton relies on the Court of Appeal's decision in *Kwan Lam #1*, which upheld this Court's award of damages to both a trademark owner and its Canadian licensee. The Court of Appeal noted that "there is significant authority [...] to support awarding damages to both the trade-mark owner and Canadian licensee": *Kwan Lam #1* at para 18. I do not read *Kwan Lam #1* as standing for the proposition that this Court's assessment of damages on the evidence before it *must* include an assessment of a licensee's damages that is equal to that of the trademark owner. In other words, nothing in *Kwan Lam #1* undermines the general propositions that the plaintiffs

bear the burden of establishing their damages, and that the goal of the exercise is to estimate those damages as best as possible in the circumstances based on the evidence before the Court.

[119] In the present case, Louis Vuitton’s submissions assert that Louis Vuitton Canada “holds the license” to use the Louis Vuitton trademarks in Canada. However, the evidence of Ms. Checa Chong is simply that Louis Vuitton Canada is the “exclusive distributor” of Louis Vuitton products in Canada, consistent with the allegation in the Statement of Claim. Ms. Checa Chong appears careful not to describe Louis Vuitton Canada as licensee of Louis Vuitton Malletier’s trademarks. Nor has Louis Vuitton produced either a trademark license agreement or distributorship agreement that might address the extent to which Louis Vuitton Canada itself has any rights, goodwill, or interest in the Louis Vuitton marks. While Ms. Checa Chong refers to “Louis Vuitton” (the term she defines as including both Louis Vuitton Malletier and Louis Vuitton Canada) as having established goodwill in the Louis Vuitton trademarks in Canada, I have discussed above the fact that her evidence appears to use the term “Louis Vuitton” in this context to refer to Louis Vuitton Malletier and not Louis Vuitton Canada, again consistent with the Statement of Claim.

[120] I note that the relative interests of a licensee and a mere distributor may be different under Canadian trademark law. For example, this Court has held that a licensee may make a claim for infringement, but may not be entitled to claim for passing off, which requires the existence of goodwill: *Trademarks Act*, s 50(3); *Stork Market* at paras 42, 73, 88, citing *Tonka Corp v Toronto Sun Publishing Corp*, [1990] FCJ No 1151; *Smith & Nephew* at paras 22–23; see also *Osiris Inc v International Edge Inc*, 2009 CanLII 50224 (ON SC) at paras 21–29. However,

a mere exclusive distributor generally cannot sue for infringement of trademark rights in the absence of some goodwill owned by it, and does not have the limited rights available to a licensee: *Natural Waters of Viti, Ltd v CEO International Holdings Inc*, 2000 CanLII 15141 (FC) at paras 11–19; see also *Havana House Cigar & Tobacco Merchants Ltd v Skyway Cigar Store*, 1998 CanLII 7773 (FC) at paras 59–60, 67 (Canadian sale by a distributor generally constitutes use for the benefit of the manufacturer and trademark owner, not use by the distributor creating trademark rights in the distributor).

[121] Ms. Checa Chong’s affidavit speaks to the harm to Louis Vuitton, asserting that the defendants’ conduct has caused extensive damage “attributable to the loss of goodwill and reputation to Louis Vuitton merchandise in the marketplace, which is very hard to measure.” As noted above, the goodwill in the trademarks is owned by Louis Vuitton Malletier.

Ms. Checa Chong also refers to the potential that consumers who would purchase authentic Louis Vuitton products may no longer do so given the availability of counterfeit products. Such harm in lost sales may be felt by Louis Vuitton Canada as exclusive distributor. However, such harm is part of the estimate of damages represented by the standard amounts and the overall harm is not twice as large simply because Louis Vuitton Canada sells in Canada rather than Louis Vuitton Malletier.

[122] I am therefore not satisfied on the evidence before me that Louis Vuitton has established that each of Louis Vuitton Malletier and Louis Vuitton Canada have suffered damages in the form of harm to goodwill and/or resulting lost sales that are twice as large as the standard case because of the presence of two corporate entities. Put another way, I am not satisfied that

Louis Vuitton has demonstrated that Louis Vuitton Malletier and Louis Vuitton Canada have collectively suffered \$181,500 in damages as a result of the defendants' actions, rather than the \$90,750 I have found to be a reasonable estimate, let alone the \$271,000 to \$519,000 they seek in compensatory damages. The awards above will be made to the plaintiffs jointly; the distribution thereof as between them is left to them.

(2) Damages for copyright infringement

[123] Louis Vuitton Malletier has established infringement of its copyright in the “Multicolored Monogram-White Print.” It seeks statutory damages pursuant to section 38.1 of the *Copyright Act*, in the maximum available amount of \$20,000. Unlike an award of damages under the *Trademarks Act*, an award of statutory damages may be made without proof of actual damage: *Oakley* at para 7; *Lululemon* at para 41. In exercising its discretion to award statutory damages, the Court considers all relevant factors, including the good or bad faith of the defendant, the parties' conduct before and during the proceedings, and the need for deterrence: *Copyright Act*, s 38.1(5)(a)–(c); *Yang* at paras 19–26. Notably, the *Copyright Act* states that consideration of hardship to the defendant, and the impact of the infringements on the plaintiff are relevant considerations for non-commercial infringements, suggesting they are not relevant for commercial infringement: *Copyright Act*, s 38.1(5)(d).

[124] This Court has awarded the maximum available \$20,000 in a number of counterfeiting cases: *Yang* at paras 22, 26; *Wang* at paras 196–198; *Singga* at paras 157–160. Without wishing to suggest that this is necessarily appropriate regardless of the circumstances or the number of copyright works at issue, particularly where the works are also subject to trademark protection, I

conclude that the \$20,000 maximum is appropriate in this case. I reach this conclusion despite the fact that the evidence only shows two instances of the Multicolored Monogram-White Print work appearing on counterfeit products, and that the defendants conceded infringement. The defendants' infringing conduct in importing and selling counterfeit goods, including counterfeit goods bearing the Multicolored Monogram-White Print was in bad faith, was wilful and, as discussed further below, is conduct that requires deterrence, both specific and general. An award of \$20,000 is appropriate.

(3) Punitive Damages

(a) *Principles*

[125] Punitive damages are an exceptional remedy, designed to punish the defendant rather than compensate the plaintiff: *Whiten v Pilot Insurance*, 2002 SCC 18 at para 36. They may be awarded, including in intellectual property cases, where the defendant's conduct has been "malicious, oppressive and high-handed" such that it "represents a marked departure from ordinary standards of decent behaviour," and where other damages are inadequate to accomplish the objectives of retribution, deterrence, and denunciation: *Whiten* at paras 36, 43–44, 68, 94, 111, 123; *Singga* at para 164.

[126] Punitive damages may be appropriate where compensatory damages would amount to nothing more than a cost of doing business or a "licence fee" to disregard the rights of others: *Whiten* at paras 32, 72, 124; *Singga* at paras 165, 170. Factors to consider in assessing the appropriateness and quantum of a punitive damages award include whether the misconduct was

planned and deliberate; the defendant's intent and motive; whether the conduct was persistent and/or concealed; the defendant's awareness that what they were doing was wrong; and whether they profited from the misconduct: *Whiten* at para 113; *Lam Chan Kee #2* at paras 49, 55, 70–79 aff'd *Kwan Lam #2* at paras 11, 13; *Wang* at paras 184–185.

(b) *Punitive damages are warranted*

[127] Applying these principles, I conclude that an award of punitive damages is appropriate in this case. The evidence demonstrates that the conduct of Hakam, Mohammed, and Waleed in selling counterfeit Louis Vuitton goods was planned and deliberate, done for financial gain with disregard for Louis Vuitton's intellectual property rights. The conduct was persistent, continuing over the course of two full years. Importantly, it continued long after they had been served with a letter clearly explaining Louis Vuitton's rights and demanding they cease violating those rights.

[128] I reject the testimony of Mohammed and Hakam on cross-examination suggesting they did not know that selling counterfeit goods was wrong. Mohammed and Waleed were involved in the fashion industry through their own retail stores and the Vivo Rosa brand, for which they had registered a trademark. It is simply not credible that they were unaware of the importance of trademark rights and the unlawfulness of using another person's trademarks. Indeed, Waleed's evidence was that he knew that it was wrong and tried to tell Hakam to stop selling counterfeit goods.

[129] In any event, Mohammed, Waleed, and Hakam all received in April 2022 the cease and desist letter in respect of Chanel products. While Waleed claimed not to be involved in the

counterfeit business at all, I have concluded above that this is simply not the case. Mohammed's responses to counsel for Chanel, copied to Waleed and Hakam, even indicate that he understood from the Chanel cease and desist letter that selling bags with Chanel's "CC" logo on it was a trademark infringement. Mohammed's assertion that even after this point, he believed that it was only an issue for Chanel and that he "did not understand that the other brands would even be upset" is not credible. Further, Mohammed, Waleed, and Hakam all received the December 2022 cease and desist letter with respect to Louis Vuitton trademarks in particular. Their reaction to receipt of that letter, and their continued sale of counterfeit Louis Vuitton products after receipt of the letter, shows both their knowledge of the unlawful nature of their conduct and their indifference to the intellectual property rights of Louis Vuitton. It also shows their disregard for legal processes to enforce those rights.

[130] Hakam's conduct after execution of the Anton Piller Order further shows disregard not only for legal processes to enforce intellectual property rights, but for orders of this Court. Hakam's continued sale of counterfeit Louis Vuitton products in the face of a Court ordered injunction not to do so merits additional sanction. Hakam's evidence is that he did so because he was short on money, and that this was a mistake that he regrets, does not relieve him of the consequences of his intentional violation of a Court order.

[131] The defendants point to their participation in these proceedings, including their (ultimate) co-operation with the execution of the Anton Piller Order, their acceptance of service of the claim, their production of bank records early in the process, their consent to continuation of the Anton Piller and Mareva Orders, their voluntary attendance at cross-examination, and Hakam's

admission of responsibility for the counterfeiting and his expressions of regret. I agree that these are relevant factors, and that the parties' conduct and participation in this proceeding merit consideration. At the same time, however, in the context of these proceedings, Mohammed and Waleed asserted in their affidavits that they never had anything to do with "Hakam's business," did not know anything about the matters alleged in the claim, and were "never involved in any of the businesses or activities set out in the statement of claim." I have found above on a balance of probabilities that this is not true. Indeed, the evidence of the investigators, including video evidence, demonstrates that Mohammed and Waleed's denials of knowledge and involvement are best described as deliberate attempts to avoid liability for their conscious and ongoing participation in the counterfeiting business. The affidavit evidence filed by Mohammed, Waleed, and Hakam required Louis Vuitton to conduct cross-examinations that might have been avoided had they been more forthright. I have also noted above that the defendants' production of financial records is incomplete and that their evidence understates the scope of the counterfeit business. Their participation and cooperation in the proceeding must be viewed in this context.

[132] In my view, the foregoing conduct meets the description of behaviour warranting the imposition of punitive damages as set out in *Whiten* and the intellectual property cases in which *Whiten* has been applied. The compensatory damages I have found above are insufficient to accomplish the objectives of retribution, deterrence, and denunciation. In respect of deterrence, there appears to be a particular need for specific deterrence in the case of Hakam. There is also a need to make clear generally to "[t]hose who are tempted to engage in such a business [...] that they will not only be deprived of their profits, but also incur significant penalties": *Lululemon* at para 61.

(c) *Quantum*

[133] Louis Vuitton asks that a punitive damages award of \$250,000 be levied against the defendants generally. In cases involving a counterfeit business with multiple personal defendants, Courts have sometimes awarded punitive damages jointly and severally against all defendants: *Yang* at paras 49–53, 61; *Wang* at para 192; *Ward* at paras 121–124. In other cases, the Court has imposed separate punitive damages amounts, differing based on the culpability and involvement of the defendant or defendant group: *Lee* at paras 90–91; *Singga* at para 180.

[134] In terms of quantum, this Court has awarded punitive damages in amounts ranging from \$30,000 to \$250,000, and up to \$500,000 cumulatively, depending on factors such as the nature and scope of the counterfeiting operation; its duration; the extent to which the defendants have ignored legal processes or, importantly, Court orders; their efforts to conceal and/or continue their conduct through the use of aliases or other methods; and their conduct in the action: *Yang* at paras 50–53 (\$100,000); *Lee* at paras 86–91 (\$100,000 and \$200,000 to different defendant groups); *Singga* at paras 170–180 (\$50,000, \$200,000, and \$250,000 to different defendant groups); *Harley-Davidson Motor Company Group, LLC v Manoukian*, 2013 FC 193 at paras 49–51 (\$50,000); *Lam Chan Kee #2* at paras 68–79 (\$250,000); *Wang* at paras 188–192 (\$225,000); *Lululemon* at paras 58–66 (\$30,000); *Rosales* at paras 59–64 (\$30,000); *Ward* at paras 121–124 (\$100,000); see also *Dermaspark Products Inc c Étienne*, 2023 QCCS 1268 at paras 59–64 (\$30,000).

[135] I have considered the circumstances of the foregoing cases and the awards given therein. In the present case, I consider that the different degrees of culpability and activity of the defendants warrant separate punitive damages awards. Given the facts and factors discussed at paragraphs [127]–[131] above; the particular involvement and actions of the individual defendants both prior to and in the litigation; and the need for specific and general deterrence, I conclude that it is appropriate to award punitive damages in the amount of \$100,000 against Alhakam Brifcany and Canadian Madmac jointly and severally, and punitive damages in the amount of \$50,000 each against Mohammed Bani Torf and Waleed Bani Torf, for which amounts Vivo Rosa shall also be jointly and severally liable.

[136] In accordance with subsection 37(1) of the *Federal Courts Act*, RSC 1985, c F-7, interest shall run on the foregoing amounts in accordance with sections 127 and 129 of the *Courts of Justice Act*, RSO 1990, c C.43.

(4) Other remedies

[137] Louis Vuitton seeks injunctive relief requiring the defendants from further violations of the *Trademarks Act* and *Copyright Act*. The defendants make no specific submissions opposing this request. I will grant the injunction requested by Louis Vuitton. Although the evidence does not establish infringement of some of the trademarks defined in the Statement of Claim as the LOUIS VUITTON Trademarks, given the defendants' past willingness to violate Louis Vuitton's intellectual property, I consider it appropriate to include all of the trademarks in the scope of the injunction. I also conclude that it is appropriate to issue the injunction against all of the defendants, even though I have found four of the personal defendants not to be personally liable

for the violations of the *Trademarks Act* and *Copyright Act*. I do this primarily for reasons associated with facilitation of enforcement of the injunction if necessary, and given the defendants' apparent willingness in the past to use the names of other family members in connection with the counterfeiting business.

[138] Louis Vuitton similarly seeks orders requiring the defendants to deliver up all counterfeit Louis Vuitton goods in their possession and to provide Louis Vuitton with the names and contact information of their manufacturers and suppliers of goods bearing the Louis Vuitton trademarks. Again, the defendants made no particular submissions opposing this request, which I consider just and appropriate in the circumstances.

[139] As a final matter, Louis Vuitton asked that the style of cause in the matter be amended to add the name "Baha Altayeb BRAFCANY" to the list of names by which the defendant Baha Altayeb Brifcany is known, to reflect the correct spelling of his name as discussed above. The defendants do not oppose this request.

IV. Conclusion

[140] For the foregoing reasons, I grant the summary trial motion of Louis Vuitton and the action in part. I find that Alhakam Brifcany, Mohammed Bani Torf, Waleed Bani Torf, Canadian Madmac, and Vivo Rosa are liable for violations of the *Trademarks Act* and the *Copyright Act* and that damages in the total amount of \$110,750 are payable (\$90,750 for violations of the *Trademarks Act* plus \$20,000 in statutory damages for copyright infringement). Alhakam Brifcany and Canadian Madmac are jointly and severally liable for the full amount; Mohammed

Bani Torf, Waleed Bani Torf, and Vivo Rosa are jointly and severally liable for all but \$5,250 of the full amount (\$105,500). Punitive damages in the amount of \$100,000 are also awarded against Alhakam Brifcany and Canadian Madmac jointly and severally, and punitive damages of \$50,000 are awarded against each of Mohammed Bani Torf and Waleed Bani Torf, for which amounts Vivo Rosa is also jointly and severally liable. Declaratory, injunctive, and related relief will be granted on the terms set out in the Court's order. The remainder of the action as against Aziz Bani Torf, Tayeb Brafcany, Khaled Bani Torf, and Bahaaldin Brifcany is dismissed.

[141] The parties requested an opportunity to address costs. I encourage the parties to discuss and agree on costs. I propose to give them 20 days in which to do so. If they are unable to do so, they may make written submissions on costs in accordance with the following schedule:

- within 30 days of this judgment, Louis Vuitton may file submissions in letter format, not to exceed 5 pages, to which it may attach a bill of costs as an appendix;
- within 10 days of receipt of Louis Vuitton's submissions, the defendants may file submissions in letter format, not to exceed 5 pages, to which they may attach as an appendix a bill of costs and/or a submission, not to exceed 2 pages, addressing specific line items in Louis Vuitton's bill of costs (if filed); and
- within 5 days of receipt of the defendants' submissions, Louis Vuitton may file reply submissions in letter format, not to exceed 2 pages, to which they may attach as an appendix a submission, not to exceed 2 pages, addressing specific line items in the defendants' bill of costs (if filed).

JUDGMENT IN T-1856-23

THIS COURT’S JUDGMENT is that

1. As between the parties, the plaintiff, Louis Vuitton Malletier S.A. (“Louis Vuitton Malletier”), is the owner in Canada of the trademarks and trademark registrations listed in Schedule A hereto (the “Infringed LOUIS VUITTON Trademarks”) and the trademarks and trademark registrations listed in Schedule B hereto (the “Additional LOUIS VUITTON Trademarks” and, together, the “LOUIS VUITTON Trademarks”) and said registrations are valid.

2. The defendants, Alhakam Brifcany, Mohammed Bani Torf, Waleed Bani Torf, Canadian Madmac Inc, and Vivo Rosa Inc, have:
 - a. infringed the Infringed LOUIS VUITTON Trademarks, contrary to sections 19 and 20 of the *Trademarks Act*;

 - b. used the Infringed LOUIS VUITTON Trademarks in a manner likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to section 22 of the *Trademarks Act*;

 - c. directed public attention to their goods in such a way as to cause or to be likely to cause confusion in Canada between their goods and the goods and business of Louis Vuitton Malletier, contrary to subsection 7(b) of the *Trademarks Act*;

 - d. passed off their goods as and for those of Louis Vuitton Malletier, contrary to subsection 7(c) of the *Trademarks Act*;


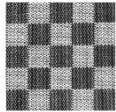
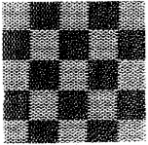
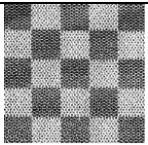


- e. used, in association with their goods and services, a description which is false in a material respect and is of such a nature as to mislead the public as regards to the character, quality and composition of such goods and services, contrary to subsection 7(d) of the *Trademarks Act*; and
 - f. infringed copyright in the artistic work shown in Schedule C hereto (the “Copyrighted Work”), owned by Louis Vuitton Malletier, contrary to sections 3 and 27 of the *Copyright Act*.
3. The defendants are permanently enjoined, by themselves and their directors, officers, servants, workmen, agents and employees from directly or indirectly:
- a. infringing the LOUIS VUITTON Trademarks;
 - b. using the LOUIS VUITTON Trademarks, any words, or combination of words, or any other design, likely to be confusing with the LOUIS VUITTON Trademarks, as or in a trademark or trade-name, or for any other purpose;
 - c. depreciating the value of the goodwill attaching to the LOUIS VUITTON Trademarks;
 - d. directing public attention to any of the defendants’ goods in such a way as to cause or to be likely to cause confusion between the goods and business of the defendants and the goods and business of Louis Vuitton Malletier;
 - e. passing off the defendants’ goods as and for those of Louis Vuitton Malletier;
 - f. infringing Louis Vuitton Malletier’s copyright in the Copyrighted Work;





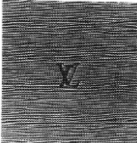
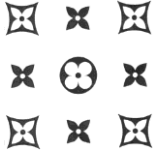

5. Damages are payable to the plaintiffs in the total amount of \$110,750, for which:
 - a. Alhakam Brifcany and Canadian Madmac Inc are jointly and severally liable for the full amount of \$110,750; and
 - b. Mohammed Bani Torf, Waleed Bani Torf, and Vivo Rosa are jointly and severally liable for the partial amount of \$105,500.
6. Alhakam Brifcany and Canadian Madmac, jointly and severally, shall pay to the plaintiffs punitive damages in the amount of \$100,000.
7. Mohammed Bani Torf and Vivo Rosa, jointly and severally, shall pay to the plaintiffs punitive damages in the amount of \$50,000.
8. Waleed Bani Torf and Vivo Rosa, jointly and severally, shall pay to the plaintiffs punitive damages of \$50,000.
9. Interest shall run on the foregoing amounts in accordance with sections 127 and 129 of the *Courts of Justice Act*, RSO 1990, c C.43.
10. If the parties are unable to agree on costs, they may make submissions in accordance with the schedule set out in the reasons.

“Nicholas McHaffie”


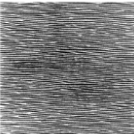
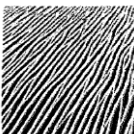

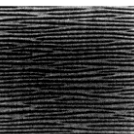
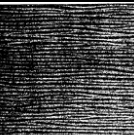

Judge

SCHEDULE A**“Subject LOUIS VUITTON Trademarks”**

	Trademark	Registration No.
	LV Dessin	TMA621,622
	LV (DESSIN)	TMA557,176
	LV DESSIN	TMA326,814
	LV DESSIN	TMA287,463
LOUIS VUITTON	LOUIS VUITTON	TMA623,159
	LOUIS VUITTON	TMA557,173
	LOUIS VUITTON	TMA327,219
	LOUIS VUITTON	TMA288,667
	LOUIS VUITTON	TMA796,513
	TOILE DAMIER DESSIN	TMA550,893
	TOILE DAMIER & DESSIN	TMA492,021
	TOILE DAMIER (DESSIN)	TMA722,343
	TOILE MONOGRAM (DESSIN)	TMA557,200
	TOILE MONOGRAM NsurB (LV & DESSIN)	TMA960,128

	Trademark	Registration No.
	LV & DESSIN	TMA352,916
	FLEUR (DESSIN)	TMA671,117
	FLEUR (DESSIN)	TMA671,118
	FLEUR DANS UN LOSANGE DESSIN	TMA678,565
	LV DESSIN	TMA384,607
	DECOR FLORAL DESSIN	TMA692,843
	FLOWERS DESSIN	TMA401,088

SCHEDULE B**“Additional LOUIS VUITTON Trademarks”**

	CUIR EPI BLEU (DESSIN)	TMA455,585
	CUIR EPI SANS COULEUR (DESSIN)	TMA484,488
	CUIR EPI JAUNE (DESSIN)	TMA455,587
	CUIR EPI NOIR (DESSIN)	TMA484,588
	CUIR EPI ROUGE (DESSIN)	TMA484,489
	RELIEF CUIR EPI VERT DESSIN	TMA448,621
	LOUIS VUITTON TRUNKS & BAGS (& DESIGN)	TMA784,438
MACASSAR	MACASSAR	TMA823,460
MAHINA	MAHINA	TMA784,439
NEVERFULL	NEVERFULL	TMA775,680
SPEEDY	SPEEDY	TMA673,389

TAIGA	TAIGA	TMA443,895
TAMBOUR	TAMBOUR	TMA618,574
CONTRE MOI	CONTRE MOI	TMA963,570
MILLE FEUX	MILLE FEUX	TMA951,697
KEEPALL	KEEPALL	TMA925,911
LOCKIT	LOCKIT	TMA925,898
DANS LA PEAU	DANS LA PEAU	TMA963,476

SCHEDULE C

“Copyrighted Work”

Multicolored Monogram-White Print



FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1856-23

STYLE OF CAUSE: LOUIS VUITTON MALLETTIER SA ET AL v WALEED BANI TORF ET AL

PLACE OF HEARING: VANCOUVER, BRITISH COLUMBIA AND BY VIDEOCONFERENCE

DATES OF HEARING: APRIL 29-30, 2024

JUDGMENT AND REASONS: MCHAFFIE J.

DATED: JULY 23, 2024

APPEARANCES:

Karen F. MacDonald
Claire Stempien

FOR THE PLAINTIFFS

Jonathan Mesiano-Crookston
Sara Fahmi

FOR THE RESPONDENTS

SOLICITORS OF RECORD:

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Barristers and Solicitors
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FOR THE PLAINTIFFS

Goldman Hine LLP
Toronto, Ontario

FOR THE RESPONDENTS