

DATE: 20040630
DOCKET: C41279

COURT OF APPEAL FOR ONTARIO

RE: PRO SWING INC. (Plaintiff/Respondent) – and – ELTA GOLF INC. (Defendant/Appellant)

BEFORE: MOLDAVER, GILLESE and BLAIR JJ.A.

**COUNSEL: F. Scott Turton
for the appellant**

**Janet A. Allinson
for the respondent**

HEARD: May 31, 2004

On appeal from the order of Justice Sarah E. Pepall of the Superior Court of Justice dated December 22, 2003.

ENDORSEMENT

[1] In an order dated December 22, 2003, Pepall J. granted the respondent summary judgment. The effect of her order is to make a consent decree and part of a contempt order issued by the United States District Court for the Northern District of Ohio, Eastern Division (“the U.S. District Court”) valid and enforceable in Ontario.

[2] The appellant asks this court to set aside the order and dismiss the motion for summary judgment. The respondent cross-appeals asking that additional parts of the contempt order be recognized and enforced.

[3] The respondent, an Ohio corporation based in Wadsworth, Ohio, is a manufacturer and retailer of customized golf clubs and golf club heads. It sells a line of golf clubs and golf club heads under the trademark “Trident”.

[4] On April 27, 1998, the respondent filed a complaint in the U.S. District Court. The complaint was filed against eight named defendants for “trademark infringement, trademark dilution, use of a counterfeit mark, unfair competition and deceptive practices under the Lanham Act, the Ohio Deceptive Trade Practices Act, and the common law”. The appellant, an Ontario corporation based in Don Mills, Ontario, was one of the

defendants listed in the complaint. In the complaint, the respondent alleged that the appellant was selling and offering for sale golf clubs and/or golf club heads under the infringing trademark “Rident” on its Internet web site.

[5] In July 1998, the appellant and the respondent executed a settlement agreement. On July 28, 1998, Judge Paul R. Matia of the U.S. District Court, endorsed a consent decree that was also signed by the parties. In this consent decree, the appellant agreed that:

- the appellant was enjoined from purchasing, marketing, selling or using golf clubs or golf club components bearing the trademark “Trident” or other confusingly similar versions of that mark, other than golf clubs or golf club components purchased by the appellant from the respondent or its authorized distributors;
- within ten days of the execution of the consent decree, the appellant would surrender and deliver to the respondent’s counsel all infringing golf clubs, golf club components and promotional material in its possession; and
- the U.S. District Court would retain jurisdiction over the parties for the purpose of enforcing the consent decree and the parties would not contest jurisdiction in any action in the U.S. District Court to enforce the settlement.

[6] On December 20, 2002, the respondent filed a Memorandum of Law in Support of Plaintiff’s Motion for Order to Show Cause in the U.S. District Court. In this document, the respondent claimed that the appellant should be held in contempt for its violation of the consent decree. The respondent alleged that the appellant had violated the consent decree “by marketing, offering for sale, and selling golf heads which bear the RIDENT and TRIDENT trademarks.” The appellant was given notice of the respondent’s motion but did not respond. On February 25, 2003, Judge Matia released a decision entitled “Findings of Fact, Conclusions of Law, and Order”, which we shall call “the contempt order”. In the contempt order, Judge Matia found the appellant in contempt of the consent decree. On the basis of this finding, Judge Matia ordered that:

- the appellant was again enjoined from purchasing, marketing, selling or using golf clubs or golf club components which bore the “Trident” mark or any confusingly similar designations;
- the appellant was to make an accounting to the respondent of all golf clubs and/or golf club components it had sold which bore such marks;

- the respondent was awarded compensatory damages based on the profits derived by the appellant from its sales of infringing golf clubs and/or golf club components with the specific amount of these damages to be determined on the basis of the appellant’s accounting of its sales of infringing golf clubs and/or golf club components;
- the appellant was to surrender all infringing golf clubs and/or golf club components to the respondent’s counsel;
- the appellant was to provide the respondent with the names and contact information of the appellant’s suppliers of the infringing golf clubs and/or golf club components;
- the appellant was to provide the respondent with the name and address of each purchaser of the infringing golf clubs and/or golf club components; and
- the appellant was to recall all counterfeit and infringing golf clubs and/or golf club components, which it would then forward to the respondent’s counsel.

The appellant did not comply with the contempt order. As a result of the appellant’s non-compliance with the order to make an accounting, the respondent has not been able to provide the U.S. District Court with a proposed compensatory damages award.

[7] On June 18, 2003, the respondent filed a Statement of Claim against the appellant in the Ontario Superior Court of Justice. In the Statement of Claim, the respondent claimed that the Ontario courts should recognize and enforce the consent decree and the contempt order. In response, the appellant filed a Statement of Defence claiming that the two U.S. District Court orders were not capable of recognition and enforcement in Ontario because they were not judgments for fixed sums of money. The respondent moved for summary judgment.

[8] The motions judge noted, at para. 7 of her reasons that “[t]raditionally, it has been held that a foreign judgment must be for a fixed sum of money or put differently, for a ‘definite sum certain’”. She gave a thoughtful analysis of the jurisprudence relating to the recognition of foreign judgments and concluded that the issue of the law, as it relates to the requirement that a foreign judgment be for a fixed sum, has not been decided. Nonetheless, based on the principles espoused in *Morguard Investments Ltd. v. De Savoye*, [1990] 3 S.C.R. 1077, *Hunt v. T&N plc*, [1993] 4 S.C.R. 289, *United States of America v. Ivey* (1995), 26 O.R. (3d) 533 (Gen. Div.), *aff’d* (1996), 30 O.R. (3d) 370 (C.A.) and *Beals v. Saldanha*, [2003] 3 S.C.R. 416, she was persuaded that the

requirement for a fixed sum might be relaxed depending upon the circumstances of the case.

[9] We are inclined to agree that the time is ripe for a re-examination of the rules governing the recognition and enforcement of foreign non-monetary judgments. Indeed, such re-examination would accord with the principles expressed by the Supreme Court of Canada in *Morguard* at p. 1098:

The world has changed since the above rules [concerning the recognition and enforcement of foreign judgments] were developed in 19th century England. Modern means of travel and communications have made many of these 19th century concerns appear parochial. The business community operates in a world economy, and we correctly speak of a “world community” even in the face of decentralized political and legal power. Accommodating the flow of wealth, skills and people across state lines has now become imperative. Under these circumstances, our approach to the recognition and enforcement of judgments would appear ripe for reappraisal.

[10] That said, in the circumstances of this case, we are of the view that the motions judge erred in declaring the U.S. District Court orders to be enforceable. However the rule is relaxed, it seems clear that a foreign judgment would have to be sufficiently certain in its terms that the Ontario courts could enforce the judgment without having to interpret its terms or vary it: see *Uniforêt Pâté Port-Cartier Inc. v. Zerotech Technologies Inc.* (1997), 50 B.C.L.R. (3d) 359 (S.C.).

[11] In our view, the foreign orders in question are ambiguous in respect of material matters. For example, the critical issue of the scope of the extra-territorial application of the foreign orders is unclear. Do the foreign orders mean that the appellant is enjoined from purchasing, marketing, selling or using infringing golf clubs within the jurisdiction of the U.S. District Court, or do they mean that the appellant is enjoined from doing those things anywhere in the world?

[12] While we have concluded that the foreign orders in their present form are not enforceable, we note that the respondent is not left without a remedy in Ontario. It may choose to take action based on the settlement agreement entered into by the parties or, possibly, for infringement of its trademark rights if such rights extend to Canada. As well, there are procedures for obtaining the information it requires from the appellant in order to return to the Ohio court and obtain the compensatory damages contemplated by the contempt order.

[13] Accordingly, the appeal is allowed the order of the motions judge is set aside and the motion is dismissed. In light of our conclusion that neither order is enforceable in Ontario, the cross-appeal is dismissed without costs. The appellant shall have its costs of the motion below as fixed by the motions judge or as agreed to by the parties. Costs of the appeal to the appellant fixed in the amount of \$5,000, inclusive of GST and disbursements.

“M. J. Moldaver J.A.”

“E. E. Gillese J.A.”

“R. A. Blair J.A.”