



T-1156-96

NOV 6 - 1997

BETWEEN:

A. LASSONDE INC.,

Plaintiff,

AND

JEANNE BÉLANGER,

Defendant.

REASONS FOR ORDER

RICHARD MORNEAU,
PROTHONOTARY:

This is a motion by the plaintiff under Rule 300.1 of the *Federal Court Rules* seeking to have this Court declare the firm Martineau Walker disqualified from representing the defendant because of a conflict of interest in this matter.

The facts

On May 17, 1996, the plaintiff brought an action against the defendant for unfair competition and infringement of its trade-mark, Oasis, and the version thereof L'Oasis, in relation to the field in which the plaintiff and defendant operate: health care services, beauty and cosmetics distribution (the "field").

The plaintiff bases its rights in the field primarily on the use made by its various licensees, as provided in section 50 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13.

On September 27, 1996, the defendant's solicitors filed a defence on her behalf, paragraphs 10(c) and (d) of which read as follows:

[TRANSLATION]

- (c) the licence contracts entered into by the plaintiff in relation to the establishments identified in paragraphs 15 and 18 of its statement of claim are, to all appearances and in accordance with a well-known strategy, purely contracts of convenience granted free of charge or for a negligible price, in respect of which the plaintiff does not exercise the degree of control required by the *Trade-Marks Act*; in addition, neither the plaintiff nor any of the "licensees" has given or gives, in the normal course of its business, the public notice required in order for the plaintiff to enjoy the legal presumptions on which it is relying;
- (d) the portfolio of sham, bargain-priced licences on which the plaintiff relies cannot and does not operate to extend the restricted and limited scope of protection for its trade-mark OASIS;

The Court must conclude from paragraphs 2 and 8 of the affidavit of Robert Brouillette filed on June 4, 1997, and the submissions of counsel for the plaintiff, that in the summer of 1996 the solicitors for the defendant succeeded in securing a contract with the plaintiff for a licence in the field on behalf of a licensee, Oasis Esthétique Distribution (hereinafter "Distribution"); to all appearances, that contract was then to be part of the portfolio of licences which those same solicitors have challenged in the defence they filed on September 27, 1996.

Although the licence contract with Distribution was secured in the summer of 1996, it was signed in November 1996.

Analysis

While the plaintiff has tried in its action to refer to the use made by its licensees and, necessarily, to the terms of those licences, in order to establish the elements of control required by section 50 of the *Trade-Marks Act*, the defendant is challenging those same contracts.

Here, it should be noted that even though the contract with Distribution was not expressly contemplated by the wording of either the action or the statement of defence, the Court tends to believe that this contract will nonetheless be central to the case, and that, as noted earlier, it must be regarded as being part of the portfolio of licences challenged by the defendant.

It therefore seems to me that it must be concluded that the plaintiff has established, for the purposes of its motion, sufficient connection between the negotiator relationship of the solicitors for the defendant - at the time it was acting for Distribution in an effort to secure a licence contract for Distribution - and those same

solicitors' current mandate in their challenge to the licence contract in question. Accordingly, by applying and adapting the principles laid down by the Supreme Court in *Macdonald Estate v. Martin*, [1990] S.C.R. 1235, there is a presumption here, that has not been rebutted, which is that when the licence contract was being negotiated, the defendant's current solicitors acquired confidential information concerning that contract, which information, as established by counsel for the plaintiff, could be used improperly in future. Certainly the confidential information here is not presumed to have been acquired in the past in respect of the plaintiff as an entity: it appears that Distribution's licence contract came about as the conclusion to a litigious relationship between it and the plaintiff. The knowledge in question that is presumed relates to the licence contract, which, because of the action and the statement of defence, is intrinsically connected with the plaintiff, that is, with its rights. For that reason, we need to talk here about adapting the principles in *Martin, supra*.

It seems to me that a reasonably well-informed member of the public would be disturbed to see any further toleration of counsel supporting a contract at one time and then subsequently challenging it. It is necessary, in the interest of the appearance of fairness in the public's eyes, that the Court intervene (see *A.P.V. Pavailer Inc. v. Bonischot*, [1992] R.D.J. 542, at 545).

Moreover, it does not seem to me on reading all of the affidavits in the record that the plaintiff can be seriously criticized for delaying acting or for acquiescing in the situation which is the subject of its motion.

Accordingly, I intend to declare the firm Martineau Walker to be disqualified from representing the defendant because of a conflict of interest in the instant case and to order that the said firm cease to represent the defendant in the instant case, with costs against the defendant.

Richard Morneau
Prothonotary

Montréal, Quebec
June 18, 1997

Certified true translation



C. Delon, LL.L.

Federal Court of Canada

Court file No. T-1156-96

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A. LASSONDE INC.,

PLAINTIFF,

— AND —

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REASONS FOR ORDER

FEDERAL COURT OF CANADA

NAMES OF COUNSEL AND SOLICITORS OF RECORD

COURT FILE NO: T-1156-96

STYLE OF CAUSE: A. LASSONDE INC.,
PLAINTIFF,
AND
JEANNE BÉLANGER,
Defendant.

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: June 16, 1997

REASONS FOR ORDER BY: Richard Morneau, Prothonotary

DATED OF REASONS FOR ORDER: June 18, 1997

APPEARANCES:

Bruno Barrette for the plaintiff
Stéphane Létourneau for the defendant

SOLICITORS OF RECORD:

Brouillette Charpentier Fournier Dozois Fortin for the plaintiff
Montréal, Quebec
Martineau Walker for the defendant
Montréal, Quebec

**THE FEDERAL COURT
OF CANADA**

**LA COUR FÉDÉRALE
DU CANADA**

Court No.: T-1156-96

No. de la cause:

Let the attached certified translation of the following document in this cause be utilized to comply with Section 20 of the **Official Languages Act**.

Je requiers que la traduction ci-annexée du document suivant telle que certifiée par le traducteur soit utilisée pour satisfaire aux exigences de l'article 20 de la **Loi sur les langues officielles**.

Reasons for Order

October 9, 1997

Richard Morneau

DATE

Prothonotary

Protonotaire

Form T-4M

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