

**Date: 20081002**

**Docket: T-18-08**

**Citation: 2008 FC 1104**

**Ottawa, Ontario, October 2, 2008**

**PRESENT: The Honourable Mr. Justice Lemieux**

**BETWEEN:**

**PARMALAT CANADA INC.**

**Applicant**

**and**

**SYSCO CORPORATION**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

Introduction

[1] In this judicial review application, Parmalat Canada Inc. (Parmalat) seeks to set aside the December 6, 2007 decision of Jean Carrière, a member of the Trade-marks Opposition Board (the TMOB or the Hearing Officer or the tribunal), who in the exercise of his delegated authority from the Registrar of Trade-marks (the Registrar), dismissed Parmalat's application dated July 25, 2007 for leave to amend its statement of opposition to Sysco Corporation's (Sysco) application filed on May 3, 2002 to register the trade-mark BLACK DIAMOND in association with a number of different wares including various kitchen utensils such as cutlery, namely, stainless steel table forks,

knives and spoons, as well as chef's apparel including caps, aprons, pants and jackets, as well as cooking pots and frying pans distributed to food service providers for use in serving food. Sysco based its application on its registration and use in the United States.

[2] Under section 40 of the *Trade-marks Regulations* (the *Regulations*), Parmalat needed leave from the Registrar to amend its statement of opposition. The purpose of the amendment was to add a new ground of opposition.

[3] This judicial review application gives rise to the following issues:

1. The tribunal's decision being interlocutory should this Court decide this judicial review application considering the settled jurisprudence that interlocutory decisions should not be reviewed on appeal or on judicial review unless there exists exceptional circumstances?
2. If the decision is to be reviewed, what is the appropriate standard of review?
3. Did the tribunal commit any reviewable errors?

### Background

[4] Parmalat is the registered owner of several trade-marks previously used and advertised in Canada including BLACK DIAMOND, BLACK DIAMOND & DESIGN, BLACK DIAMOND SPECIALTY SERIES & DESIGN. BLACK DIAMOND has been registered in Canada since 1933 in association with cheese and food products in the nature of a dip, spread, fondue or sour cream.

BLACK DIAMOND SPECIALTY SERIES & DESIGN was registered in November 2001 in association with promotional items related to cheese, namely, T-shirts, sweatshirts and caps.

[5] Parmalat filed its statement of opposition on May 4, 2004. That opposition was based on a number of grounds including confusion with Parmalat's family of BLACK DIAMOND trade-marks registered for use, as indicated above, in association with wares including cheese and related products and promotional items.

[6] Subsequent to that filing, Parmalat, in the context of settlement discussions, obtained a number of extensions of time, on consent, for the filing of its evidence in the opposition.

[7] On June 2, 2006, the Supreme Court of Canada released its decision in *Veuve Clicquot Ponsardin, Maison Fondée en 1772 v. Boutiques Cliquot Ltée*, [2006] 1 S.C.R. 824 (*Veuve Clicquot*). This case discussed section 22 of the *Trade-marks Act* (the *Act*) which deals with depreciation of goodwill.

[8] After the release of the *Veuve Clicquot* decision, discussions between the parties stalled; Parmalat was required to file its opposition evidence by August 1, 2007 which it did. However, on July 25, 2007, Parmalat also sought leave to amend its statement of opposition to include as an additional ground of opposition based upon paragraph 30(i) in combination with subsection 22(1) of the *Act* on the basis of comments made in *Veuve Clicquot*. Parmalat's counsel stated, in his July 25, 2007 letter to the TMOB, the amendment had not been filed earlier because of the possibility of settlement.

[9] The additional ground of opposition sought by Parmalat is as follows:

“Pursuant to paragraph 38(2)(a) of the Trade-marks Act, the application does not comply with Section 30(i) of the Act, because the applicant could not, at the date of filing of the application, have been satisfied that it was entitled to use the trade-mark in Canada since such use would be unlawful in that at the date of filing the application, the applicant was aware of the confusingly similar BLACK DIAMOND trade-marks of the opponent, due to the extensive use and advertising of those trade-marks in Canada by the opponent and its predecessors in title in association with a wide variety of food products, and in that such use was and is likely to have the effect of depreciating the value of the goodwill attaching to the registered trade-mark BLACK DIAMOND owned by the opponent and registered under No. UCA02073, contrary to Section 22(1) of the Act.” [Emphasis mine.]

[10] I cite the following relevant provisions of the *Act*:

- Paragraph 38(2) of the *Act* states:

“2) A statement of opposition may be based on any of the following grounds:

(a) that the application does not conform to the requirements of section 30;”

- One of the section 30 requirements is that a trade-mark application must contain is spelled out in paragraph (i) namely a statement:

“(i) ... that the applicant is satisfied that he is entitled to use the trade-mark in

Canada in association with the wares or services described in the application.”

- Section 22 of the *Act* dealing with depreciation of goodwill reads:

- “22. (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.
- (2) In any action in respect of a use of a trade-mark contrary to subsection (1), the court may decline to order the recovery of damages or profits and may permit the defendant to continue to sell wares marked with the trade-mark that were in his possession or under his control at the time notice was given to him that the owner of the registered trade-mark complained of the use of the trade-mark.”

The tribunal’s decision

[11] After quoting the text of the amendment sought by Parmalat, the Hearing Officer stated Parmalat relied on *Veuve Clicquot* “to support its contention that a finding of confusion is no longer necessary in order to conclude that there will be a depreciation of goodwill despite of its solicitors being unaware of an opposition that has been decided on the basis of a violation of subsection 22(1) of the Act. In addition to relying on *Veuve Clicquot*, Parmalat also relied on the Registrar’s recent decision granting a similar request on trade-mark application 1,016,055 for the registration of the trade-mark EMPERESS”.

[12] He then framed the issue before him in the following terms:

“Whether section 22 can be pleaded as a ground of opposition?”

[13] He immediately distinguished the EMPERESS decision on the basis the amendment sought in that case was uncontested and then wrote and concluded in connection with that case: “the issue whether section 22 can be considered as a ground for opposition under section 38 of the Act was not raised, debated by the parties or decided by the Registrar”.

[14] The tribunal then embarked upon its analysis. It reasoned as follows:

- (a) Writing: “Section 38(2) of the *Act* enumerates the possible grounds of opposition. In the past, references have been made to s. 30(i) to support a ground of opposition based on a statutory provision outside the boundaries of the *Trade-marks Act*. In those instances the opponent pleaded that the applicant could not have been satisfied that it was entitled to the registration of the trade-mark applied for as it would contravene a specific provision of another statute, to name a few: *Tobacco Products Control Act*, *Canada Co-operative Associations Act*, *Bank Act*, *Criminal Code* and the *Copyright Act*. Therefore, the opponent’s contention is that, at *fortiori*, the Registrar should be entitled to determine if the registration of the applicant’s trade-mark would be in violation of a specific provision of the *Trade-marks Act*.”
- (b) Saying: “In all the cases cited [by Parmalat] wherein a ground of opposition was maintained on the basis of a statutory provision contained in an Act of Parliament other than the *Trade-marks Act*, it was decided on the basis of prima facie evidence, namely the pertinent provisions of the Statute raised or the description of the wares in the application” [rather than a finding that there has actually been a contravention] citing with approval the comments made by his colleague Jill W. Bradbury in *Interactive Design Pty Ltd. v. Grafton-Fraser Inc.* (1998), 87 C.P.R. (3d) 537 “that in the course of dealing with a section 30(i) ground of opposition it was necessary to consider whether an opponent had made out a *prima facie* case of contravention as opposed to a finding there has actually been contravention, for example, a case of *prima facie* copyright infringement, a case of a *prima facie* finding of contravention of the *Canada Post Corporation Act* or a case of a *prima facie* breach of the *Food and Drugs Act* supported the success of a section 30(i) ground of opposition”.
- (c) Citing the case of *Canada Bankers Association v. Richmond Savings* (2000), 8 C.P.R. (4<sup>th</sup>) 267 “where the Registrar concluded it could have considered the ground of opposition under section 9(1)(d) which falls within its jurisdiction”.

[15] The Hearing Officer then commented on *Veuve Clicquot* in the following terms:

I do not interpret *Veuve Clicquot* to support a contention that a new ground of opposition can now be raised under s. 38(2) of the Act namely that the adoption of the trade-mark applied for would have the effect of depreciating the goodwill of the opponent's trade-mark. The Supreme Court of Canada in *Veuve Clicquot* may have issued some guidelines regarding what needs to be established in order to conclude that there is depreciation of the goodwill of a trade-mark, but this is not the issue to be decided in our case. [My underlining.]

[16] The tribunal adopted the reasoning of the former Chair of the Trade-marks Opposition

Board in *General Foods, Ltd. v. Scott Paper Co.* (1981), 62 C.P.R. (2d) 284 who stated as follows:

**10** With respect to the alleged grounds of opposition based on the depreciation of the value of the goodwill attaching to the opponent's registered trade mark, I would point out that none of the subparagraphs of s-s. 37(2) of the *Trade Marks Act* contemplate either of ss. 20 or 22 of the *Trade Marks Act* as being grounds of opposition to be adjudicated upon by the Registrar in an opposition proceeding. Rather, the depreciation of the value of the goodwill attaching to a registered trade mark is solely a matter to be determined by the Court, as is the question of the validity of a registered trade mark being relied upon by an opponent in an opposition proceeding. In this regard, I would refer to the following comments of Fox in his text entitled *The Canadian Law of Trade Marks and Unfair Competition*, 3rd ed. (1972) at p. 342:

The intention of the Act of 1953 is to accord to the court very broad powers of discretion in deciding questions of infringement. Any conduct likely to have the effect of depreciating the goodwill attaching to a trade mark is a matter left entirely to the discretion of the court and the Act of 1953 quite properly prescribes no rules for the exercise of the discretion. The answer will depend upon the facts of each case and the breadth of view brought to bear on modern commercial questions by any judge called to interpret the section.

**11** In view of the above, I have rejected the grounds of opposition asserted by the opponent and relating to the depreciation of the value of the goodwill attaching to the opponent's registered trade mark.

[17] The tribunal then concluded in the present case:

Parliament did not intend to empower the Registrar, in the scheme of opposition proceedings, to inquire on issues of depreciation of goodwill. In any event it is the

status of the mark applied for that has to be addressed in opposition proceedings, within the scope of the limited grounds of oppositions listed in s. 38(2), and I find that s. 22 of the Act is not a proper ground of opposition under s. 38(2) of the Act. Section 22 of the Trade-marks Act is under the heading VALIDITY AND EFFECT OF REGISTRATION. As such the opponent may exercise all its rights conferred by the registration of its trade-mark before the Federal Court as provided by s. 55 of the Act. [Underlining mine.]

### The Veuve Clicquot Ponsardin decision

[18] Justice Binnie wrote the Court's decision in this case. It is important to note the Veuve Clicquot case was not an opposition proceeding before the Registrar but an infringement and expungement action first commenced in this Court. I cite the following paragraphs of his reasons for judgment under his heading "Likelihood of Depreciation of the Value of Goodwill":

**38** The conclusion that use of the trade-marks "in the same area" would not lead to confusion is not an end to the case. Here, unlike in *Mattel*, there is an additional ground of complaint. Section 22(1) provides:

**22. (1)** No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

The depreciation argument, while it was treated as something of a poor cousin by the appellant in the courts below, and was not the subject of much evidence, was brought to the fore in this Court in part due to the intervention of INTA. Nothing in s. 22 requires a demonstration that use of both marks in the same geographic area would likely lead to confusion. The appellant need only show that the respondents have made use of marks sufficiently similar to VEUVE CLICQUOT to evoke in a relevant universe of consumers a mental association of the two marks that is likely to depreciate the value of the goodwill attaching to the appellant's mark.

**39** The s. 22 remedy was introduced by the 1953 amendments to the *Trade-marks Act*, and was based on the *Report of the Trade Mark Law Revision Committee* (January 1953), chaired by Dr. Harold G. Fox. A member of that committee, Christopher Robinson, Q.C., a leading intellectual property practitioner, wrote by way of explanation:

The trade mark KODAK would be likely to be considerably less valuable to its owner if it were used by others in connection with a wide variety of other wares even if these were so unrelated to photographic

equipment that nobody would think that they originated with the trade mark owner.

(C. Robinson, "The Canadian Trade Marks Act of 1954 -- A Review of Some of Its Features" (1959), 32 C.P.R. 45, at p. 61)

**40** Dr. Fox himself commented on the new depreciation remedy in the 1956 edition of his text *The Canadian Law of Trade Marks and Unfair Competition* (2nd ed. 1956), vol. 1, noting that s. 22 addressed

the depreciation of the value of the goodwill attaching to the trade mark or, expressed in different terms, the dilution of the distinctiveness or unique character of the trade mark. This is quite different from the orthodox type of infringement ... .

... Where a well known trade mark is taken by another for use in association with wares ... in course of time, and with repeated use, the trade mark diminishes in value just as it diminishes in distinctiveness. [Emphasis added; pp. 507-8.]

...

**46** Section 22 of our Act has received surprisingly little judicial attention in the more than half century since its enactment. It seems that where marks are used in a confusing manner the preferred remedy is under s. 20. Equally, where there is no confusion, claimants may have felt it difficult to establish the likelihood that depreciation of the value of the goodwill would occur. Be that as it may, the two statutory causes of action are conceptually quite different. Section 22 has four elements. Firstly, that a claimant's registered trade-mark was used by the defendant in connection with wares or services -- whether or not such wares and services are competitive with those of the claimant. Secondly, that the claimant's registered trade-mark is sufficiently well known to have significant goodwill attached to it. Section 22 does not require the mark to be well known or famous (in contrast to the analogous European and U.S. laws), but a defendant cannot depreciate the value of the goodwill that does not exist. Thirdly, the claimant's mark was used in a manner likely to have an effect on that goodwill (i.e. linkage) and fourthly that the likely effect would be to depreciate the value of its goodwill (i.e. damage). I will address each element in turn.

...

**69** I am mindful of the fact that the parties agreed to an order under Rule 153 of the *Federal Court Rules, 1998*, SOR/98-106, relieving them of any need to call evidence as to "damages and accounting of profits flowing from any infringement

alleged in this case", and directing a reference on that issue if liability for infringement is established. That order applies to the s. 20 claim ("infringement") but it does not extend to the s. 22 claim ("depreciation"). The essence of liability under s. 22 is precisely the likelihood "of depreciating the value of the goodwill attaching" to the claimant's trade-marks. The extent of any actual depreciation might, of course, be left to a reference, but likelihood of depreciation is one of the elements of the cause of action, and if a plaintiff (here the appellant) fails to establish likelihood, the s. 22 claim will fail. The reference was designed to deal with the subsequent [page861] quantification of s. 20 loss or entitlement, not the necessary conditions precedent to s. 22 liability. [Emphasis mine.]

[19] In Annex A to these reasons, I set out several paragraphs of his reasons for judgment where Justice Binnie discusses U.S. and E.U. legislation and jurisprudence on this point.

[20] In the balance of his reasons, Justice Binnie discusses the application of the four constituents to establish entitlement to the benefits of section 22 of the *Act*. He concluded the appellant "did not establish in its evidence the necessary elements to the s. 22 depreciation claim and the courts below were correct to reject it."

## Analysis

### Issue no. 1 – the interlocutory decision impediment

[21] It is settled law that, as a general rule, interlocutory judgments unless there are special circumstances should not be reviewed on appeal or in judicial review proceedings. Justice Létourneau wrote the following in *Szचेcka v. Canada (Minister of Employment and Immigration)* (1993), 116 D.L.R. (4<sup>th</sup>) 333 (F.C.A.):

... unless there are special circumstances there should not be any appeal or immediate judicial review of an interlocutory judgement. Similarly, there will not be any basis for judicial review, specially immediate review, when at the end of the proceedings some other appropriate remedy exists. These rules have been applied in several Court decisions specifically in order to avoid breaking up cases and the

resulting delays and expenses, which interfere with the sound administration of justice and ultimately bring it into disrepute.<sup>1</sup>

[22] There are many other cases to the same effect. I cite *Ziindel v. Canada (Human Rights Commission)*, [2000] 4 F.C. 255 (C.A.) and *Canada (Minister of Public Safety and Emergency Preparedness) v. Kahlon*, 2005 FC 1000 where my colleague Justice Tremblay-Lamer wrote the following at paragraph 12:

**12** Special circumstances where, for example, the tribunal's very jurisdiction is at issue or where the impugned decision is "finally dispositive" of a substantive right of a party<sup>1</sup> are necessary to justify judicial review of an interlocutory decision. Otherwise, an application to quash or vary an interlocutory decision will be considered premature.

[23] The Federal Court of Appeal recently confirmed in *Simpson Strong-Tie Co. v. Peak Innovations Inc.*, 2008 FCA 235 that the refusal to amend a statement of opposition to add a new ground is an interlocutory decision.

[24] In my view, there exist special circumstances, in the context of oppositions to register trademarks under the *Act*, which justify, in this case, an immediate judicial review of a decision not to grant leave to add a new ground of opposition. The reason for this view is that at the end of an opposition proceeding, which is an appeal to this Court, under section 56 of the *Act* at the first appeal level there does not exist an adequate remedy other than the course of action taken here by Parmalat.

[25] The jurisprudence of this Court in matters of trade-mark oppositions under the *Act* is to the effect the Federal Court does not have jurisdiction to deal with an issue not found in the statement of

opposition. At paragraphs 16 and 17 in [1994] F.C.J. No. 638, *McDonald's Corp. v. Coffee Hut Stores Ltd.*, Justice McKeown relying on previous case law of this Court wrote:

**16** In response, counsel on behalf of Coffee Hut Stores argues that this Court has held that the Trade marks Opposition Board does not have jurisdiction to deal with an issue not found in the Statement of Opposition. In *Imperial Developments Ltd. v. Imperial Oil Ltd.* (1984), 79 C.P.R. (2d) 12 (F.C.T.D.) at 21, the hearing officer rejected the application for registration on each of the grounds raised in the Statement of Opposition. He went further though and embarked on matters which were not in the pleadings but which were raised in the course of oral arguments. Muldoon J. felt that he had exceeded his jurisdiction; that once he had come to a decision which disposed of the grounds raised in the Statement of Opposition, he had fulfilled his statutory function.

**17** It was then submitted that this Court has no jurisdiction to entertain issues that were not raised before the Registrar. In *S.C. Johnson & Son Inc. v. Esprit de Corp.* (1986), 13 C.P.R. (3d) 235 (F.C.T.D.) at 242, Cullen J. remarked that, although it is open to the parties to introduce new evidence, it is not open to them to introduce new issues; that although the appeal is treated as a trial de novo, it is still an appeal and the Court is limited to those issues raised before the Registrar. I agree with these submissions. [Emphasis mine.]

[26] Justice McKeown's decision was reviewed by the Federal Court of Appeal at [1996] F.C.J. No. 774 where in dismissing the appeal it stated it was "in general agreement with the reasons of the learned trial judge".

[27] These decisions are to the effect Parmalat on a section 56 appeal from a finding of the TMOB could not raise the section 22 issue (see also *Mattel, Inc. v. 3894207 Canada Inc.*, 2002 FCT 919).

#### Issue no. 2 – the appropriate standard of review

[28] Before discussing the principles underpinning the standard of review, as recently restated in *Dunsmuir v. New Brunswick*, 2008 SCC 9, it is important to set out allegations of the parties as to

the errors attributed to the tribunal which would warrant this Court's intervention as this factor will be significant in determining the proper standard.

[29] Counsel for Parmalat argues in deciding not to grant leave to amend its statement of opposition, the tribunal did so on legal grounds and not in the exercise of the Registrar's discretion under section 40 of the *Regulations* and, in doing so it committed a number of legal errors, the most important of which is that it misapprehended the nature of the issue before it as "whether section 22 can be pleaded as a ground of opposition" rather than asking himself the proper question, namely, whether he should grant leave to amend the statement of opposition on proper principles for the grant of leave to amend which are set out in a Practice Notice relating to the procedure before the Trade-mark Opposition Board, dated August 19, 1996 and on this point carried forward into the Practice Notice, dated October 1, 2007 and to answer this question in the context of what Parmalat had advanced – non-compliance with section 30(i) on account of a breach of section 22 of the *Act* and not on what Parmalat did not advance – whether section 22 can be relied on as a ground of opposition.

[30] By misapprehending the issue before him, Parmalat argues, the tribunal erred by embarking a consideration deciding a question of jurisdiction and applying legal precedents which had no relevance to what Parmalat was requesting the tribunal to do.

[31] Counsel for Sysco argued the tribunal's decision was made in the exercise of the Registrar's wide discretion under section 40 of the *Regulations* in refusing to grant leave to amend a statement of opposition for the purpose of adding a new ground. She argues the decision was in the interest of

justice between the parties and the tribunal did not proceed on improper and erroneous principles, nor did it ignore or overlook an important matter.

[32] Counsel for Sysco acknowledges that on November 2007, after the submissions could have been considered closed, Sysco drew to the tribunal's attention the General Foods case raising the issue of whether the TMOB had jurisdiction to consider allegations of depreciation under section 22 of the *Act* and quoting the very extract from that case upon which the tribunal ruled it had no jurisdiction to consider such allegation in an opposition proceeding. Counsel for Parmalat responded to that submission a few days later stating that in the General Foods case, the ground of opposition based on section 22 was not tied to paragraph 30(i) of the *Act* and in any case had been superseded and rendered academic by the extensive jurisprudence under that paragraph subsequent to 1981 beginning with the Remy Martin case, jurisprudence which was confirmed by this Court in *Canadian Council of Professional Engineers v. John Brooks Co.*, 35 C.P.R. (4<sup>th</sup>) 507.

[33] As an aside, a review of the submissions of both parties made to the tribunal on why leave should or should not be granted pursuant to section 40 of the *Regulations* shows they were grounded the factors identified in the two Practice Notes previously referred to namely: (a) the stage of the proceedings; (b) timing; (c) importance; and (d) prejudice.

[34] Returning to the principles elucidated by the Supreme Court of Canada in *Dunsmuir* (which reduced from two to three standards of review, correctness or reasonableness with the third standard of patently unreasonableness being folded into the reasonableness standard), it is clear at paragraph 53 where the question is one of fact, discretion or policy, deference will usually apply automatically

which means the standard of reasonableness. Moreover, at paragraph 54, Justices Bastarache and LeBel stated deference “will usually result where a tribunal is interpreting its own statute ...” or where the tribunal had developed particular expertise in the application of a general common law or civil law rule in relation to a specific statutory context, adjudication in labour law being a good example.

[35] Justices Bastarache and LeBel said at paragraph 55 where existing jurisprudence has settled the standard of review no extensive standard of review analysis need be performed. I refer to Justice Rothstein’s, then a member of the Federal Court of Appeal, in *John Labatt Ltd. et al v. Molson Breweries, a Partnership*, [2000] 3 F.C. 145 where in discussing the standard of review he stated at paragraph 51, albeit in the context of a section 56 appeal, that the Registrar is owed some deference and his decisions are to be reviewed on the standard of reasonableness whether they are of fact, law or discretion within his area of expertise.

[36] Reading the tribunal’s decision as a whole, I conclude it should be decided on the basis of the standard of correctness. The tribunal did not make its decision, in the exercise of discretion, under section 40 of the *Regulations*. Nowhere in his decision does he advert to the factors of interest of justice and others mentioned in the Practice Notices. His reasons show that he rejected Parmalat’s application for leave to amend its statement of opposition to add the new grounds, because in his view as a matter of law, the TMOB had no authority to inquire into issues of depreciation and as a result “found that section 22 of the Act is not a proper ground of opposition under section 38(2) of the Act”. In my view, it is clear from the tribunal’s reasons it came to this conclusion not because it

felt there were two reasonable outcomes available but as a matter of absence of jurisdiction which is reviewable on a correctness standard.

### Conclusions

[37] In my view, this Court's intervention is warranted. With the utmost of respect, the fundamental flaw made by the tribunal which skewed his subsequent analysis was its misstatement of the issue before it.

[38] The issue before him was not whether on a stand alone basis section 22 of the *Act* could form the grounds of opposition but rather whether section 38(2)(a) of the *Act* could have resorted to section 22 of the *Act* to sustain an opposition on the grounds the requirement of section 30(i) were not respected because, in the particular circumstances of this application for the registration of the trade-mark BLACK DIAMOND the applicant for registration Sysco could not have been satisfied that it was entitled to use the trade-mark in Canada in association with the wares described in the application because such use would likely to have the effect of depreciating the value attaching to Parmalat's registered trade-mark BLACK DIAMOND contrary section 22 of the *Act*.

[39] As pointed out by Parmalat's counsel, Parmalat never put on the table the notion, in this case, section 22 could by itself sustain an independent ground of opposition.

[40] This unfortunate error led the tribunal to ignore relevant jurisprudence cited by Parmalat as to the scope of section 30(i) and its various applications in terms of a likely violation of the *Act* and a violation of other federal statutes or provincial statutes. It also led the tribunal to take from the

Supreme Court of Canada's decision in *Veuve Clicquot* something which Parmalat did not urge upon the tribunal and to ignore that Court's contribution to the law in respect of section 22 of the *Act* that the application of that section was decoupled from a finding of confusion (see paragraphs 38, 46 and 69 of Justice Binnie's decision).

[41] I note that in *Bojangles' International, LLC et al v. Bojangles Café Ltd.* (2004), 40 C.P.R. (4<sup>th</sup>) 553, at pages 561 – 562, the TMOB held that section 7(b) of the *Act* was a valid ground of opposition “under the general principle that the Registrar cannot condone the registration of a mark if the applicant's use of the mark would violate Federal legislation”.

[42] Counsel for Parmalat submitted that, if I came to the conclusion the tribunal erred, I should “consider the matter *de novo*”. I cannot accept this submission. A *de novo* consideration is appropriate on a section 56 appeal under the *Act*. It is not an appropriate course of action under section 18.1 of the *Federal Courts Act* where paragraph 18.1(3)(b), dealing with the powers of the Federal Court reviewing a decision may, “... set aside and refer back for determination in accordance with such directions as it considers to be appropriate ...” such a decision. There are circumstances where a directed reference back might be warranted but such is not the case here (see *Pacific Pants Company Inc. et al v. the Minister of Public Safety and Emergency Preparedness*, 2008 FC 1050).

**JUDGMENT**

**THIS COURT ORDERS AND ADJUDGES** that this judicial review is allowed with costs, the tribunal's decision of December 6, 2007 is set aside and the application of Parmalat for leave to amend its statement of opposition in application no. 1,139,676 to include an additional ground of opposition described in 9 of these reasons is referred back to the Trade-mark Opposition Board for reconsideration by a different member taking into account these reasons.

“François Lemieux”

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Judge

ANNEXE A

**41** In the United States, the House of Representatives reported in 1995 on a similar remedy (labelled "anti-dilution") added by way of amendment to the U.S. *Trademark Act* of 1946 (the *Lanham Trade-Mark Act*, 15 U.S.C.A. ss. 1051 et seq.):

The provision is intended to protect famous marks where the subsequent, unauthorized commercial use of such marks by others dilutes the distinctiveness of the mark... .

Dilution does not rely upon ... likelihood of confusion... . Rather, it applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular.

(*Federal Trademark Dilution Act* of 1995, H.R. Rep. No. 104-374 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, at p. 1030)

**42** While the text of the U.S. *Lanham Trade-Mark Act* is different from s. 22, the following comment in the American Restatement also provides sensible guidance:

[I]n apparent recognition that broad interpretation of the statutes would undermine the balance between private and public rights reflected in the traditional limits of trademark protection, the courts have continued to confine the cause of action for dilution to cases in which the protectable interest is clear and the threat of interference is substantial.

(*Restatement (Third) of Unfair Competition* s. 25 cmt. b (1995))

**43** In 2003, the U.S. Supreme Court denied the anti-dilution remedy to Victoria's Secret, the women's lingerie chain, which had sued *VICTOR'S LITTLE SECRET*, an adult novelty store selling "tawdry merchandise": *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). Under the federal Act, as it then stood, proof of actual harm rather than just likelihood (as under our Act) was required. The court commented however that

at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution... . "Blurring" is not a necessary consequence of mental association. (Nor for that matter, is "tarnishing.") [pp. 433-34]

Equally, in my opinion, a mental association of the two marks does not, under s. 22, necessarily give rise to a likelihood of depreciation. (A bill in the U.S. to reduce the threshold to likelihood has been enacted by Congress and awaits the President's signature. See *Trademark Dilution Revision Act of 2006*, H.R. 683, 109th Cong. (2006).)

**44** A similar anti-dilution remedy is also contemplated by arts. 4 and 5 of the First Council Directive of the European Communities (89/104/EEC) [page851] dated December 21, 1988 and implemented for the European Union through Council Regulation (EC) No. 40/94 dated December 20, 1993. Called an "anti-detriment" remedy in the United Kingdom, it is found in ss. 5 and 10 of the *Trade Marks Act 1994* (U.K.), 1994, c. 26. The courts in the United Kingdom have been sparing in their award of this remedy, as is illustrated by *Mastercard International Inc. v. Hitachi Credit (UK) Plc*, [2004] EWHC 1623 (Ch.) (confirming the dismissal of Mastercard's opposition to the trademark Credit Master for a credit card); *Pebble Beach Co. v. Lombard Brands Ltd.*, [2002] S.L.T. 1312, [2002] ScotCS 265 (refusing to grant a preliminary injunction against whisky makers using the trademark "Pebble Beach" when the owners of the famous American golf course claimed these marks were detrimental to their own); *DaimlerChrysler AG v. Alavi*, [2001] R.P.C. 42, [2000] EWHC Ch 37 (where the court rejected the claim of Mercedes-Benz against the defendant's MERC trade marks, used in association with a clothing and shoe business), and *Baywatch Production Co. v. Home Video Channel*, [1997] F.S.R. 22 (Ch.) (where the court found that the broadcasting of "Babewatch", which contained sexually explicit material, was not detrimental to the "Baywatch" trade mark).

**45** The depreciation or anti-dilution remedy is sometimes referred to as a "super weapon" which, in the interest of fair competition, needs to be kept in check. In his leading six-volume U.S. treatise on trademark law, Professor J. T. McCarthy writes in terms that, substituting depreciation for dilution, are directly applicable to this case:

Even the probability of dilution should be proven by evidence, not just by theoretical assumptions about what possibly could occur or might happen... . the courts should separate any anti-dilution claim into its discrete [page852] elements and rigorously require a showing of proof of those elements.

(McCarthy on *Trademarks and Unfair Competition*,  
vol. 4 (4th ed. (loose-leaf), s. 24:67.1, at p. 24-136)

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**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

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