

Jordana Sanft
416-596-1083
jsanft@litigate.com



Jim Lepore
416-865-2881
jlepore@litigate.com

June 27, 2022

Don’t Be the Author of Your Own Dismissal: Chief Justice Dismisses Dueling Motions for Summary Judgment in the Trademark Context

Summary adjudication can be enticing. In the right circumstances, it saves the parties time and money. Unsurprisingly, there is a growing trend in Canadian intellectual property litigation to use summary adjudication that we have been actively monitoring (see, e.g., our comments here, here, here, here, here and here).

The Chief Justice of the Federal Court, Justice Crampton, recently reminded parties that “[t]he [Federal] Court is committed to reducing the time and costs associated with disputes it is called upon to adjudicate” in the top line of *Techno-Pieux Inc v Techno Piles Inc*, 2022 FC 721 (“***Techno-Pieux***”). “To that end” Justice Crampton introduces the two procedural mechanisms of summary adjudication available at the Federal Court – summary judgment and summary trial – before issuing a rallying cry:

“Parties are well advised to carefully think about the relative merits of each.”

This is consistent with other recent comments from the judiciary that parties should consider summary adjudication in the right circumstances. For example, after a full 21-day trial on all issues in a patent infringement action, Justice Grammond noted that parties “should contemplate bringing a motion for summary judgment or summary trial” because “[h]ad the parties done so in this case, a considerable amount of judicial resources would have been saved, and each party’s legal costs would have been substantially reduced” (see *Bauer Hockey Ltd v Sport Maska Inc*).

Background to Summary Adjudication in the Federal Court

By way of brief background, summary adjudication in the Federal Court differs from summary adjudication in the Ontario Superior Court. Rule 213 of the *Federal Courts Rules* allows a party to bring a motion for summary adjudication on all or some

of the issues raised in the pleadings.

Summary judgment in the Federal Court is decided on an entirely written record (*i.e.*, there is no opportunity for a "mini-trial" akin to Rule 20(2.2) of the *Rules of Civil Procedure*). There is no "definitive or determinative formulation of the test" but to succeed, the moving party must satisfy the Court that there is "no genuine issue for trial" with respect to a claim or defence. Historically, summary judgment motions in the intellectual property context failed on the basis that issues of credibility presented a genuine issue that required a trial with live evidence to resolve.

Summary trial has no analogue in Ontario's *Rules of Civil Procedure*. This abbreviated procedure was modelled after British Columbia's summary trial rules and, unlike summary judgment, includes the possibility of live evidence. When faced with a summary trial, Justice Manson's decision in *Janssen Inc v Pharmascience Inc* (our comment, here) confirms that the moving party has the burden to demonstrate that a summary trial is appropriate. Once that is overcome, the burden of proof on the merits of the matter is that of the underlying action.

The *Techno-Pieux* Decision

Techno-Pieux involves two broad cross-motions for summary judgment in the context of alleged trademark and copyright infringement.

The plaintiff, Techno-Pieux Inc., is a Quebec-based supplier of helical piles – in non-technical terms, a metal cylinder with a screw at one end that is wound into the ground to act as an anchor point or foundation for building applications. Through its network of licensees and distributers, it sold its goods and services throughout Canada.

Two corporate defendants (Techno Metal Post Medicine Hat Inc. and Techno Metal Post Fort MacMurray Inc.) distributed the plaintiff's goods and services in Alberta for years before being sold to the personal defendants in 2018. In June 2020, the plaintiff provided notice of its intention to terminate the distribution agreement citing various difficulties in their dealings. In response, the corporate defendants announced a "rebranding" – changing its operating name from *Metal Post* to *Piles* (i.e., from Techno Metal Post Medicine Hat to Techno Piles Medicine Hat) – and purporting to compete with the plaintiff.

Shortly after the "rebrand," the plaintiff commenced litigation. The plaintiff asserted that the defendants infringed several registered Canadian Trademarks (*e.g.*, TECHNO METAL POST, TECHNO METAL POST & Design, and TECHNO PIEUX

& Design), collectively the "**Registered Marks**". In addition to other alleged breaches of the *Trademarks Act* (e.g., depreciation of goodwill contrary to section 22, passing off contrary to section 7(b), and false representations contrary to section 7(d)), the plaintiff also alleged copyright infringement of its logos and helical pile design. All of these allegations were at issue in the plaintiff's motion for summary judgment.

The defendants' summary judgment motion was similarly broad, seeking a determination that each of the Registered Marks were invalid because they lacked distinctiveness contrary to section 18(1)(b) and were clearly descriptive contrary to section 12(1)(b). The defendants also sought to extricate two groups of defendants: (i) the personal defendants on the basis that it was improper to pierce the corporate veil, and (ii) one of the corporate defendants, Techno Piles Inc, on the basis that it that had no sales or operations. Surprisingly, the defendants sought no relief related to the plaintiff's copyright allegations.

Chief Justice Crampton dismissed both motions, providing lengthy reasons. The section below considers some of the important takeaways.

Takeaways from *Techno-Pieux*

Have a clear litigation strategy. The Chief Justice found there were several genuine issues for trial, most of which stemmed from insufficient evidence to satisfy an element of a multi-element test. This is an important reminder to litigants considering summary adjudication to have a clear litigation strategy and advance all necessary evidence. This is particularly important where the moving party is seeking relief under several causes of action (e.g., the host of breaches of the *Trademarks Act* sought in *Techno-Pieux*). Where the ultimate goal is an injunction and damages are secondary, it is prudent for litigants to consider a more targeted approach to summary adjudication.

Don't throw away hard work and sunk costs. In past comments, we have reminded parties considering summary judgment motions that they can insulate themselves against an unsuccessful motion in marginal cases by also asking that the Court exercise its discretion, in the alternative, to determine the relevant issues by way of summary trial. There is no indication in *Techno-Pieux* that either party sought such relief in the alternative. Nevertheless – to avoid throwing away the time and money spent on the failed summary judgment motion – Chief Justice Crampton remained seized of the proceeding and ordered that the remaining genuine issues for trial be determined using by way of a summary trial pursuant to Rule 215(3)(a).

Consider whether a broad request for summary adjudication should be resisted with a preliminary motion. The parties in *Techno-Pieux* consented to summary adjudication, so there was no dispute as to whether summary adjudication was appropriate on the facts. However, absent such agreement, the Federal Court of Appeal's decision in *ViiV Healthcare Company v Gilead Sciences Canada Inc* (our comment, here) confirms that a party may bring a motion to quash or adjourn a motion for summary judgment or summary trial in "rare circumstances". In particular, the Federal Court of Appeal has held that "[w]hen brought early and dealt with quickly before time is wasted and the resources of the Court and the parties are squandered, [a motion to quash or adjourn] can proactively advance the objectives of [the just, most expeditious and least expensive determination of the proceeding on the merits] and stop harmful litigation conduct in its tracks". The Court has yet to weigh in on what constitutes "rare circumstances"; however, where a party believes it has a legitimate basis to oppose the appropriateness of summary procedure, that option is available, provided the motion is brought in a timely fashion and does not raise substantive defences.

In the context of trademark infringement, provide actual evidence of market confusion (if possible). Chief Justice Crampton states that the plaintiff had not provided any persuasive evidence to establish that anyone was actually deceived or confused by the defendants. The paucity of evidence linking the defendants' actions to the plaintiff's market is a theme that underlies the Court's identification of several genuine issues for trial.

For example, the plaintiff's infringement allegations were premised on the defendants using a confusingly similar trademark contrary to section 20(1)(a) of the *Trademarks Act*. Chief Justice Crampton devotes a quarter of his decision – nearly twenty pages – to discussing each of the specific factors to be considered when assessing the likelihood of confusion set out in section 6(5). Ultimately, the Court found that there was no genuine issue for trial as it relates to four of the five factors. However, there was a genuine issue for trial with respect to section 6(5)(e), the nature of trade, which "has the potential to have an important impact on the Court's overall confusion analysis. The defendants' uncontested evidence on this issue suggested that the relevant consumers were sophisticated, bought through personal relationships and referrals, and branding and advertising were comparatively less important. This was sufficient to create a genuine issue for trial. Evidence of actual confusion, if available, would have cut against the

defendants' evidence and might have impacted the ultimate result.

By way of further illustrative example, the Court found a genuine issue for trial in the context of the plaintiff's depreciation of goodwill claim because additional evidence was required "with respect to the extent to which [consumers] are likely to make a mental association between the [defendants' marks], such as to likely depreciate the value of the goodwill associated with the Registered Marks". Evidence of actual confusion, if available, might have tipped the scales in favour of the plaintiff.

Consider advancing expert evidence to assist the Court. In past comments, we have encouraged prudent litigants considering summary adjudication to advance expert evidence on the issues as one would during a trial. The examples above demonstrate that the Court in *Techno-Pieux* had concerns about the lack of evidence linking the defendants' actions to the particular market at issue. Evidence of actual confusion, if available, might address the Court's concerns. However, litigants should not rest on their laurels. It is prudent also to consider whether independent expert evidence would assist the Court and is needed to carry the day.

The parties in *Techno-Pieux* did not advance any expert evidence. However, in our view, expert evidence would likely have assisted the Court in that case. For example, expert evidence would have been useful to resolve whether the relevant consumers were sophisticated and whether branding in this specialized market was less important than personal connections and referrals. The Federal Court has held in the trademark context that "[expert] evidence about the special knowledge or sophistication of the targeted consumers may be essential to determining when confusion would be likely to arise" (see *Cathay Pacific Airways Limited v Air Miles International Trading BV*).

On this issue, the plaintiff appeared to advance no evidence in chief, and the defendants advanced this argument on a very thin record (*i.e.*, the evidence of a single affiant, who the Court expressly "recognize[d]" did "not provide much support for her statements"). As such, this question created a genuine issue for trial that prevented the Court from resolving the issue in either party's favour.

Prudent litigants will consider the potential for expert evidence and the benefits of advancing expert evidence to supplement its fact evidence where necessary, while balancing the cost and time to do so in a summary proceeding.