

World Trademark Review *Daily*

**New anti-SLAPP provisions applied for the first time in IP dispute
Canada - Fasken Martineau DuMoulin LLP**

**Confusion
Enforcement**

October 07 2010

How far is too far in protecting one's trademarks from infringement and depreciation of goodwill? In *Industries Lassonde Inc v Oasis d'Olivia Inc* (2010 QCCS 3901, August 26 2010), the Superior Court of Quebec has penalised the plaintiff for its aggressive action in trademark protection and awarded the defendant \$125,000.

Plaintiff *Industries Lassonde Inc*, a conglomerate with subsidiaries, has held trademark rights in the OASIS mark in association with juices and fruit drinks since 1965. Lassonde showed continued use of its mark throughout Canada (although predominantly in the Province of Quebec), along with profits in the hundreds of thousands of dollars.

When the defendant, Oasis d'Olivia Inc, filed its trademark application for OLIVIA'S OASIS (and design) in 2005 in association with bath, body and skin care products, Lassonde was quick to oppose. It also sought an injunction preventing Oasis d'Olivia from using its trademark, claiming that it would cause confusion in the marketplace and depreciate the goodwill associated with Lassonde's mark. Oasis d'Olivia, which is basically a one-person operation, contested Lassonde's application and invoked its rights, requesting that Lassonde be condemned as an abusive litigator and pay punitive damages.

The two issues before the court were:

- whether Oasis d'Olivia's trademark was likely to cause confusion in the marketplace with Lassonde's mark; and
- whether Lassonde's injunction action was frivolous, vexatious, prejudicial and an attempt to defeat Oasis d'Olivia through incessant legal obligations and a major imbalance of financial resources of the parties, the whole in application of new provisions of Article 54.1 *et seq* of the [Code of Civil Procedure of Quebec](#), in force since 2009.

The court considered the confusion factors - namely:

- all the surrounding circumstances around the marks;
- inherent distinctiveness;
- length of time the marks have been in use;
- the nature of the goods and services and the nature of trade;
- the degree of resemblance between the marks; and
- the ideas suggested by the marks.

The court stated that to believe that the average consumer would be confused by these marks would be to insult him or her by assuming that such a consumer was completely devoid of intelligence. Further, the court held that, as Oasis d'Olivia's products were of high quality and marketed in a tasteful manner, there would be no negative reflection on the goodwill of Lassonde's mark.

In response to the vexatious allegations, Lassonde argued that it had acted in good faith in its obligation to protect its trademark and goodwill. While the court found that the injunction action was not encumbered by unnecessary and extraneous proceedings, it did question whether the permanent injunction was even necessary. Lassonde had already taken steps to oppose Oasis d'Olivia's trademark application, and the marks had co-existed since 2005 without any evidence of confusion - or even of a likelihood of confusion.

Additionally, prior to commencing these proceedings, Lassonde had issued an intimidating letter to Oasis d'Olivia demanding compliance by the latter and threatening legal action. These demands threatened the existence of Oasis d'Olivia's business, and the court concluded that Oasis d'Olivia had no alternative but to dispute. The application and opposition proceedings were still pending at the time of the injunction hearing, and resulted in the opposition being rejected as of July 26 2010.

The court concluded that Lassonde should have known that it would not be successful in its actions against Oasis d'Olivia, given that:

- the marks were sufficiently different visually;
- the nature of the goods and channels of trade was different;
- in Lassonde's own admission, there were no reported instances of confusion, nor had it suffered any

World Trademark Review *Daily*

losses as a result of the concurrent sale of Oasis d'Olivia's products over the previous five years.

The court concluded that Lassonde had used its economic power and experience to persecute Oasis d'Olivia simultaneously on several fronts, in an attempt to force it to either comply with Lassonde's demands or yield to a licensing agreement with Lassonde, which others had done in the past. For this vexatious and abusive conduct, the court awarded Oasis d'Olivia its legal fees to defend its rights in the sum of \$100,000 and a further \$25,000 in punitive damages.

The essential purpose of a trademark is to distinguish goods and services from those of others. For this reason alone, it remains imperative for trademark owners to enforce their rights in order to protect the distinctiveness and goodwill of their marks. This decision is the first case of application of Articles 54(1) to 54(6) of the Code of Civil Procedure. These articles were added to the code by an act said "to prevent improper use of the courts and promote freedom of expression and citizen participation in public debate". It is the first time that these new articles are applied in proceedings related to IP matters. While the main purpose of these amendments was to prevent so-called SLAPP proceedings (strategic law suite against public participation), it appears that the court will not hesitate to apply these articles whenever it concludes that an action is abusive or frivolous. This part of the judgment is presently under appeal. Nevertheless, the decision is a clear warning to trademark owners to proceed with caution in how they enforce their rights.

Jennifer Powell and Hilal El Ayoubi, Fasken Martineau DuMoulin LLP, Vancouver and Montreal

World Trademark Review (www.worldtrademarkreview.com) is a subscription-based, practitioner-led, bi-monthly publication and daily email service which focuses on the issues that matter to trademark professionals the world over. Each issue of the magazine provides in-depth coverage of emerging national and regional trends, analysis of important markets and interviews with high-profile trademark personalities, as well as columns on trademark management, online issues and counterfeiting.