

2014-2015 HAROLD G. FOX MOOT

MOOT PROBLEM

SEPTEMBER 29th, 2014

1. The following are the reasons and judgment of the Trial Court of Canada, Intellectual Property Division. The decision of the Trial Court was subsequently overturned by the Court of Appeal; the reasons and judgment for which are also set out below.
2. Both Courts have jurisdiction over all issues raised in their respective decisions. The standard of review adopted by the Court of Appeal is also correct and not the subject of appeal.
3. The decision of the Court of Appeal is now appealed to the Supreme Moot Court for Intellectual Property Appeals.
4. All of the issues raised in the reasons given by the lower courts should be addressed by counsel for Kangaroo Inc. or Janet Dough in their submissions. Arguments not referenced in the reasons of the lower courts may be advanced by counsel in their submissions, but only if they relate to the issues identified in the lower courts' decisions.
5. Issues around costs and interest are not to be addressed.
6. Please note that for the purposes of the appeal to the Supreme Moot Court, all sections of the *Trade-marks Act* are to be read as they stood as of September 29, 2014 (i.e. prior to the coming into force of the sections of Bill C-31, the Economic Action Plan 2014 Act, No. 1 as they relate to the *Trade-marks Act*). Spellings are consistent with their usage in the statute current as of September 29, 2014.

TRIAL COURT OF CANADA,
INTELLECTUAL PROPERTY DIVISION

Date: 20140914

Docket: T-883-14

Citation: 2014 FCIP 150

Ottawa, Ontario, this 14th day of September, 2014

PRESENT: The Honourable Justice Marsupial

BETWEEN:

KANGAROO INC.

Plaintiff

and

JANET DOUGH

Defendant

Heard at Ottawa, Ontario, on September 8 – 10, 2014.

Judgment delivered at Ottawa, Ontario, on September 14th, 2014.

REASONS FOR JUDGMENT

MARSUPIAL, J.

1. The issue before this Court is whether the plaintiff properly obtained an *Anton Piller* Order in this action. The Order (the “APO”) was granted by Cowley, J. on the grounds set out in more detail below. My conclusion, explained in these Reasons, is that the APO was properly granted: the meritorious nature of the plaintiff’s allegations against the defendant, and the special features of the APO that allow evidence to be preserved, both support the granting of the APO.

2. Fundamentally, an *Anton Piller* order is a remedy based on “the right of the owners of valuable intellectual property assets to protect those assets from those whose business methods would put them beyond the effective reach of the usual procedures and remedies administered by the Court” (*Club Monaco Inc v Woody World Discounts*, [1999] FCJ No 1645, 2 CPR (4th) 436 at para. 5). As the facts and analysis set out below indicate, the APO granted by Cowley, J. was required to protect the valuable trade-mark assets of the plaintiff.

Facts:

The Plaintiff

3. The widespread reputation enjoyed by the Australian sportswear company Kangaroo Inc. (“Kangaroo”) is manifest. Starting from humble beginnings selling the “pancake” shoe, Kangaroo is now one of the world’s top vendors of sports shoes and sports clothing. Central to almost all its marketing efforts for the past eight years has been the now-iconic catch phrase “Just Roo It”. The phrase is subject to trade-mark registrations in Canada – including a word mark registration for use in association with t-shirts.
4. Kangaroo sells its shoes and apparel across Canada in its own specialty stores, in department stores, in sports stores, and in counters and stands set up in malls or near tourist sites. For the past eight years, annual sales of Just Roo It t-shirts have been in the millions of dollars worldwide.
5. Kangaroo is the plaintiff in this action and there is no dispute that the corporate entity Kangaroo Inc. is entitled to all trade-mark rights asserted.

The Defendant

6. The dispute before this Court can be traced to the activities of a small yogurt company in Prince Edward Island named Ken and Derry’s Yogurt. Ken and Derry’s sells its products from its own shop in Charlottetown, and has an extensive chain of franchises throughout Atlantic Canada. Ken and Derry’s is well-known in PEI and beyond for its whimsical and topical names for its food products (“Orange Wave Sherbet”, “Harper Hash”, “Double Dipped Duffy Donuts”, “Justin Lite and Fluffy Milkshakes”). It also sells T-shirts, pajamas, and other clothing items, all bearing artwork based on puns, wordplay or visual

gags that relate to cows and bulls (e.g. a t-shirt having a photograph of former U.S. President Clinton with the caption, “More Cow, Bill”). Further, the evidence shows that Ken and Derry’s sells its products (both food products and clothing products) on a wholesale basis to other vendors who operate their own independent retail operations. Ken and Derry’s is not a defendant in this action.

7. The sole named defendant in this action, Janet Dough, is a self-described student who opened a small, “pop up” yogurt stand under the name “Janet’s Summertime Yogurt”, which was, from time to time, set up near the ferry docks in Toronto, Ontario. The stand was small and on wheels (hence easily moveable). On many occasions over the summer it was set up in a central location near the docks – where thousands of ferry passengers would stream right past the stand. However, it was not always in place near the ferry docks.
8. As the name Janet’s Summertime Yogurt suggests, the pop up stand started operation in July of this year and sold yogurt – supplied by Ken and Derry’s – as well as a number of clothing items. The yogurt stand was a cash-only sole proprietorship run by Janet Dough. She had one assistant. No business name or other corporate record for the business was filed by Janet Dough. There was no HST registration. A prominent sign on the stand read: “Not owned by or affiliated with Ken and Derry’s (www.kenandderrys.com)”.
9. However, the most prominent portion of the yogurt stand was reserved for a display of t-shirts with artwork printed on them showing a cow, a frozen yogurt cone, and the words “Just Moo It”.

Proceedings in this Court

10. In early August, Kangaroo filed a statement of claim and an *ex parte* motion for an *Anton Piller* order. The sole allegation in Kangaroo’s pleading is a section 20 claim under the *Trade-marks Act*.
11. There were two affidavits filed in support of the motion for the APO. A private investigator, Mr. Bunter, set out facts relating to observations he had made while watching customers buy food and clothing at Janet’s Summertime Yogurt stand.

Secondly, a Mr. Crowe, the Kangaroo Vice President of Marketing, filed an affidavit about the trade-mark rights of Kangaroo and the impact of piracy and counterfeiting on Kangaroo.

12. The APO, granted without Reasons by Cowley, J., was not a “rolling” order but rather was specific to the operations of the defendant, Janet Dough. The APO was granted on August 27th, 2014 and was executed the next day. Two days after that, a second affidavit of Mr. Bunter was filed in the Court setting out facts relating to the service of the APO on the defendant.
13. The facts are clear that the APO was served on Janet Dough at her yogurt stand. When first approached, Janet Dough declined to give her name saying she was “Paulette Poutine, ha!” However, when pressed she did admit to being Janet Dough. The solicitor serving the APO explained the terms to her. At the end of that explanation, the defendant said “Thanks for that, Mr. Roo, but the joke’s on you. While you were talking, one of my business associates had a bit of an inventory clearance!” She then nodded in the direction of a young woman walking briskly away from the stand with an armful of what appeared to be t-shirts. This woman was later determined to be Janet Dough’s assistant.
14. Apart from this exchange, the defendant was not uncooperative and, as the APO required, she provided the “Just Moo It” t-shirts that could be found at her stand after the APO was served (6 shirts). She also delivered up paperwork relating to the purchase and sale of t-shirts. As it turned out, there were no specific records relating the Just Moo It shirts, merely records for purchases of “shirts” with no further details as to what was shown on the shirts.
15. There is no issue in dispute regarding the procedures used to serve the APO on August 28th. All appropriate safeguards for an *Anton Piller* order were in the APO and all such procedures and requirements were complied with. The important procedural aspects of the APO were scrupulously followed.

16. However, the defendant does dispute the legal basis for Kangaroo's claim under section 20 and also disputes that the facts were sufficient to warrant the granting of the APO against her.

Analysis

Confusing Trade-marks

17. As a starting point, I find that the basis for Kangaroo's allegations under section 20 of the *Trade-marks Act* to be exceedingly strong. The evidence from Mr. Crowe was that the Just Roo It campaign by his company allowed it to leap ahead of its competitors. He also gave evidence as to the extensive efforts that Kangaroo has made to monitor and prevent the unauthorized use of the Just Roo It mark by others, including counterfeiters. He indicated that, from a brand-control point of view, unauthorized use of the phrase "Just Roo It" was a significant detriment to the company. Similarly, the unauthorized use of colourable imitations of the trade-mark has proven to be equally harmful to Kangaroo. The ability to carefully control the use of the Just Roo It mark, and colourable imitations, is central to the value of Kangaroo's brand. Examples were given of how the use of marks that were too close to the Just Roo It trade-mark have caused harm to the goodwill of the business in the past.

18. It is exactly this type of harm that section 20 is intended to prevent: "The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this *Act* who sells, distributes or advertises wares or services in association with a confusing trade-mark."

19. Kangaroo's trade-mark Just Roo It is registered for t-shirts in Canada and has been used here for many years. The defendant is selling t-shirts bearing the mark Just Moo It. The two marks look very similar and very sound similar. They are used with t-shirts. Section 20 is engaged and, in my view, there is very little doubt that the ultimate outcome of this allegation will be favourable for Kangaroo.

Propriety of the APO

20. Turning now to the second major issue before me, the defendant argues that the APO was not a proper mechanism to be used on the facts of this case. I disagree. The APO was

one of the few ways for the legitimate brand owner to protect its brand from, literally, this infringer on wheels. There is no dispute that the defendant in this case had in her possession documents showing the purchase and sale of t-shirts, as well as being in possession of several of the Just Moo It t-shirts themselves.

21. The defendant argues that the APO should not have been granted because: a) the plaintiff did not establish that it was being sufficiently damaged by the activities of the defendant and b) the plaintiff did not establish that the defendant would destroy evidence.

Damage

22. Regarding the potential damage to the plaintiff, I find the evidence from Mr. Crowe to be compelling. Today's market for sports apparel and footwear is driven by branding. The Just Roo It branding is the "crown jewel" of Kangaroo's worldwide business. If competitors begin to use marks that create links to Kangaroo's goodwill, the valuable trade-mark assets of Kangaroo will be imperilled. In Mr. Crowe's memorable image, the type of sales made by the defendant are like "the camel's nose under the tent". In less colourful terms, the potential damage to Kangaroo should not be measured by looking at the specific sales of the defendant in isolation, but should be considered in the larger context of Kangaroo's potential loss of control over the mark. The ultimate outcome of permitting brand control to be eroded, and eventually lost, amounts to massive damage to a brand-driven enterprise like Kangaroo.
23. I note that Mr. Crowe also gave evidence that a large Kangaroo retail outlet one block from the ferry docks in Toronto had an unexpected downturn in Just Roo It t-shirt sales in the summer of this year.

Destruction

24. On the issue of whether the plaintiff established probable destruction of evidence by the defendant, I consider this matter *de novo*, with regard to all the evidence. On the balance of probabilities, I find sufficient evidence to meet the test for the granting of this interlocutory order. The very nature of the Janet's Summertime Yogurt stand was impermanent. In this sense, the business operation was transient – as has been the hallmark of many other defendants named in *Anton Piller* orders. Further, this student-

run, summertime business was clearly going to be shut down at the end of August – thus there was a need for action to be taken immediately, to preserve evidence. It is notable that Janet Dough has not filed any affidavit to set out any facts relating to how she conducted her business.

25. Lastly, and importantly, the conduct of the defendant when the APO was served suggests, at best, a too cavalier attitude towards the Order of this Court and, at worst, that, in fact, evidence was removed from the stand during execution of the APO.

26. I find that there was a sufficient risk of destruction of evidence and that this supports the grant of the APO.

Conclusion

27. All factors relevant to the issuance of the order having been considered, the APO will be continued until trial.

COURT OF APPEAL

Date: 20140926

Docket: T-883-14

Citation: 2014 FCA 455

Ottawa, Ontario, this 26th day of September, 2014

**CORAM: CUTHBERT J.A.,
BLYTHE J.A.,
BARRY J.A.**

BETWEEN:

JANET DOUGH

Appellant

and

KANGAROO INC.

Respondent

Heard at Ottawa, Ontario, on September 22nd, 2014.

Judgment delivered at Ottawa, Ontario, on September 26th, 2014.

REASONS FOR JUDGMENT BY:

CUTHBERT J.A.

CONCURRED BY:

BLYTHE J.A.

BARRY J.A.

REASONS FOR JUDGMENT

CUTHBERT J.A.

1. The decision of Justice Joey Marsupial has come before this Court on appeal. The appellant Janet Dough seeks to have the August 27, 2014 *Anton Piller* Order (“APO”) of

Cowley, J. vacated. I find that the APO should not have been granted and would vacate the APO.

2. The Supreme Court of Canada in *Celanese Canada Inc v Murray Demolition Corp*, [2006] 2 SCR 189, 2006 SCC 36 clearly identified the significant risks associated with the granting of an *Anton Piller* order – an order that has been likened to a “private search warrant”. In that case, the requirements for an *Anton Piller* order are spelled out by Justice Binnie (at para. 35) as follows:

There are four essential conditions for the making of an *Anton Piller* order. First, the plaintiff must demonstrate a strong prima facie case. Second, the damage to the plaintiff of the defendant's alleged misconduct, potential or actual, must be very serious. Third, there must be convincing evidence that the defendant has in its possession incriminating documents or things, and fourthly it must be shown that there is a real possibility that the defendant may destroy such material before the discovery process can do its work ...

3. The specific issues for decision before me are the same as those considered by Marsupial, J., below:

1) whether the plaintiff has made out a sufficient case under section 20 of the *Trade-marks Act*; and

2) whether there was sufficient evidence of potential serious damage to the plaintiff and of the possibility of destruction of evidence by the defendant.

4. Turning to the section 20 issue first, I have great difficulty in finding any possibility of confusion due to the activities of the defendant. While considering all the factors set out in section 6 of the *Trade-marks Act*, I place considerable emphasis on the sophistication of today's consumers. The reviewing Judge below was correct to find that the Just Roo It mark has an extremely large reputation in Canada. Consumers are well aware of the trade-mark and that Kangaroo is the source of the goods that bear the trade-mark. In fact, consumers seeing a use of what is – in the Just Moo It trade-mark – openly a parody, will in my view *not* consider that the parody goods come from the same source as the original

goods. No one confuses the satirizing comedian with the politician who is being targeted. To the extent that there was an opposite conclusion reached in *Source Perrier (Societe Anonyme) v Fira-Less Marketing Co Ltd* (1983), 70 CPR (2d) 61 (FCTD), I observe that the realities of marketing in the Twenty-First Century must give rise to a different legal standard than might have been appropriate in the 1980s.

5. Since there is no confusion likely between the goods of the defendant and goods of the plaintiff, there is no section 20 infringement and no “strong *prima facie* case” made out by the plaintiff, as is required. For this reason alone, I would vacate the APO.
6. However, I also consider there to be problems for the plaintiff when considering the alleged damage to the plaintiff. As the above analysis suggests, it is not, in my view, likely that there will be any confusion between the two trade-marks in issue. Therefore there will be no damage. Additionally, I note that the scale of Janet Dough’s operations was very limited, relative to the size of the Kangaroo entity. Reference can be made to the Federal Court decision in *Vinod Chopra Films Private Limited v John Doe*, 2010 FC 387. Although it was argued before me, I decline to draw any conclusions based on the relationship between Janet Dough and the Ken and Derry’s business. Further, adding camels to the menagerie of this case, as Mr. Crowe would have us do, is to confuse the issues, not to resolve them.
7. Lastly, the basis for the granting of any *Anton Piller* order is the preservation of evidence that is at risk of being destroyed. The extremely intrusive nature of the APO requires that evidence of destruction go beyond the mere balance of probabilities. In this case, the off-hand, and perhaps jocular, words of the defendant when the APO was served are not of sufficient evidentiary weight to support a finding of probability of destruction. It appears that, when the order was served, documents were in fact disclosed by the defendant. There was no specific evidence proving conclusively that the defendant had a plan to destroy documents. The high threshold for finding possible destruction of evidence has not been met. Without this crucial element in place, no APO should have been granted.
8. For all the above reasons, I would vacate the APO.

Blythe, J.A.

I concur, Kangaroo has not cleared the requisite legal hurdle.

Barry, J.A.

I concur, and expect that the respondent will rue its decision to bring this action.