

IN THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

KANGAROO INC.

Appellant

– and –

JANET DOUGH

Respondent

FACTUM OF THE APPELLANT

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PART I – OVERVIEW

1. Trade-marks serve an important purpose. By signifying a product’s quality and worth, they influence purchasing decisions and ultimately act as "shortcut[s] to get consumers to where they want to go." This case is about using the *Trade-marks Act* (the “*Act*”)—a statute intended to protect the public—to defend consumers against being misled by confusing trade-marks like that of the Respondent.

Mattel U.S.A. Inc. v 3894207 Canada Inc., 2006 SCC 22 at para 21, [2006] 1 SCR 772 [*Mattel*].

Trade-marks Act, RSC 1985, c T-13.

Lightning Fastener Co., Ltd. v Canadian Goodrich Co., Ltd., [1932] SCR 189 at 196, [1932] 1 DLR 297.

2. The Appellant, Kangaroo Inc. (“Kangaroo”), is a prominent sportswear company that sells t-shirts featuring JUST ROO IT, its “iconic,” long-standing, and duly-registered trade-mark. The Respondent, Janet Dough (“Ms. Dough”), violated the Appellant’s right to the exclusive use of its trade-mark by selling t-shirts emblazoned with JUST MOO IT, which is confusingly similar. An *Anton Piller* order (“APO”) was properly issued to prevent the Respondent from destroying relevant evidence before the Appellant’s trade-mark infringement claim could be heard.

Kangaroo Inc. v Janet Dough, 2014 FCIP 150 at paras 3, 9 [*Trial*].

Trade-marks Act, *supra* para 1, s. 20.

3. The surrounding circumstances, including those listed in s. 6(5) of the *Act*, support a finding of confusion: that a consumer would likely think the Respondent’s products originated from or were authorized by the Appellant. The two trade-marks have a high degree of resemblance. The parties sell identical wares and operate in similar channels of trade. The Appellant’s trade-mark deserves protection, and the parody created by the Respondent’s trade-mark does not obviate the otherwise pervasive confusion.

Trade-marks Act, *supra* para 1, s. 6(5).

4. Kangaroo’s APO against the Respondent was properly granted and should be restored. In seeking redress for the violation of its exclusive right, Kangaroo faced an “infringer on wheels” whose unregistered business could be made to disappear without a trace at the first sign of enforcement efforts. The stand’s moveable design, variable location, lack of business records, and imminent closure presented a serious risk that evidence would be put beyond the reach of the Appellant and the justice system before trial. The Respondent’s evasive conduct upon service of the APO confirmed that she could not have been trusted to voluntarily retain evidence.

Trial, supra para 2 at paras 8, 10, 20.

5. The trial judge was correct in holding that the APO was properly granted based on findings of an “exceedingly strong” case for confusion, a probable “risk of destruction of evidence” by the Respondent, and “massive damage” that the Appellant would experience if its brand control were eroded. The Court of Appeal erred in finding that the Respondent’s trade-mark was not confusing and vacating the APO. Its decision should be overturned.

Trial, supra para 2 at paras 17, 22, 26.

Kangaroo Inc. v Janet Dough, 2014 FCA 455 at paras 4-5 [*Appeal*].

PART II – STATEMENT OF FACTS

6. **Appellant’s Trade-mark.** Kangaroo is a sportswear company known for its iconic catchphrase JUST ROO IT. The phrase has been central to Kangaroo’s marketing for eight years and is subject to valid trade-mark registrations in Canada, including a word-mark associated with t-shirts. Kangaroo’s easily-recognized JUST ROO IT products are available at many types of retail outlets, including counters and stands near tourist sites.

Trial, supra para 2 at paras 3-4.

7. **Respondent’s Business.** In July 2014, Janet Dough opened a seasonal pop-up store, which sold only yogurt and clothing. It was often located near the Toronto ferry docks. The stand

was small and on wheels, thus “easily moveable.” It was cash-only; it was not registered for HST; it had but one assistant; it filed no corporate records. Although the stand was named ‘Janet’s Summertime Yogurt,’ the most prominent portion of it was dedicated to the display and sale of t-shirts featuring the phrase JUST MOO IT. The frozen yogurt was supplied by a third party, “Ken and Derry’s.” Ms. Dough posted a sign proclaiming a lack of affiliation with Ken and Derry’s, but there was no such disavowal of affiliation with the Appellant.

Trial, supra para 2 at paras 7-9.

8. **Filings with the Court.** In early August 2014, the Appellant commenced a s. 20 trademark infringement claim and brought an *ex parte* motion for an APO, which was granted on the strength of two affidavits. The first recounted a private investigator’s observations of the Respondent’s operations. The second affidavit, provided by Mr. Crowe, Kangaroo’s Vice President of Marketing, detailed the integral role that Kangaroo’s JUST ROO IT campaign has had to the company’s success. In the affidavit, he explained that the “ability to carefully control the use of the JUST ROO IT mark [...] is central to the value of Kangaroo’s brand.” He also specified that “unauthorized use of the phrase JUST ROO IT was a significant detriment to the company” and Kangaroo has made “extensive efforts” to ensure brand control. Mr. Crowe gave evidence that Kangaroo’s goodwill was in fact depreciated as a result of confusing trade-marks. As for monetary damage, Mr. Crowe stated that a Kangaroo retail outlet one block from the Toronto ferry docks had an unexpected downturn in sales of JUST ROO IT t-shirts in summer 2014.

Trial, supra para 2 at paras 10-12, 17, 23.

9. **Service of the APO.** On August 28, 2014, the supervising solicitor served the APO on Ms. Dough at her place of business, in accordance with the proper procedures. Ms. Dough initially refused to identify herself. She gave a false name and only revealed her real name when pressed. While the solicitor explained the terms of the APO, Ms. Dough’s assistant apparently

removed t-shirts from the stand. Ms. Dough turned over both paperwork relating to the purchase and sale of t-shirts, as well as the six remaining t-shirts the assistant had not squirreled away. The paperwork included records for purchase and sale of “shirts” with no further details, obscuring the magnitude of JUST MOO IT t-shirt sales that summer.

Trial, supra para 2 at paras 13-15.

10. **Lower Court Decision.** On review, the Respondent asserted that the APO should not have been granted. Marsupial J held that the Appellant had an “exceedingly strong” basis for its allegation under s. 20 of the *Act* and that the potential for damage to the Appellant was “compelling.” He found there was “sufficient risk of the destruction of evidence,” and that the APO was the only way for the Appellant to protect its brand from an “infringer on wheels” because probable disposal of evidence had been established.

Trial, supra para 2 at paras 17, 20, 22, 26.

11. **Appeal.** Cuthbert JA vacated the APO. Based on unspecified “realities of marketing in the Twenty-First Century,” he did not apply the prevailing legal standard for considering parody in the context of trade-mark confusion. Cuthbert JA’s conclusion on confusion determined the APO issue, because without a cause of action there would be no damage to the Appellant. However, Cuthbert JA also held there was no real possibility that evidence would be destroyed.

Appeal, supra para 5 at paras 4-7.

PART III – POINTS IN ISSUE

12. Two issues are raised in this appeal:

1. The Court of Appeal erred in holding that the Appellant had not made out a sufficient case under s. 20 of the *Act*.
2. The Court of Appeal erred in vacating the *Anton Piller* order.

PART IV – ARGUMENTS IN BRIEF

ISSUE 1: THE RESPONDENT’S TRADE-MARK IS LIKELY TO CAUSE CONFUSION

13. The Respondent has violated the Appellant’s right to the exclusive use of the JUST ROO IT trade-mark. The Respondent’s actions constitute trade-mark infringement under s. 20 of the *Act* because she sold wares in association with the confusing trade-mark JUST MOO IT. This trade-mark is confusing because its use alongside the Appellant’s trade-mark would likely lead a casual consumer to infer that the wares associated with both trade-marks originated from or were authorized by the same source.

Trade-marks Act, supra para 1, ss 6(2), 19-20.

14. Section 6(5) of the *Act* provides a non-exhaustive list of surrounding circumstances that a court should consider in determining whether a trade-mark is confusing. As noted above, each surrounding circumstance supports a finding of trade-mark confusion in this case. First, the parties’ trade-marks are very similar in appearance, sound, and suggested idea. Second, both parties sell t-shirts in similar channels of trade. Third, the distinctiveness and length of use of the Appellant’s trade-mark warrant protection. Finally, even if the Court accepts parody as a novel factor in its s. 6(5) analysis, the Respondent has not obviated the otherwise present confusion by parodying the Appellant’s trade-mark.

Trade-marks Act, supra para 1, s 6(5).

A. There is a high degree of resemblance between the trade-marks

15. The degree of resemblance between two trade-marks is “likely to have the greatest effect on the confusion analysis.” Courts use the standard of a “casual consumer somewhat in a hurry” with an “imperfect recollection of the [prior] trademarks” in evaluating the degree of resemblance and the risk of confusion. Confusion can occur even if trade-marks are easily distinguishable when examined closely, which is why the courts have cautioned against merely

dissecting the marks to highlight differences. In determining the degree of resemblance, the court should consider the trade-marks' appearance, sound, and suggested ideas.

Masterpiece Inc v Alavida Lifestyles Inc, 2011 SCC 27 at para 49, [2011] 2 SCR 387 [*Masterpiece*].

Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée, 2006 SCC 23 at para 20, [2006] 1 SCR 824.

Trade-marks Act, *supra* para 1, s 6(5).

i. The trade-marks are similar in appearance and sound

16. A trade-mark should be examined in its totality and the “court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation.” In analyzing trade-marks' similarities, emphasis can be placed on the “striking or unique” portion of a trade-mark. Even so, in *Miss Universe*, the Federal Court stated that it would be inappropriate to consider a particular word in isolation as being of “arresting significance.” The appearance and phonetics of the Appellant's and Respondent's trade-marks are identical but for a single letter. They both adopt the three-word cadence coined by the Appellant. The first word ('Just') and last word ('It') of both trade-marks are the same. Even if the middle words of the trade-marks were accorded greater emphasis due to their striking nature, confusion can occur because 'Roo' and 'Moo' rhyme, and differ in appearance by only a single letter. No other difference is relevant to the Court's decision. Because the Appellant has registered a word mark, it had the exclusive right in Canada “to use its trade-mark in any way within the scope of the registration” in any size, style, colour, or design.

Battle Pharmaceuticals v The British Drug Houses Ltd., [1946] SCR 50 at 53, [1946] 1 DLR 289.

Battle Pharmaceuticals v The British Drug Houses Ltd., [1944] Ex CR 239 at 251, [1944] 4 DLR 577.

Masterpiece, *supra* para 15 at para 64.

Miss Universe, Inc. v Bohna, [1995] 1 FC 614 at para 28, 58 CPR (3d) 381 [*Miss Universe*].

Masterpiece, *supra* para 15 at paras 55, 57.

ii. The trade-marks suggest similar ideas

17. In determining whether trade-marks suggest similar ideas, the “net impression left by the mark as a whole upon the mind” is the key consideration. Trade-marks should not be dissected, and words’ dictionary meanings need not be examined. Courts can look to the context in which trade-marks are situated when evaluating their degree of resemblance.

Toys "R" Us (Canada) Ltd. v Babies-R-Us Inc., 45 CPR (3d) 495 at para 4, 58 FTR 164.

Rowntree Co. v Paulin Chambers Co., [1968] SCR 134 at para 10, 54 CPR 43.

Ikea Ltd./Ikea Ltée v Idea Design Ltd., 8 FTR 215 at para 6, 13 CPR (3d) 476.

18. The net impression of the Appellant’s and Respondent’s trade-marks is that they are similar because they both issue nonsensical animal-related directives. Considering their contexts, the similarity between the trade-marks’ suggested ideas increases. The Appellant is a sportswear company; its trade-mark persuades consumers to engage with its brand and embrace activity. Likewise, the Respondent’s trade-mark is associated with fitness and wellbeing; frozen yogurt, a healthy substitute for ice-cream, is generally perceived as nutritious. Both trade-marks suggest healthfulness and well-being, adding to the confusion caused by the trade-marks’ similar appearance and sound. A casual fitness enthusiast would likely suspect a common origin.

B. The parties’ wares and trade are very similar in nature

19. “When trade-marks are similar, the degree to which the wares [...] which bear those marks are similar will be a large factor in determining whether confusion is likely to result.” The Kangaroo mark is registered and used in association with t-shirts; the Respondent is also selling t-shirts.

Pink Panther Beauty Corp. v United Artists Corp., [1998] 3 FCR 534 at para 26, 80 CPR (3d) 247 [*Pink Panther*].

Trial, supra para 2 at paras 3, 9.

20. Although there is a “reduced likelihood of confusion” when consumers are shopping for “expensive or important” wares, “with less expensive goods [...] more reliance may be placed on

[their] marks, and less care taken to ensure that the product is truly from the source which the customer expects.” T-shirts are inexpensive wares so the court cannot rely on consumers to be “alert and aware.” This is particularly true at the ferry terminal, where thousands of locals and tourists rush to catch ferries or reach ground transportation.

Masterpiece, supra para 15 at para 70.

Pink Panther, supra para 19 at para 27.

Masterpiece, supra para 15 at para 70.

21. Additionally, “risk of confusion is greater” when wares are “distributed in the same types of stores.” Because the Appellant sells its apparel across Canada in “counters and stands set up [...] near tourist sites” and the Respondent sold her t-shirts in a stand near the ferry docks, a popular Toronto tourist site, there was an increased likelihood of confusion. Although the store offered frozen yogurt for sale, the most “prominent portion of the stand was reserved for [the] display of t-shirts.” Both the Appellant and Respondent sell t-shirts. The nature of the trade is very similar. Thus, the fact that the Respondent also dabbles in desserts does not diminish this similarity.

Pink Panther, supra para 19 at para 30.

Trial, supra para 2 at paras 4, 7.

22. Another aspect that defines nature of trade is the “class of purchasers.” When both parties target the same clientele, the “overlap between the parties’ channels of trade” grows, increasing the likelihood of confusion. Kangaroo’s products are worn casually by consumers and there is no evidence that the Respondent is exclusively targeting specialty customers. There is overlap between the parties’ channels of trade.

Nature's Path Foods Inc. v Quaker Oats Co. of Canada, 2001 FCT 366 at para 37, 204 FTR 102.

Clarifications to the Moot Problem, Dec 1, 2014, at para 3.

C. The Appellant’s trade-mark is distinctive and recognizable

23. “The stronger the mark is, the greater the ambit of the protection it should be accorded.”

To determine the strength of a trade-mark, the court must consider the trade-mark’s inherent distinctiveness (“its originality”), and acquired distinctiveness (the extent to which the trade-mark is known to consumers “as originating from one particular source”).

Miss Universe, supra para 16 at para 12.

ITV Technologies Inc. v WIC Television Ltd., 2003 FC 1056 at paras 145, 156, 239 FTR 203 [ITV].

24. “Marks are inherently distinctive when nothing about them refers the consumer to a multitude of sources.” The Appellant’s trade-mark has a high degree of inherent distinctiveness because it is an invented, nonsensical phrase originated by the appellant, which neither relies on geographic origins nor is generally descriptive of the wares.

Pink Panther, supra para 19 at para 23.

Mattel, supra para 1 at para 5.

Pink Panther, supra para 19 at para 21.

25. Trade-marks acquire distinctiveness when they are in “continual use in the market-place” and “have been exposed in a significant way to Canadian consumers for a long time.” JUST ROO IT has been central to almost all of the Appellant’s marketing efforts for the last eight years, and is “iconic (a finding).” Cuthbert JA recognized that “consumers are well aware of the trade-mark and that Kangaroo is the source of the goods that bear the trade-mark.” As such, the Appellant’s trade-mark holds a high degree of acquired distinctiveness, which “greatly influence[s its] ambit of protection.” Conversely, the Respondent’s trade-mark has not been advertised and has only been present in the market for a single season. It has not acquired distinctiveness, except that derived from its association with the Appellant’s distinctive trade-mark.

Pink Panther, supra para 19 at para 24.

Advance Magazine Publishers Inc. v Wise Gourmet Inc., 2009 FC 1208 at para 52, 356 FTR 270.

Trial, supra para 2 at paras 3, 8.

Appeal, supra para 5 at para 4.

ITV, *supra* para 23 at para 57.

26. Relatedly, the longer a trade-mark has been in use, the stronger an impression it is assumed to have made on consumers. The Appellant's trade-mark has been widely used across Canada for eight years, which suggests that consumers have grown to recognize the trade-mark. In contrast, the Respondent's trade-mark traces its roots to the recent summer of 2014.

Pink Panther, *supra* para 19 at para 25.

Trial, *supra* para 2 at paras 3-4, 8.

D. Other surrounding circumstances do not obviate confusion

i. Canadian jurisprudence on the effects of parody on trade-mark confusion

27. The *Act* does not contain a parody defense. Therefore, the fact that the Respondent's trade-mark is "openly a parody" by no means settles the issue of confusion. Parody is often associated with free speech—a constitutional value—but Canadian courts have limited those rights when it comes to private property: "[t]he *Charter* does not confer the right to use private property [...] in the service of freedom of expression."

Appeal, *supra* para 5 at para 4.

Michelin v Caw, [1997] 2 FCR 306 at para 85, 71 CPR (3d) 348.

Jason Samuel Thomas Kotler, "Trade-Mark Parody, Judicial confusion and the Unlikelihood of Fair Use" (2000) 14 IPJ 219 at 221.

28. Whether a trade-mark is a parody may be relevant if the court considers parody to be a surrounding circumstance in its s. 6(5) analysis. Even then, the fact that a trade-mark is a parody tends to compound the confusion because, by definition, a parody is a closely-imitated device for the purpose of humour or ridicule. Put another way, a parody draws a clear connection with the original work. JUST MOO IT is a prime example—it is only humorous when viewed as a play on the longstanding JUST ROO IT trade-mark. Classifying JUST MOO IT as a parody therefore

acknowledges that a casual consumer will draw a connection between the parties' t-shirts.¹ The inference follows that Kangaroo is using the JUST MOO IT trade-mark to remind its consumers that nutrition is a key part of a healthy lifestyle.

Trade-marks Act, supra para 1, s 6(5).

Kotler, *supra* para 27 at 221.

Trial, supra para 2 at paras 6, 8.

29. Moreover, to the extent that parody serves to differentiate the parties' trade-marks, parody still plays only a limited role within the confusion analysis. The *Act* requires the court to "have regard to all the surrounding circumstances," underlining that parody should not be the exclusive consideration. In *Source Perrier*, Dubé J emphasized the limited role parody plays when he held that despite obvious parody, the accused trade-mark in question—*Pierre, eh?*—was confusing with *Perrier*. Cuthbert JA distinguished the case at bar from *Source Perrier* by suggesting that "realities of marketing in the Twenty-First century demand a different legal standard." However, in this case, a different legal standard would be the responsibility of the legislature and not the court. Therefore, Cuthbert JA should not have minimized and effectively disregarded the factors enumerated in s. 6(5), each of which pointed to a strong likelihood for confusion. Additionally, Cuthbert JA made parody his prevailing consideration because of the "sophistication of today's consumers." However, sophisticated, modern consumers would be more likely than consumers of the past to infer that the JUST MOO IT t-shirt represents a marketing gimmick by Kangaroo Inc based on the diverse marketing tactics commonly used by "Twenty-First century" corporations.

Trade-marks Act, supra para 1, s 6(5) [emphasis added].

Source Perrier S.A. v Fira-Less Marketing Co., [1983] 2 FC 18, 70 CPR (2d) 61 [*Source Perrier*].

¹ The Respondent may argue that, because Ken and Derry's sells humorous bovine-themed t-shirts, a casual consumer would infer a connection between the Respondent's and Ken and Derry's t-shirts. The subset of consumers familiar with Ken and Derry's east-coast shops, and inclined to make such a connection, would be dissuaded by the prominent sign on the Respondent's stand disclaiming any such affiliation.

Appeal, supra para 5 at para 4.

ii. American jurisprudence on the effects of parody on trade-mark confusion

30. Canadian jurisprudence on the effects of parody on trade-mark confusion is somewhat limited, so it is instructive to turn to American jurisprudence, which confirms the state of the law in Canada. In the United States, parody is not an affirmative defence, but rather “another factor to be considered in determining the likelihood of confusion.” As in Canada, “a parody of an existing trademark can still cause a likelihood of confusion” if the public would believe “that the mark's owner [...] approved the use of the trademark.”

Nike Incorporated v Just Did It Enterprises, 6 F3d 1225 at 1228 (7th Cir 1993).

Jordache Enterprises v Hogg Wyld, Ltd., 828 F2d 1482 at 1486 (10th Cir 1987) [*Jordache*].

Dallas Cowboys Cheerleaders, Inc. v Pussycat Cinema, Ltd., 604 F2d 200, at 205 (2d Cir 1979).

31. When parody is “sufficiently outlandish,” confusion is unlikely because a reasonable consumer would not believe the parody was approved by the trade-mark owner. Conversely, subtler parodies can result in confusion. Ultimately, for a parody to escape liability under the U.S. *Lanham Act*, it “must convey two simultaneous – and contradictory – messages: that it is the original, but also that it is *not* the original and is instead a parody.”

Bruce P Keller and David H Bernstein, “As Satiric as they Wanna Be: Parody Lawsuits Under Copyright, Trademark, Dilution and Publicity Laws” (1995) 85 TMR 239 at 250.

See *Jordache, supra* para 30.

See *Schieffelin & Co. v Jack Co. of Boca, Inc.*, 850 F Supp 232, (SDNY 1994).

15 USC §1125(c)(3)(A)(ii).

Cliff's Notes Inc. v Bantam Doubleday Dell Publishing Group Inc., 886 F2d 490 at 494 (2d Cir 1989)

32. Even if Canadian courts were to adopt the American approach, the Respondent’s parody, which only involved changing a single letter of Kangaroo’s trade-mark, is too subtle to prevent confusion. There is a likelihood that consumers will conclude that the Appellant is affiliated with the parody, particularly because corporations are known to engage in guerilla marketing to promote products by using pop-up kiosks that serve frozen desserts in the summertime. A fitness

enthusiast may find the offer to JUST MOO IT—to enjoy a nutritious treat in the summertime—a fitting supplement to her usual fitness regime. Therefore, under the American approach, the Respondent’s trade-mark would be found confusing, consistent with Canadian precedent.

iii. Other surrounding circumstances

33. Finally, it can be noted that although the Respondent posted a sign declaring her lack of affiliation with Ken & Derry’s, she made no attempt to distinguish her business from Kangaroo’s business. Regardless, “confusion is determined based on the trade-mark, not on the additional words included in any advertising material.” If such a disclaimer were exculpatory, any potential infringer could easily avoid liability. Any copycat—e.g. “Just Boo It” or “Just Zoo It”—would be permitted to ruin the value of the JUST ROO IT brand.

Trial, supra para 2 at para 8.

Reynolds Presto Products Inc. v P.R.S. Mediterranean Ltd., 2013 FCA 119 at para 33, 111 CPR (4th) 155.

ISSUE 2: THE COURT OF APPEAL ERRED IN VACATING THE ANTON PILLER ORDER

34. The *Anton Piller* order against the Respondent was properly granted and should be restored so that “justice can be done between the parties.” Unlike many APOs, this one posed no risk to the Respondent’s business, because it was requested just before the stand was about to close for the season, and all procedural protections were “scrupulously followed.” On the facts, the carefully tailored and supervised order was necessary to preserve evidence immediately.

Anton Piller KG v Manufacturing Process Ltd. (1975), [1976] 1 Ch 55 (CA) at 61.

Trial, supra para 2 at para 15.

35. The facts of this case meet the “four essential conditions for the making of an Anton Piller order.” First, Kangaroo has a “strong prima facie case” that the Respondent infringed its exclusive use right in the JUST ROO IT trade-mark. Second, as a result of this infringement, Kangaroo suffered “very serious” damage to its t-shirt sales, brand, and ability to make out its case. Third, it is undisputed that the Respondent possessed materials that Kangaroo required to

prove infringement, including t-shirts and purchase and sale records. Finally, and crucially, there was “a real possibility that the Respondent [would] destroy such material before the discovery process [could] do its work,” one realized by the Respondent’s evasive post-service conduct.

Celanese Canada Inc. v Murray Demolition Corp., 2006 SCC 36 at para 35, [2006] 2 SCR 189 [*Celanese*].
Trial, *supra* para 2 at paras 13, 20, 22-23.

A. Kangaroo has a strong *prima facie* case

36. In *Celanese*, the Supreme Court of Canada (SCC) adopted the “strong *prima facie* case” standard for granting an APO, relaxing the former requirement of an “extremely strong *prima facie* case.” The modern standard does not require a court to “resolve all of the conflicts in the evidence.” Rather, that is a “matter [...] for trial.” Instead, it requires more than a balance of probabilities, but well below a virtual certainty, that the moving party will succeed at trial. This standard recognizes that APO applications are, “of necessity, brought on an urgent basis” and orders are granted before the moving party and court have access to the full range of evidence and legal arguments available at trial.

Celanese, *supra* para 35 at para 35 [emphasis added]; overruling *Anton Piller*, *supra* para 35 at 62.
Catalyst Partners Inc. v Meridian Packaging Ltd., 2007 ABCA 201 at para 11, 160 ACWS (3d) 539.
Coca-Cola Ltd. v Pardhan (c.o.b. Universal Exporters), 2003 FCA 11 at para 26, 23 CPR (4th) 173.

37. Courts focus on the validity of the rights asserted by the moving party when evaluating whether there is a strong *prima facie* case. In the case at bar, the trial judge found there was “no dispute” that “Kangaroo Inc. is entitled to all trade-mark rights asserted” in association with JUST ROO IT. He also found that Kangaroo’s s. 20 claim was “exceedingly strong,” as established above. The unchallenged validity of Kangaroo’s rights and the strength of Kangaroo’s s. 20 claim are more than sufficient to meet the strong *prima facie* threshold.

Fila Canada Inc. v Doe (TD), [1996] 68 CPR (3d) 1 at paras 9, 10, 114 FTR 155 [Fila]. See also *Top Star Distribution Group Inc. v Sigma*, [2000] 4 CPR (4th) 168 at para 5, 94 ACWS (3d) 988 (FCTD); *Profekta International v Mai*, [1996] 74 CPR (3d) 233 at para 6, 65 ACWS (3d) 482 (FCTD).
Appeal, *supra* para 5 at para 4.

Trial, supra para 2 at para 5.

B. The Respondent’s misconduct caused very serious damage to Kangaroo

38. For an APO to be granted, the moving party must establish that it experienced “very serious damage” caused by the defendant’s “misconduct.” Two heads of damages are recognized at this stage: (1) “adverse financial impact” caused by the infringement, and (2) “an inability on the part of the plaintiff to prove its case, either as to liability or damages.” Kangaroo suffered very serious damage under both heads as a result of the Respondent’s misconduct. It suffered financial damage in two forms: loss of sales at its Toronto retail outlet, and damage to its brand. Kangaroo would also have suffered damage to its ability to prove its case if the Respondent had been allowed to dispose of the documentary evidence and remaining t-shirts.

Celanese, supra para 35 at para 35.

Bell ExpressVu Limited Partnership v Rodgers (2007), 161 ACWS (3d) 982 at para 15, CPC (6th) 312 (ONSC) [*Bell ExpressVu*]. See also *Capitanescu v Universal Weld Overlays* (1996), 141 DLR (4th) 751 at para 23, 71 CPR (3d) 37 (ABQB) [*Capitanescu*].

i. The infringing t-shirt sales deprived Kangaroo of JUST ROO IT t-shirt sales

39. Damage can be in the form of “actual monetary damage.” The evidence indicates that the Respondent damaged Kangaroo by causing an “unexpected downturn in JUST ROO IT t-shirt sales,” localized at the Kangaroo store a mere “one block” away from the Respondent’s stand. The decline in sales coincided with the Respondent’s sales of infringing t-shirts. The downturn’s “unexpected” nature suggests it did not result from ordinary changes in the business environment, which would have affected the entire store. The inference is that the Respondent’s sales caused the downturn by intercepting and diverting would-be Kangaroo customers.

Adobe Systems Inc. v KLJ Computer Solutions Inc., [1999] 3 FC 621 at para 63, 166 FTR 184 [*Adobe*].

Trial, supra para 2 at para 23.

40. The lost sales cannot be precisely quantified because of the Respondent’s inadequate recordkeeping. However, the stand was often set up in a “central location near the docks—where

thousands of ferry passengers would stream right past.” It is reasonable to infer that this exposure to significant foot traffic, at a prime Toronto tourist location, at the height of summer, led to a significant number of sales for the prominently displayed “JUST MOO IT” t-shirts.

Trial, supra para 2 at paras 7, 23.

ii. The display and sale of infringing clothing damages the Kangaroo brand

41. In addition to lost sales directly attributable to the infringer, courts also consider damage to a company’s goodwill, from the plaintiff’s point of view. As substantiated by Mr. Crowe’s affidavit, the sale of products infringing the JUST ROO IT trade-mark poses “massive damage to a brand-driven enterprise like Kangaroo” by targeting the “crown jewel” of Kangaroo’s business. Kangaroo’s JUST ROO IT trade-mark signals quality and source to its customers. Over time, infringing sales would cause Kangaroo’s brand value to be “eroded and eventually lost,” because Kangaroo’s trade-mark can no longer serve as a reliable marker which distinguishes Kangaroo’s wares from those of infringing competitors. The Trial Court’s finding that Kangaroo was damaged as a result of the Respondent’s infringement should therefore be upheld.

Adobe, supra para 39 at para 27.

Club Monaco Inc. v Woody World Discounts (1999), [1999] FCJ No 1645, at para 7, 2 CPR (4th) 436.

Trial, supra para 2 at paras 11, 22.

42. Further, the damage that Kangaroo suffered to its t-shirt sales and brand image as a result of the Respondent’s infringing t-shirts should not be discounted due to Kangaroo’s large size. The Court of Appeal erred in finding that the “scale of Janet Dough’s operations [...] relative to the size of the Kangaroo entity” helped mitigate the damages. This analysis leaves larger companies without remedy when an infringer is relatively small, leading to *death by a thousand cuts*. With no effective enforcement mechanism, the market would become deluged with infringing clothing items from small vendors. From a policy perspective, it is important to

consider the “larger context of Kangaroo’s potential loss of control over the market,” discussed by Marsupial J, to ensure that Kangaroo is not without legal recourse as its brand is eroded.

Appeal, supra para 5 at para 6.

Trial, supra para 2 at para 22.

iii. *The disposal of evidence by the Respondent would have damaged the Appellant’s ability to prove its case*

43. Damages also result when disposal of evidence would harm the moving party’s ability to prove its case, by making it impossible to prove liability or the extent of the damages suffered. In the case at bar, the Appellant needed the Respondent’s t-shirt inventory and sales records to prove infringement and the extent of the damages. Although the Respondent’s records were not comprehensive, when combined with other evidence such as live testimony, the private investigator’s observations, and sales records from Kangaroo’s downtown store, they would assist the court in evaluating damages. Had an APO not been granted, the Respondent’s effort to dispose of t-shirts and the absence of a business registration strongly suggest that Kangaroo would have been deprived of evidence, and therefore of an effective remedy for the infringement of its exclusive use rights.

Netbored Inc. v Avery Holdings Inc., 2005 FC 1405 at para 56, 48 CPR (4th) 241.

Bell ExpressVu, supra para 38 at para 15. See also *Capitanescu, supra* para 38 at para 23.

C. The Respondent possessed incriminating material

44. The third step of the APO test requires “convincing evidence that the defendant has in its possession incriminating documents or things.” As the trial judge found, “there is no dispute” that the Respondent had documents related to the “purchase and sale of t-shirts” and “several of the JUST MOO IT t-shirts themselves.” Although acquiring a “representative item” of the infringing work may sometimes be sufficient to prove a case, Kangaroo is entitled to provide the court with a complete picture of the Respondent’s activities and not just a token t-shirt.

Celanese, supra para 35 at para 35.

Trial, supra para 2 at paras 9, 20.

FILA, supra para 37 at para 10.

D. There was a real possibility the Respondent would destroy evidence

45. The moving party must show “there is a real possibility relevant evidence will be destroyed or otherwise made to disappear” before discovery can take place. Cuthbert JA erred in requiring “specific evidence proving conclusively that the defendant had a plan to destroy the documents.” As the court noted in *Capitanescu*, “it is almost impossible for an applicant to produce direct proof that a defendant will destroy the material.” Cuthbert JA should instead have “draw[n] inferences reasonably compelled by the surrounding circumstances.”

Celanese, supra para 35 at paras 1, 35.

Appeal, supra para 5 at para 7.

Capitanescu, supra para 38 at para 22.

British Columbia (Attorney General) v Malik, 2011 SCC 18 at para 59, [2011] 1 SCR 657.

46. In looking at the circumstances to determine whether there is a real possibility of the destruction of evidence, courts have focused on the “temporary nature” of a business. The Respondent’s business structure was almost tailor-made to evade judicial processes through potential disappearance of evidence. It operated on a cash-only basis, maintained no corporate records, was unregistered for HST, and could be easily relocated or disbanded without a trace. The stand was only set up at the docks “from time to time” and operated on a seasonal basis. As the Trial Court found, the imminent end of summer meant “there was a need for action to be taken immediately.” The Respondent’s unregistered business would have left no paper-trail for the Appellant and Court to trace if it disappeared at the end of the season. The risk was compounded by the ease with which evidence could be destroyed. Material could “be removed from the [site] and disposed of in a matter of minutes.” The small size and limited capacity of the

Respondent's stand would facilitate the removal of the entire retail operation from a location "in a matter of minutes," or disposal of particular evidence on even shorter notice.

Adobe, supra para 39 at para 38.

Trial, supra para 2 at para 24.

Nintendo of America Inc. v Coinex Video Games Inc., [1983] 2 FC 189 at para 8, 34 CPC 108.

47. When reviewing an APO to determine whether there was a real possibility for the destruction of evidence, a court may "consider not only the evidence that was before the judge who made the order but also further evidence obtained since the granting of the order including the 'fruits of the search.'" The possible disappearance of evidence became all but a certainty when the APO was served. The Respondent lied about her name and brazenly facilitated the removal of "what appeared to be t-shirts" from the premises. When faced with the court order a judicially approved process, she informed the solicitor: "the joke's on you [...] one of my business associates had a bit of an inventory clearance." Cuthbert JA focused only on the flippancy of what he termed "perhaps jocular" words without considering the fact that the words were actually accompanied by the removal of materials. Not only are these facts of "sufficient evidentiary weight to support a finding of probability of destruction," this is the only inference that can be drawn. The Respondent failed to file an affidavit providing a more benign explanation for her behavior, leading to the conclusion that the Respondent was not only flippant in copying the Appellant's trade-mark, but was also flippant with the Court. The APO was rightfully granted, duly executed, and validated on review by Marsupial J. There were no reasons for Cuthbert JA to have set it aside.

Bell ExpressVu, supra para 38 at para 11.

Trial, supra para 2 at paras 8, 13.

Appeal, supra para 5 at para 7.

PART V – ORDER REQUESTED

48. Customers recognize and rely upon the Appellant’s JUST ROO IT trade-mark. The Respondent’s JUST MOO IT mark is confusingly similar, thus violating the Appellant’s right to the exclusive use of its trade-mark under the *Act*. The issuance of an *Anton Piller* order was necessary to preserve evidence and ensure that the Appellant was not deprived of a remedy by the Respondent’s evasive conduct.

49. The Appellant respectfully requests an order allowing the appeal and restoring the APO.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Signed this 12th day of January, 2015.

Team No. 1

Counsel for the Appellant

PART VI – TABLE OF AUTHORITIES

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<i>Source Perrier S.A. v Fira-Less Marketing Co.</i> , [1983] 2 FC 18, 70 CPR (2d) 61.	
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Bruce P Keller and David H Bernstein, "As Satiric as they Wanna Be: Parody Lawsuits Under Copyright, Trademark, Dilution and Publicity Laws" (1995) 85 TMR 239.	p 250

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