

SUPERIOR COURT

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

N° : 500-17-097042-173

DATE : February 9, 2017

PRESIDING : THE HONOURABLE THOMAS M. DAVIS, J.S.C.

IRVING CONSUMER PRODUCTS LIMITED

Plaintiff

v.

CASCADES CANADA ULC

Defendant

REVISED REASONS FOR JUDGMENT
RENDERED ORALLY ON JANUARY 9, 2017

Introduction

[1] Soft furry animals are used to sell bathroom tissue. So is the color blue. Can one furry animal on a predominately blue package be confused with two or three other white furry animals on a predominately blue package? Herein lies in large part the dispute between two major manufacturers of bathroom tissue that the Court is asked to adjudicate upon at the stage of a provisional injunction.

[2] Plaintiff Irving Consumer Products Limited ("**Irving**") manufactures the Royale brand of bathroom tissue. The consumer has choices amongst the Royale products. Royale three ply comes in an essentially blue package with the Royale logo, white writing on a blue background within a rounded rectangle. The Velour plush and thick

variety is in purple packaging with the blue and white logo. The two ply or the original comes in an essentially clear package with the white on blue logo.

[3] White Persian kittens are predominate on the packaging. The Royale logo is present on every package and it features the word Royale in white with the two white Persian kittens in the logo. This logo is trademarked (exhibit P-2) along with the color in the logo. Irving holds various other trademarks with images of the two Royale kittens. Each type of bathroom tissue also has a single cat on the packaging, seemingly one of the Royale kittens. This kitten is in a different pose depending on the grade of the tissue.

[4] Since the introduction of the Royale kittens sales of Royale bathroom tissue have been extremely successful. Royale is apparently Canada's most trusted brand, based on a 2015 survey (exhibit P-5A).

[5] The view of the kittens is toward the consumer and they have blue eyes; they no doubt seem very cute to most consumers. Presumably given the high degree of consumer confidence, the Royale kittens are regularly used to market the product including on social media.

[6] Defendant Cascades Canada ULC ("**Cascades**") also manufactures bathroom tissue.

[7] Historically it has used packaging with a stylized sunflower, with green and gold packaging for the soft version and a blue very similar to the Royale blue for the Ultra version.

[8] That is about to change following a significant investment by Cascades to rebrand its bathroom tissue.

The Context and some Other Facts

[9] The Royale kittens have been a marketing tool for Irving since 1973 and have been the focal point of Irving's branding since 2007.

[10] The kittens are apparently recognizable. Here is what Irving says at paragraph 23 of its demand:

(...)

"The cat draws your eye, tend to look at the ones that are looking right at me"

(...)

"It's cute, easy to recognize the brand, the kitten makes it more enjoyable shopping for toilet paper"

"Iconic kitty"

[11] The brand is sold at major Canadian retailers and revenues have exceeded \$1 billion between 2007 and 2016. Market share has increased during that period from 12.5 percent in 2007 to 20.1 percent in 2016.

[12] Since 2007 advertising expenditures involving the kittens have been in excess of \$23 million.

[13] The kittens are also featured on social media such as Facebook and YouTube.

[14] Turning now to Cascades.

[15] It has been selling bathroom tissue since 1977. The name Cascades is trademarked. The solemn declaration of Mr. Thierry Trudel shows that the word Cascades has always featured predominately on the packaging of bathroom tissue, always centered on the packaging.

[16] Like Irving it has consistently sold its products through major Canadian retailers.

[17] In 2014 Cascades decided to reposition the brand – the word “relancer” is used in French; and the word used by Mr. Trudel in his solemn declaration. The best description of this process is found in Mr. Trudel’s solemn declaration:

29. Depuis au moins le milieu de l’année 2014, la division Cascades Groupe Tissu de la défenderesse a effectué différentes démarches afin de relancer la marque CASCADES employée, comme je l’ai indiqué, depuis plusieurs décennies au Canada. Cette relance de la marque CASCADES signifie que celle-ci continuera toujours d’être associée aux produits vendus par la défenderesse, comme son papier hygiénique et son papier essuie-tout (de plus, pour cette relance, ces produits ont été améliorés). Il a toutefois été décidé que cette relance devait passer par la mise en valeur d’un élément mémorable et unique pour les consommateurs (qui restait à définir à l’époque) qui permettrait rapidement d’identifier la marque par une association émotive et évoquer les bénéfices du produit (douceur pour papier hygiénique et force pour essuie-tout).

[18] To find this memorable and unique consumer symbol Cascades has spent significant sums of money, which by agreement of the parties shall be kept confidential for the present time.

[19] The result of this time and effort has been the creation of :

32. ... Ces personnages de lapin « non réalistes » de style bande dessinée en 3D sont uniques. Ils ont été créés spécifiquement pour la défenderesse après un travail marathon de plusieurs mois pour obtenir l’élément mémorable dont j’ai parlé précédemment. L’un de ces personnages évoque également le caractère unique et la qualité de douceur du papier hygiénique qui sera associé à certaines des nouvelles marques de commerce.

[20] That describes the character "Fluff". There is also a character named "Tuff" but for the purposes of this judgment discussion of Fluff is much more relevant.

[21] Trademark applications for the character lying down, standing and even for its rear end were filed on August 29, 2016. An application for the words "Cascades Fluff" was made on March 2, 2016.

[22] Fluff might be described as a cartoon style rabbit with long floppy ears and oversized green eyes which face forward. Like the Royale kittens, the rabbit is white and is portrayed to look soft and cuddly.

[23] With the arrival of Fluff comes new packaging and seemingly a new higher end of bathroom tissue. The Ultra tissue is in a predominantly pink package. The highlights on the package are green and the tissue is two ply.

[24] The regular grade is in a predominantly blue package with red highlights in the upper part of the packaging. The blue is designed to make a visual link with the existing blue packaging of Cascades according to Mr. Trudel. The paper is described as "strong" in English, "résistant" in French.

[25] The Enviro packaging is predominantly green, with red highlights. The green colour is also a link to the existing packaging; though the word Enviro is now prominent.

[26] All of the new packaging features Fluff at the top of the packaging, the green eyes open wide looking out at the consumer. Fluff's backside is also on the back of the packaging directly behind the face.

[27] The Cascades name is predominantly featured on each packaging, in the center, as before.

[28] In preparation for the imminent launch of the new product, existing packaging stock has been run down to a minimal inventory.

[29] The new look has already been presented to retailers. New product codes are already in the systems of many retailers,

[30] A delay in the product launch planned for January may delay the launch for an indeterminate period, perhaps by as much as nine months, again according to the affidavit of Mr. Trudel.

[31] When did Irving learn of the Cascades trademark applications?

[32] This information has not been provided to the Court other than in a vague and imprecise way. The Court refers to paragraph 84 of the Judicial Demand which reads as follows:

Upon learning of the Defendant's trademark applications, ICP immediately retained Quebec counsel, Woods LLP, to put the Defendant on notice that ICP considered any launch of any household paper products with the Fluff and Tuff characters to be an infringement if the ROYALE KITTENS ...

[33] A demand letter was sent dated November 28, 2016 (exhibit P-19). The Court refers to P-19 at page 3:

Notre cliente a très récemment pris connaissance du fait que Cascades Canada ULC (« Cascades ») a déposé des demandes pour l'enregistrement d'une série de marques de commerce projetées...

and those of course were the Fluff and Tuff trademark applications.

[34] Cascades counsel responded on December 8 stating that its client had not violated any trademarks (exhibit P-20).

[35] A further communication was sent by Cascades counsel on December 23 (exhibit P-21) and that communication reads in part :

Dear Bogdan (referring to Me Catanu),

This is to confirm that we have been unable to confirm that the products at issue in this matter will not be launched before a given date next year.

[36] There are two other factual elements that the Court will consider at this juncture. The first is the report of Professor Michael R. Pearce, presented as an expert in marketing.

[37] Paragraph 2 of his affidavit reads as follows:

I have been asked by Bereskin & Parr LLP, legal counsel to the Plaintiff Irving Consumer Products Limited, to provide my professional opinion as a marketing expert regarding the following question: Is use by Cascades of the white characters identified as "Fluff and Tuff" on the bath tissue packaging and marketing communications shown in paragraph 14 of my Expert Report dated January 3, 2017, likely to create confusion among consumers with the Royale bath tissue sold by Irving?¹

[38] Paragraph 14 of the report reads as follows:

I have also been shown two visuals of the proposed new packaging for Cascades bath tissue using Fluff and Tuff, and have reproduced them below...

¹ At P-22 Irving produced a report dated January 4, 2017 and an affidavit dated January 4, 2017 where paragraph 14 is paragraph 13.

and we see essentially marketing documents bring the Fluff and Tuff presentation sheets.

[39] The Court thinks it's also important at this juncture to consider paragraph 10 of the report which reads:

As discussed in detail below, confusion from the consumers' perspective is anything that reduces their ability to differentiate products, one from another. In the consumer goods market, confusion will affect what products are chosen, thus affecting the financial performance of competitive brands in a category. This is a common definition of confusion used by marketing professionals, and I was asked by Bereskin & Parr LLP to use this definition when providing my opinion.

(...)

[40] And finally paragraph 17 (c)²:

From a marketing perspective, it is my professional opinion that:

(...)

- (c) This likelihood of confusion exists because Cascades has, in my opinion, copied key brand elements that help consumers differentiate ROYALE bath tissue from competitive products. In particular, the Cascades bath tissue packaging and related market communications:
- (i) use Fluff or Tuff as a character that is small, cute, furry, cuddly and white, in a manner that evokes the Royale Kittens;
 - (ii) use the Fluff and Tuff character on packaging in much the same way in terms of size, placement, and prominence as Royale has done for decades with its Kittens;
 - (iii) use enlarged eyes, that are blue, for its Fluff and Tuff characters, like the Royale Kittens;
 - (iv) use a mid- to dark-blue on the packaging for its regular product, like the Royale regular product; and
 - (v) use purple on the packaging for its premium product, like the Royale premium product.

[41] The final factual element takes us back to the introduction of the present judgment. Many sellers of bathroom tissue use cuddly white animals and the colour blue to sell bathroom tissue. Charmin uses a cartoon bear and the colour blue for its softer brand. Cashmere uses the colour blue, as does Cottonelle.

² Paragraph 16 in P-22, the January 4 report.

[42] The Selection Metro brand uses rabbits, white, soft and fluffy. Giant Tiger uses a rabbit. So does Sobey's. Finally the Uniprix Option+ brand uses two rabbits with floppy ears and at least one of which is staring directly at the consumer.

[43] Several examples of actual packaging were shown to the Court by the parties and many packaging examples are reproduced in the proceedings.

Analysis

[44] There may be scope for relief in the present matter, both under the *Code of Civil Procedure* and the *Trade-marks Act*.³

[45] The Court will look first at Irving's right to the remedy that it seeks.

[46] However, the first question to answer is the value of the Pearce report at this juncture of the proceedings. The Court is of the view that the confusion test proposed by Professor Pearce is an oversimplification of the test set out by the Supreme Court of Canada in *Masterpiece v. Alavida Lifestyles*⁴:

[40] At the outset of this confusion analysis, it is useful to bear in mind the test for confusion under the *Trade-marks Act*. In *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824, Binnie J. restated the traditional approach, at para. 20, in the following words:

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [mark], at a time when he or she has no more than an imperfect recollection of the [prior] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202, to contrast with what is not to be done — a careful examination of competing marks or a side by side comparison.

[41] In this case, the question is whether, as a matter of first impression, the "casual consumer somewhat in a hurry" who sees the Alavida trade-mark, when that consumer has no more than an imperfect recollection of any one of the Masterpiece Inc. trade-marks or trade-name, would be likely to be confused; that is, that this consumer would be likely to think that Alavida was the same source of retirement residence services as Masterpiece Inc.

[47] The Court also denotes two significant errors in the report, perhaps due to the fact that Dr. Pearce did not have the actual packaging. The eyes of Fluff are described

³ R.S.C., 1985, c. T-13.

⁴ [2011] 2 S.C.R. 387.

as blue but they are in fact green. Cascades packaging of its premium Ultra product is not purple as described. It is pink, perhaps with a reddish tinge.

[48] There are also elements of the report that the Court cannot easily agree with particularly paragraph 17 (c) (ii). Fluff in the Court's view is not used in much the same way in terms of size, placement and prominence as Royale has done for decades with the kittens.

[49] On each of the new Cascades packages Fluff appears once (albeit in two images front and back) always at the top centre of the package, again both in front and in back. On each of the Royale packages presented to the Court, there are always three feline images, the two kittens in the blue Royale logo at the top of the package and one larger image under the logo in a different position depending on the grade of bathroom tissue.

[50] Paragraph 17 (c) (iv) also appears to be incorrect as the regular Royale product is packaged in predominantly clear packaging other than for the logo and for the third kitten on the packaging, unless three ply tissue can be considered to be the regular product, which the Court doubts.

[51] All this to say that at this juncture of the proceedings, particularly in the absence of cross-examination, the Court gives little weight to Dr. Pearce's report in considering whether Irving has established a clear right to the remedy requested.

[52] Looking first at whether there is a clear trademark infringement, the Court must consider the criteria of sections 6 (2) and 6 (5) of the *Trade-marks Act*.

[53] In so doing the Court cannot come to the conclusion that it is clear that the use by Cascades new Fluff trademark will cause confusion with the Royale trademarks.

[54] At this juncture based on the evidence the Court concludes that Irving chances of success in its recourse are somewhat doubtful.

[55] The Court starts with the analysis of confusion set out by the Supreme Court in *Mattel, Inc. v. 3894207 Canada Inc.*⁵:

(1) The Casual Consumer Somewhat in a Hurry

56 What, then, is the perspective from which the likelihood of a "mistaken inference" is to be measured? It is not that of the careful and diligent purchaser. Nor, on the other hand, is it the "moron in a hurry" so beloved by elements of the passing-off bar: *Morning Star Co-Operative Society Ltd. v. Express Newspapers Ltd.*, [1979] F.S.R. 113 (Ch. D.), at p. 117. It is rather a mythical consumer who stands somewhere in between, dubbed in a 1927 Ontario decision of Meredith C.J. as the "ordinary hurried purchasers": *Klotz v. Corson* (1927), 33 O.W.N. 12

⁵ [2006] 1 S.C.R. 772 at 803.

(Sup. Ct.), at p. 13. See also *Barsalou v. Darling* (1882), 9 S.C.R. 677, at p. 693. In *Delisle Foods Ltd. v. Anna Beth Holdings Ltd.* (1992), 45 C.P.R. (3d) 535 (T.M.O.B.), the Registrar stated at pp. 538-39:

When assessing the issue of confusion, the trade marks at issue must be considered from the point of view of the average hurried consumer having an imperfect recollection of the opponent's mark who might encounter the trade mark of the applicant in association with the applicant's wares in the market-place.

And see *American Cyanamid Co. v. Record Chemical Co.*, [1972] F.C. 1271 (T.D.), at p. 1276, aff'd (1973), 14 C.P.R. (2d) 127 (F.C.A.). As Cattnach J. explained in *Canadian Schenley Distilleries*, at p. 5:

That does not mean a rash, careless or unobservant purchaser on the one hand, nor on the other does it mean a person of higher education, one possessed of expert qualifications. It is the probability of the average person endowed with average intelligence acting with ordinary caution being deceived that is the criterion and to measure that probability of confusion the Registrar of Trade Marks or the Judge must assess the normal attitudes and reactions of such persons.

57 Having repeated that, I fully agree with Linden J.A. in *Pink Panther* that in assessing the likelihood of confusion in the marketplace "we owe the average consumer a certain amount of credit" (para. 54). A similar idea was expressed in *Michelin & Cie v. Astro Tire & Rubber Co. of Canada Ltd.* (1982), 69 C.P.R. (2d) 260 (F.C.T.D.), at p. 263:

... one must not proceed on the assumption that the prospective customers or members of the public generally are completely devoid of intelligence or of normal powers of recollection or are totally unaware or uninformed as to what goes on around them.

58 A consumer does not of course approach every purchasing decision with the same attention, or lack of it. When buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal: *General Motors Corp. v. Bellows*, [1949] S.C.R. 678. In the case of buying ordinary run-of-the-mill consumer wares and services, this mythical consumer, though of average intelligence, is generally running behind schedule and has more money to spend than time to pay a lot of attention to details. In appropriate markets, such a person is assumed to be functionally bilingual: *Four Seasons Hotels Ltd. v. Four Seasons Television Network Inc.* (1992), 43 C.P.R. (3d) 139 (T.M.O.B.). To those mythical consumers, the existence of trade-marks or brands make shopping decisions faster and easier. The law recognizes that at the time the new trade-mark catches their eye, they will have only a general and not very precise recollection of the earlier trade-mark, famous though it may be or, as stated in *Coca-Cola Co. of Canada Ltd. v. Pepsi-Cola Co. of Canada Ltd.*, [1942] 2 D.L.R. 657 (P.C.), "as it would be remembered by persons possessed of an average memory with its usual imperfections" (p. 661). The standard is not that of people "who never notice anything" but of persons who take no more than "ordinary care to observe that which is staring them in the face": *Coombe v. Mendit Ltd.* (1913), 30 R.P.C. 709 (Ch. D.), at p. 717. However,

if ordinary casual consumers somewhat in a hurry are likely to be deceived about the origin of the wares or services, then the statutory test is met.

(The Court's underlining)

[56] The Court would add that when one considers that it should not proceed on the assumption that perspective customers are completely devoid of intelligence, the fact that there is so much recognition of the Royale kittens, would seem to make confusion less likely.

[57] What is the likelihood of confusion in this matter?

[58] Irving has several trademarks set out at exhibit P-2. The most important is the rounded rectangle Royale blue logo with the two kittens centered in the logo. It appears on all the packaging presented to the Court. The other trademarks showing the kittens and presented to the Court in P-2 all show two kittens.

[59] In the Court's view it is far from clear that a consumer of average intelligence will confuse two kittens with one rabbit even considering the test set out at paragraph 62 in *Masterpiece*⁶ and that reads as follows:

Resemblance is defined as the quality of being either like or similar; see *Shorter Oxford English Dictionary on Historical Principles* (5th ed. 2002), at p. 2544, under the definition of "resemblance". The term "degree of resemblance" in s. 6(5)(e) of the Act implies that likelihood of confusion does not arise solely from identical trade-marks...

[60] Generally an average consumer should be able to distinguish between two white furry animals with blue eyes that are clearly kittens and one other white furry animal like creature with oversized green eyes and floppy ears.

[61] But there is more to this trademark debate than two kittens and one rabbit.

[62] The names of Royale and Cascades are both trademarked and both figure prominently on the packaging, and in Cascades case both on the old and the new packaging. These names form part of the brand recognition that the average consumer has, perhaps all the more so with the Royale brand, given that the two kittens always appear with the name. These are not words that an average consumer is likely to confuse.

[63] But what about the packaging, more of an argument based on passing off.

[64] On this aspect Irving invites the Court to consider *Agropur Cooperative c. Saputo Inc.*⁷ starting at paragraph 12 of that judgment of Justice Gascon as he then was:

⁶ *Supra* note 2.

[12] La marque Ultralait et son « emballage famille » est un « branding », on excusera l'expression anglaise, qui est sur le marché depuis trois ans. Le développement a été coûteux et est détaillé aux paragraphes 10 à 17 de l'affidavit de monsieur Turcot. Des investissements énormes ont été nécessaires. Selon la preuve faite et notamment le paragraphe 40 de l'affidavit de monsieur Turcot, cet « emballage famille » se caractérise par des signes particuliers et distinctifs aux produits laitiers de Natrel qui sont présentés sous la marque Ultralait ...

and paragraphs 14 and 17 of Mr. Turcot's affidavit referred to by Justice Gascon:

[14] After much research, market testing and design efforts, we retained a unique and innovative concept of packaging for the flagship NATREL ULTRA'LAIT premium milk product in the province of Quebec. This new concept broke with the tradition of simple designs, cows and pastoral scenes for milk packaging, introducing sophisticated artwork whose objective is to present a very human face for the flagship NATREL ULTRA'LAIT premium milk product, focusing on bright faces and people engaged in the joyous activities of everyday life with family and friends, on vacation or in the great outdoors.

[17] To my knowledge, this was the first time that milk was thus marketed in packages that presented such different, original and artistically dramatic images for each type of product, yet maintained a unity of appearance in order to ensure immediate consumer recognition. This concept was so novel, original and technically challenging that our printers didn't believe that it was attainable on milk cartons. It took much cajoling and argument to convince our printers, International Paper, that the concept was possible.

[65] Justice Gascon concluded that the Natrel packaging was unique to the industry.

[66] In the Court's view this conclusion of Justice Gascon is a distinguishing factor between the *Agropur* case and the present one.

[67] At the risk of repetition, the use of white furry animals is not unique to the packaging for Irving's products. It is common practice throughout the bathroom tissue industry, particularly the use of rabbits. What is perhaps distinct is Royale's use of two kittens, but that distinctiveness in the Court's view is not endangered by Cascades use of one stylized bunny.

[68] Justice Gascon then goes on to state the following:

[19] Le Tribunal n'est pas d'accord. D'abord, le problème ne se situe pas ici au niveau du nom de la marque de commerce de Nutrilait, mais bien plutôt au niveau du dessin de l'emballage de son produit et surtout, de la présentation globale de cet emballage ...

[69] In this matter the Court believes that the global presentation of the packaging by Cascades should not lead the average consumer to be confused.

[70] As already stated there are three kittens on each of the Royale packages as opposed to one Fluff on the new Cascades packaging. The word Cascades remains very prominent on the new packaging, as it always has been. It remains centered in the package as it always has been. The word Royale remains prominent on the Irving packaging.

[71] The colour issue is less significant than as has been presented to the Court by Irving or in Dr. Pearce's report.

[72] Cascades Enviro product is in green packaging and the word Enviro is prominent. Royale has no product packaged in green or promoted as Enviro so no confusion is likely to occur.

[73] The standard two ply tissue is also packaged differently. Royale's is in an essentially clear package. Cascades is in a predominantly blue package; Cascades has always used blue for its regular grade. The words "résistant" in French and "strong" in English are used on the Cascades package; where as on Royale's package it is "kittenly soft" in English or "douceur chaton" in French.

[74] Could the Cascades two ply be confused for the three ply package of Royale which is essentially the same colour scheme. The Court considers this unlikely. Firstly the description "3" – using the number – "ply" in English or "épaisseurs" in French is prominent on the packaging. While no evidence has been presented on the issue, it seems likely that the consumer seeking out three ply tissue will be more discerning.

[75] Finally, comparing the Cascades Ultra to the Royale Velour. The colours are clearly different. Moreover on the Royale packaging the word Velour bleeds into the blue logo, in the middle of the packaging, whereas the word Ultra is at the very bottom of the Cascades package.

[76] The final distinguishing factor on the Cascades packaging is Fluff's rear end on the back of the packaging. Any thought that Fluff might be a kitten should be quickly dispelled with a view of the furry bunny tail.

Urgency

[77] In the Court's view Irving has not demonstrated it. As the Court has stated all we know from the demand is that Woods was retained by Irving immediately upon its learning of the Cascades trademark applications. We do not know precisely when that was, as one does not know what "Notre cliente a très récemment pris connaissance" actually means (exhibit P-19).

[78] Taking the best case scenario for Irving it perhaps learnt about the application in the weeks preceding the November 28 demand letter. It gave Cascades five working days to answer which Cascades did on December 8. Yet Irving only served its procedure on January 5, 2017, almost one month later.

[79] In the Court's view Irving had no legal right to be informed of the launch date of the Cascades new packaging. Clearly given the response of Cascades on December 8 2016, Irving had all the information that it required to proceed.

[80] The Court can only speculate on the reasons for waiting almost one month to serve the proceeding. However, this delay was excessive, particularly given Irving's pronouncement that it would institute proceedings "sans autre délai ou avis".

[81] But there is more. Irving is no doubt a sophisticated corporation. It should have known that the longer it waited to institute its judicial demand, the more advanced Cascades would be in its marketing arrangements for the product launch. Moreover, we know from Mr. Trudel's solemn declaration that product samples were being delivered in December 2016 with further samples delivered on January 5, 2017 and that the new product codes have been entered into the systems of many clients.

[82] Irving can also be presumed to know that the launch of the product is not a decision that Cascades can make alone.

[83] The additional delay in the Court's view caused by Irving's failure to act sooner has put Cascades in a more difficult position and is a factor to be considered in respect of the balance of convenience which the Court concludes is in Cascades' favour at this juncture. Calling off the launch now when it is so far advanced would no doubt cause Cascades significant harm, perhaps to the benefit of Irving. Its ability to produce products in the old packaging is now clearly hampered; this would have been less the case if Irving had acted in a more timely fashion.

[84] Finally Cascades has invested considerable amounts in the project.

[85] What is the inconvenience to Irving? It might well lose market share in the short term, but will it suffer irreparable harm?

[86] It is true that the courts have held that the simple violation of a trademark may constitute irreparable harm,⁸ but in the Court's view such a violation is doubtful given the evidence before the Court at this time.

[87] It has also been held that where the likelihood confusion is found to be clear a loss of goodwill is presumed to follow.⁹ However, again, it has not been demonstrated at this juncture that confusion is likely to occur.

⁸ *Lampe Berger Canada inc. c. Pot pourri Accent inc.*, 2005 QCCA 1111.

⁹ *India-Canada Organization Inc. v. India-Canada Organization ICO*, 2014 QCCS 3249.

[88] In analyzing this issue Justice Rothstein, as he then was, stated the following in *Sports Authority, Inc. v. Vineberg* :

Mr. Vineberg, in his affidavit, also asserts Presidio will suffer irreparable harm as to its goodwill and reputation and that use by the plaintiff of the name "The Sports Authority" will render Presidio's trade mark non-distinctive. However, there is no evidence that the plaintiff's merchandise is inferior to that of the defendant or that its sale will in any other way degrade Presidio's reputation. Nor is it clear in this case that a temporary loss of distinctiveness will inevitably lead to a permanent loss, thus rendering moot any permanent injunction Presidio might obtain at trial...

... To demonstrate irreparable harm, an applicant must lead clear evidence showing how such harm will occur and why it will be irreparable. In the absence of such evidence, there is nothing on which an inference of irreparable harm can reasonably and logically be based.¹⁰

[89] Finally on this issue, the Supreme Court stated the following in *RJR — MacDonald Inc. c. Canada (P.G.)*:

"Irreparable" refers to the nature of the harm suffered rather than its magnitude. It is harm which either cannot be quantified in monetary terms or which cannot be cured, usually because one party cannot collect damages from the other. Examples of the former include instances where one party will be put out of business by the court's decision [...] where one party will suffer permanent market loss or irrevocable damage to its business reputation ...¹¹

[90] In the Court's view, any damage Royale might suffer between now and any interlocutory or final judgment should be largely quantifiable. If less Royale bathroom tissue is sold and more Cascades bathroom tissue is sold a damage calculation should be possible. Moreover upon realizing that they have bought the wrong product, consumers who are attached to the kittens are likely to switch back to Royale such that there should be no permanent market loss.

FOR THESE REASONS, THE COURT:

[91] **DISMISSES** Plaintiff Irving Consumer Products Limited's demand to obtain a provisional injunction;

[92] **WITH JUDICIAL COSTS**, to follow suit.



THOMAS M. DAVIS, J.S.C.

¹⁰ (1995) 61 C.P.R. (3d) 155 (C.F.) at 156.

¹¹ [1999] 1 R.C.S. 311 at 341.

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Dates of Hearing: January 6 and 9, 2017