

Federal Court



Cour fédérale

**Date: 20170728**

**Docket: T-740-14**

**Citation: 2017 FC 738**

**Ottawa, Ontario, July 28, 2017**

**PRESENT: The Honourable Mr. Justice Boswell**

**BETWEEN:**

**DIAGEO CANADA INC.**

**Plaintiff/  
Defendant by Counterclaim**

**and**

**HEAVEN HILL DISTILLERIES, INC. and  
DIAMOND ESTATES WINES & SPIRITS  
LTD. d.b.a. KRISCOTT DISTRIBUTORS**

**Defendants/  
Plaintiffs by Counterclaim**

**FURTHER AMENDED JUDGMENT**

[1] The Defendant/Plaintiff by Counterclaim, Heaven Hill Distilleries, Inc. [Heaven Hill], has made a motion in writing under Rules 369 and 397 of the *Federal Courts Rules*, SOR/98-106, as amended, for an Order that the Court reconsider the terms of the June 12, 2017 Judgment issued in this proceeding (citation 2017 FC 571) relating to the issue of costs as between Heaven Hill and the Plaintiff (Defendant by Counterclaim), Diageo Canada Inc. [Diageo], so that the

parties be permitted to make written submissions as to costs, and for an Order amending the Judgment to remove paragraphs 3 and 5(d) of the Judgment so as to align the Judgment with paragraph 99 of the Reasons for the Judgment. This Judgment was amended by an Amended Judgment dated June 27, 2017 (citation 2017 FC 624) [the Amended Judgment and, together with the Judgment, the Judgment], to clarify that the Judgment not be unintentionally interpreted in a manner requiring the Defendant/Plaintiff by Counterclaim, Diamond Estates Wines & Spirits Ltd. [Diamond Estates], to participate in any appeal or motion by Heaven Hills in order to take the benefit of a resultant decision.

[2] The parties submit, and the Court agrees, that paragraphs 3 and 5(d) of the Judgment do not align or accord with paragraph 99 of the Reasons for the Judgment and, consequently, these paragraphs should be removed from the Judgment.

[3] As to the requests by Heaven Hill and Diageo that they be afforded an opportunity to make written submissions with respect to the issue of costs, the Court notes that both Diageo and Heaven Hill requested in their closing memoranda of fact and law that costs be considered and determined after the trial decision was rendered. In rendering the Judgment, the Court overlooked and inadvertently omitted to make provision for the parties' requests to make submissions as to costs. This matter should have been dealt with in the Judgment. Consequently, the parties shall be entitled to file with the Court written submissions as to the issue of costs; such submissions shall not exceed 20 pages in length (exclusive of any cover pages, any schedule or list of authorities, or copies of any written offers to settle), and shall be filed within 30 days of the date of this Further Amended Judgment.

[4] Accordingly, it is hereby ordered pursuant to Rule 397 of the *Federal Courts Rules* that the Judgment issued with respect to this proceeding is further amended to now read as follows:

**JUDGMENT**

**THIS COURT'S JUDGMENT is that:**

1. Heaven Hill's sale, distribution, and advertising in Canada of the ADMIRAL NELSON'S rum products infringe and depreciate the goodwill attaching to Diageo's Trade-mark Registration Nos.: TMA298,005; TMA409,540; TMA445,025; TMA676,015; TMA676,119; TMA846,828; TMA846,829; TMA848,087; and TMA863,667.
2. Heaven Hill has directed public attention to its wares and business so as to cause confusion in Canada between its wares and business and the wares and business of Diageo in Canada.
3. Diamond Estates shall be bound by the two foregoing declarations unless they are reversed, set aside or otherwise modified.
4. Heaven Hill, its respective officers, directors, shareholders, employees, licensees, representatives, agents, and any person under its authority or control, and any company, partnership, business entity or person with which it is associated or affiliated, is restrained, prohibited and enjoined from, directly or indirectly:
  - a. selling, distributing, importing into Canada, exporting from Canada, offering for sale or advertising in Canada, alcoholic beverages in association with the ADMIRAL NELSON'S character or any other

character which causes or is likely to cause confusion with, or which is likely to have the effect of depreciating the value of the goodwill attaching to, Diageo's Trade-mark Registration Nos.: TMA298,005; TMA409,540; TMA445,025; TMA676,015; TMA676,119; TMA846,828; TMA846,829; TMA848,087; and TMA863,667;

- b. selling, distributing, importing into Canada, exporting from Canada, offering for sale or advertising in Canada, alcoholic beverages in association with the ADMIRAL NELSON'S bottles or any other bottle that is likely to cause confusion with the CAPTAIN MORGAN bottles, individually or collectively; and
  - c. directing public attention to its wares, services or business in such a way as to cause or be likely to cause confusion in Canada between its wares, services or business and the wares, services or business of Diageo.
5. Heaven Hill shall forthwith and, in any event, within 30 days of the date of this judgment, deliver-up to a representative of Diageo, or at Diageo's election a statement of destruction under oath of, all ADMIRAL NELSON'S bottles in its possession or control in Canada which would offend the foregoing injunction, and all material of any nature, including all packages, labels, and advertising material, in its possession or control in Canada, the use of which would offend such injunction.

6. Heaven Hill shall submit to an accounting and pay to Diageo such damages as may be determined upon hearing of the Quantification Issues as stated and defined in the Court's Bifurcation Order dated July 16, 2015.
7. Heaven Hill shall pay to Diageo pre-judgment and post-judgment interest on any damages as assessed in accordance with the Bifurcation Order dated July 16, 2015, pursuant to sections 36 and 37 of the *Federal Courts Act*.
8. Paragraphs 4, 5, 6 and 7 shall also apply to Diamond Estates unless they are reversed, set aside or otherwise modified.
9. Diageo shall have its costs of this action, including its disbursements and any applicable taxes, in such amounts as may be agreed to by Heaven Hill and Diageo. If they are unable to agree as to such amounts, Heaven Hill and Diageo shall be entitled to file written submissions as to costs; such submissions shall not exceed 20 pages in length (exclusive of any cover pages, any schedule or list of authorities, or copies of any written offers to settle), and shall be filed within 30 days of the date of this Further Amended Judgment.

"Keith M. Boswell"

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Judge