

**Date: 20080703**

**Docket: T-2136-07**

**Citation: 2008 FC 831**

[ENGLISH TRANSLATION]

**Montréal, Quebec, July 3, 2008**

**PRESENT: Richard Morneau, Esq., Prothonotary**

**BETWEEN:**

**PARMALAT CANADA INC.**

**Applicant/  
Defendant to the counterclaim**

**and**

**COMPAGNIE GERVAIS DANONE S.A.  
and  
GROUPE DANONE S.A.  
and  
DANONE INC.**

**Defendants/  
Plaintiffs by counterclaim**

**REASONS FOR ORDER AND ORDER**

[1] This is a motion by the applicant and defendant to the counterclaim Parmalat Canada Inc. (hereinafter Parmalat) under paragraphs 221(1)(a), (b) and (d) of the *Federal Courts Rules* (the

Rules) to strike paragraph 44 of the re-amended and clarified statement of defence and counterclaim produced by the defendants and plaintiffs by counterclaim (hereinafter collectively Danone) on May 20, 2008 (hereinafter the defence).

### **Main background**

[2] Through its amended statement of claim dated January 14, 2008, Parmalat seeks a judgment declaring that its ASTRO BIOBEST VITALITE probiotic yogurt packaging would not violate the rights of Danone's ACTIVIA probiotic yogurt packaging.

[3] In its statement of defence, Danone alleges that Parmalat has violated the provisions of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereinafter the Act). More specifically, Danone alleges that:

- Parmalat's use of a mark composed of the graphic representation of a female belly featuring the drawing of a yellow arrow pointing down on its yogurt packaging and containers constitutes a counterfeit of the ICONE VENTRE & FLECHE [BELLY AND ARROW ICON] design mark, subject to registration TMA710678 which is held by Danone (hereinafter the Danone Trademark), contrary to section 20 of the Act;
- Parmalat uses packaging and containers (reproduced in paragraph 2 of the written submissions in Parmalat's motion record) in such a way as to cause or be likely to

cause consumer confusion in Canada between the parties' products, contrary to the provisions of subsection 7(b) of the Act,

- i) due to the presence of the TriActiv+ mark (where the *Activ+* component is in white letters);
- ii) due to the presence of a female belly featuring a yellow arrow pointing down;
- iii) due to the presence of the colour green (as a backdrop)

which, in Danone's view, constitutes an appropriation of the distinctive appearance of Danone's products (reproduced in paragraph 3 of the written submissions in Parmalat's motion record).

[4] In paragraph 44 of its original statement of defence, Danone alleged that it had recently noticed Parmalat's intention to reproduce the appearance of Danone's products, or even to imitate them, which would be apparent from the various admissions contained in Parmalat's statement of claim.

[5] Following this allegation, Parmalat's lawyers sent Danone's lawyers a letter requesting clarification of this allegation. This request for clarification was worded as follows: "Aside from the

ACTIVIA products of the Defendants at issue, identify all other products of the Defendants referred to.”

[6] Taking the opportunity to respond to Parmalat’s request for details, Danone amended paragraph 44 of its statement of defence to have it now read as follows:

44. Through sustained efforts in research, development and marketing, the defendants, Compagnie Gervais Danone S.A. and Danone Inc., have developed quality products sold in distinctive, original packaging. However, the defendants have recently noted that the plaintiff intends to reproduce the appearance of the defendants’ products, or even to imitate them, which is indicated in the various admissions contained in the plaintiff’s statement (based on actions that run counter to some provisions of the *Trade-marks Act*, which are referred to below in the counterclaim and are included in the allegations of this statement of defence). The plaintiff’s intention to reproduce the appearance of the defendants’ products, or to imitate them, is also apparent from the repeated actions taken in Canada by or on behalf of the plaintiff:

- On July 7, 2005, the defendant, Compagnie Gervais Danone S.A., filed an application in Canada to register the L. CASEI DEFENSIS mark on the basis of proposed use; the mark was registered on March 3, 2008, under number TMA708683 for “non-alcoholic dairy drinks in which milk is the predominant ingredient).” However, on October 2, 2006, approximately 15 months after the application for L. CASEI DEFENSIS was filed, the plaintiff (then known as Parmalat Dairy & Bakery Inc.) filed an application for registration under number 1318594 for the MAXI DEFENSIS mark on the basis of proposed use in association with “milk, yogurt and yogurt beverages”; today, this application is in the plaintiff’s name. According to the defendants, on October 2, 2006, the plaintiff adopted a mark which incorporates the important element DEFENSIS of the L. CASEI

DEFENSIS mark held by the defendant, Compagnie Gervais Danone S.A.

- Since at least August 2007, the defendant, Danone Inc., has been marketing a probiotic drink in Canada under the DANACTIVE brand in a bottle whose shape has become a major icon for this product. However, early 2008, the plaintiff has been selling a probiotic drink (associated with the MAXIMMUNITY brand) in Canada, in a bottle that is a reproduction of the shape of Danone Inc.'s bottle for the product it sells under the DANACTIVE brand.  
(Double underline in the original)

## Analysis

### Strike out criteria

[7] As partially noted in the following extract from the Federal Court of Appeal decision in *Sweet v. Canada* (1999), 249 N.R. 17, at paragraph 6, page 23, statements may be struck out under any of the paragraphs of rule 211 only in plain and obvious cases:

[6] Statements of claim are struck out as disclosing no reasonable cause of action only in plain and obvious cases and where the Court is satisfied that the case is beyond doubt (see *Attorney General of Canada v. Inuit Tapirisat of Canada et al.*, [1980] 2 S.C.R. 735 at 740; *Operation Dismantle Inc. v. The Queen*, [1985] 1 S.C.R. 441 and *Hunt v. Carey Canada Inc.*, [1990] 2 S.C.R. 959). The burden is as stringent when the ground argued is that of abuse of process or that of pleadings being scandalous, frivolous or vexatious (see *Creaghan Estate v. The Queen*, [1972] F.C. 732 at 736 (F.C.T.D.), Pratte J.; *Waterside Ocean Navigation Company, Inc. v. International Navigation Ltd. et al.*, [1977] 2 F.C. 257 at 259 (F.C.T.D.), Thurlow A.C.J.; *Micromar International Inc. v. Micro Furnace Ltd.* (1988), 23 C.P.R. (3d) 214 (F.C.T.D.), Pinard J. and *Connaught Laboratories Ltd. v. Smithkline Beecham Pharma Inc.* (1998) 86 C.P.R. (3d) 36 (F.C.T.D.) Gibson J.). The words of Pratte J. (as he then was), spoken in 1972, in *Creaghan Estate, supra*, are still very much appropriate:

[... ] a presiding judge should not make such an order unless it be obvious that the plaintiff's action is so clearly futile that it has not the slightest chance of succeeding [...]

(See also *Burnaby Machine & Mill Equipment Ltd. v. Berglund Industrial Supply Co. et al.* (1982), 64 C.P.R. (2d) 206, at page 210).

[8] Although Danone's statement of defence contains an allegation that its trademark has been infringed, this debate between the parties to this motion concerns the misleading marketing cause of action instituted by Danone primarily because of the confusion that appears to exist between its Activia yogurt packaging and Parmalat's Astro yogurt packaging. This cause of action, which can involve many facets, would in this case be the cause of action known in common law as a passing-off action.

[9] Parmalat contends that the conclusions of Danone's statement of defence have never been amended and, with respect to misleading marketing, they compare Parmalat's Astro yogurt packaging with Danone's Activia yogurt packaging.

[10] According to Parmalat, Danone took the opportunity provided by a request for details regarding paragraph 44 of the statement of defence to amend this paragraph in order to introduce two other situations involving imitation that could exist between Parmalat product packaging and certain Danone packaging.

[11] According to Parmalat, the two additional situations involving imitation or confusion now alleged by Danone in paragraph 44 are irrelevant as to possible imitation or confusion between its Astro packaging and Danone's Activia packaging.

[12] Parmalat adds that if the two additional situations of confusion in paragraph 44 of Danone's statement of defence remain, all stages of trial preparation and the trial itself will be greatly amplified or extended, since Parmalat will have to defend itself not against one alleged case of confusion but against three similar cases.

[13] In response to these allegations, Danone essentially contends that in the context of a misleading marketing case, the intention or *mens rea* of the offender, here Parmalat, may be relevant and demonstrated by the complainant, here Danone, unlike the situation involving alleged infringement of a registered trademark where the infringing party's intention is not relevant. (See *Mattel, Inc. v. 3894207 Canada Inc.*, [2006] 1 SCR 772 (hereinafter *Mattel*), *Kirkbi AG v. Ritvik Holdings Inc.* [2005] 3 SCR 302 (*Ritvik*) and *Toyota Jidosha Kabushiki Kaisha v. Lexus Foods Inc.*, [2001] 2 FC 15 (FCA)).

[14] However, Danone maintains that to establish this intention or mindset with respect to the packaging at issue, it is justified, based on the judgments mentioned above and by the decision of the Federal Court of Appeal in *Remo Imports Ltd. v. Jaguar Cars Ltd.*, [2008] 2 FCR 132, in referring to Parmalat packaging other than packaging specifically mentioned in the conclusions regarding misleading marketing in its statement of defence. According to Danone, these other

actions would provide a basis for assessing Parmalat's mindset and conduct in the context of this case, which involves Parmalat's Astro yogurt packaging and Danone's Activia yogurt packaging.

[15] Danone states the following in paragraphs 22 and 23 of its written submissions regarding the motion under consideration:

22. (...) it is respectfully submitted that the plaintiff's motion to strike should be dismissed since in the context of their statement of defence and counterclaim, the defendants are entitled to refer to actions by the plaintiff other than those mentioned in conclusions regarding misleading marketing (under paragraph 7(b) of the *Trade-marks Act*) since these other actions provide a basis for assessing the plaintiff's mindset and *conduct* toward the defendants in the context of their misleading marketing claim.

23. A party that alleges that another party has engaged in misleading marketing practices under paragraph 7(b) of the *Trade-marks Act* through the use of specific packaging may also refer to other practices by this party relating to the use of other packaging or another trademark to assess the mindset and *conduct* of the alleged offender; this conduct would be dictated by its desire to influence consumers' decision-making processes. In the circumstances, it will be for the trial judge to determine the weight to be given to these other actions.

[16] Given that a complaining party is allowed to focus on the mindset of an offending party (see *Ritvik, supra*, at page 341, para. 68), and that it is therefore necessary to consider the intent or conduct of an alleged offender involved in a misleading marketing practice, I see no guidance in the judgments and doctrine referred to by Danone that may lead us to find that this study of intent may be inferred or deduced from a study of the conduct of an alleged offender with respect to other packaging not at issue that allegedly imitates a complainant's packaging.



[17] In that sense, I cannot support the argument put forward by Danone in paragraphs 22 and 23 above, which is repeated in terms similar to paragraph 40 of Danone's same written submissions, which I quote:

40. In paragraph 44, the defendants use various means to allege that the plaintiff had this knowledge. They draw the Court's attention to various manifestations of the plaintiff's desire to reproduce the appearance of the defendants' products, or even imitate them. This desire does not have to be limited to ACTIVIA products alone, since the knowledge to be established by the defendants can be demonstrated by any of the elements mentioned in these allegations.

[18] As a result, the whole of paragraph 44 of the statement of defence must, in my opinion, be struck out, since the whole of this paragraph refers to additional situations of confusion which are, as stated in paragraphs 11 and 12 *supra*, irrelevant and may interfere with the fair hearing of the action or delay it. Thus, there is no valid cause of action or defence here on behalf of Danone. As a result, paragraphs 221(1)(a), (b) and (d) of the rules are triggered. I also do not consider that Parmalat is in some way barred from seeking the striking of the whole of paragraph 44 because Parmalat first focused on paragraph 44 through a request for clarification. This request for clarification revealed the true scope of paragraph 44 of the statement of defence, and there is just cause to now strike out paragraph 44.

[19] There is no further need to allow Danone to modify or amend this paragraph 44 of its statement of defence for the purpose of allowing a connection between Danone's statement of defence and its counterclaim, since Danone's counterclaim can very well be included in its statement of defence without the presence of paragraph 44.

**ORDER**

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

1. Parmalat's motion be allowed, with costs, and orders the striking out of paragraph 44 of the re-amended and clarified statement of defence and counterclaim filed by the defendants and plaintiffs by counterclaim on May 20, 2008.
2. Parmalat will serve and file a response and statement of defence to the counterclaim within fifteen (15) days of the date of this order.

“Richard Morneau”

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Prothonotary

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-2136-07

**STYLE OF CAUSE:** PARMALAT CANADA INC. v.  
COMPAGNIE GERVAIS DANONE S.A. ET AL.

**PLACE OF HEARING:** Montréal, Quebec

**DATE OF HEARING:** June 30, 2008

**REASONS FOR ORDER  
AND ORDER:** PROTHONOTARY MORNEAU

**DATED:** July 3, 2008

**APPEARANCES:**

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