

Federal Court



Cour fédérale

Date: 20090731

Docket: T-460-09

Citation: 2009 FC 791

Ottawa, Ontario, July 31, 2009

PRESENT: The Honourable Madam Justice Snider

BETWEEN:

WESTERN STEEL AND TUBE LTD.

Plaintiff

and

**ERICKSON MANUFACTURING LTD. and
B. ERICKSON MANUFACTURING LTD.**

Defendant

REASONS FOR ORDER AND ORDER

I. Background

[1] Western Steel and Tube Ltd. (referred to as WST or the Plaintiff) manufactures and sells a variety of loading and utility ramps, safety bars, storage racks and multi-purpose building frames. In particular, the company makes loading ramps which, it asserts are distinct because of their appearance, the manner in which the ramps are packaged for sale and the appearance of the packaged kit. The instruction booklet for its ramps has been registered as a literary work pursuant to Canada's *Copyright Act*, R.S.C. 1985, c. C-42 (*Copyright Act*).

[2] Two related companies, Erickson Manufacturing Ltd. and B. Erickson Manufacturing Ltd. (collectively referred to as the Defendant or Erickson), are also selling utility ramps in Canada. On March 26, 2009, WST commenced an action against Erickson, claiming that two of those ramps – the six-foot, one piece ramp and the seven-foot two piece ramp – are “knock off” products that copy WST’s ramps. WST claims that Erickson’s products copy “the Plaintiff’s product with poor quality imitations and multiple points of similarity in the get-up of the goods with the cumulative effect of deceiving purchasers into confusing the source of the products”. In its Statement of Claim, WST seeks (in addition to other remedies, including damages) a permanent injunction to restrain Erickson from:

- Passing off its ramps for those of WST;
- Copying WST’s designs, trade dress, marks, packaging, instructions and copyright;
- Depreciating the value of goodwill attaching to WST’s business;
- Directing public attention to Erickson’s business in such a way as to cause or is likely to cause confusion between Erickson’s ramps and those of WST; and
- Engaging in unfair competition.

[3] In this motion, WST seeks an interlocutory injunction and other related relief that would, in effect, prevent Erickson from marketing the two alleged “knock off” ramps until the matters raised by the action are finally determined by the Court.

II. Issues

[4] The overarching question before me in this motion is whether the Plaintiff is entitled to the equitable remedy of an interlocutory injunction. It is well-established in relevant jurisprudence (*RJR-MacDonald Inc. v. Canada (Attorney General)*, [1994] 1 S.C.R. 311; *American Cyanamid v. Ethicon Ltd.*, [1975] 2 W.L.R. 316) that entitlement to injunctive relief is based on establishing all elements of a tri-partite test.

[5] Thus the issues before me are:

1. Is there a serious question to be tried?
2. Will the Plaintiff suffer irreparable harm if the injunctive relief is not granted?
3. Does the balance of convenience favour the Plaintiff?

III. Analysis

A. *Is there a serious issue?*

[6] The first question to be asked on the tri-partite test is whether the pleadings of the Plaintiff raise a serious issue. The threshold to be met on the matter of serious issue is very low. With respect to the seriousness of the issue to be tried, the Supreme Court of Canada in *RJR-MacDonald*, above at 337-338, held:

The threshold is a low one. ... Once satisfied that the application is neither vexatious nor frivolous, the motions judge should proceed to consider the second and third tests, even if of the opinion that the plaintiff is unlikely to succeed at trial. A prolonged examination of the merits is generally neither necessary nor desirable.

[7] I am persuaded that, on this very low threshold, there is a serious issue to be tried.

B. *Would the Plaintiff suffer irreparable harm?*

[8] The second branch of the tri-partite test requires that the Plaintiff demonstrate that it would suffer irreparable harm if the injunctive relief is not granted. It is also well understood that irreparable harm refers to the nature of the harm suffered rather than its magnitude. As the Supreme Court of Canada pointed out in *RJR-MacDonald*, 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." (p. 341). The Plaintiff must adduce clear and non-speculative evidence that irreparable harm will follow if the injunction is not granted. Having reviewed the evidence before me on this

motion and having heard their oral submissions, I am not persuaded that the prospective harm to WST meets the test for irreparable harm.

[9] I first note that any financial loss that can be demonstrated by WST in the case of success in the action can be compensated through damages.

[10] WST relies on a line of jurisprudence that, it submits, demonstrates that it is not necessary to show irreparable harm in cases of clear violation of copyright registered under the *Copyright Act* (*Jeffrey Rogers Knitwear Productions Ltd. v. R.D. International Style Collections Ltd.*, [1985] 2 F.C. 220, 6 C.P.R. (3d) 409; *75490 Manitoba v. Meditables* (1989), 31 F.T.R. 134, 29 C.P.R. (3d) 89; *Diamant Toys v. Jouets Bo-Jeux Toys*, 2002 FCT 384, 218 F.T.R. 245 and *Versace v. 1154979 Ontario*, 2003 FC 1015, 238 F.T.R. 298). In my view, the jurisprudence cited does not assist WST in this motion.

[11] Two cases relied on by WST – *Diamant* and *Versace* – involved a preservation order under Rule 377 of the *Federal Courts Rules, 1998*. In each case, the judge (in *Diamant*) or the prothonotary (in *Versace*) made a specific finding that there was an infringement of the plaintiff's copyright. The other two cases cited (*Jeffrey Rogers* and *75490 Manitoba*) are decisions that pre-date cases in which the Federal Court and the Court of Appeal have consistently reinforced the importance of irreparable harm in the context of copyright or trademark cases (see, for example, *ITV Technologies v. WIC Television* (1997), 140 F.T.R. 302, 77 C.P.R. (3d) 495 (F.C.T.D.); *Nintendo of America Inc. v. Camerica Corp.* (1991), 127 N.R. 232, 36 C.P.R. (3d) 352 (FCA), aff'd 42 F.T.R. 12, 34 C.P.R. (3d) 193; *Nature Co. v. Sci-Tech Educational* (1992), 141 N.R. 363, 41 C.P.R.

(3d) 359 (FCA), rev'g 51 F.T.R. 70, 40 C.P.R. (3d) 184). In short, there is no automatic conclusion that irreparable harm exists merely because the foundation of an action is an infringement of copyright or trademark or the alleged tort of passing off.

[12] In the motion before me, I am prepared to acknowledge that there are clear similarities between WST's product and Erickson's product, including the packaging and copyrighted instructions. However, there are also some significant differences. For example: the colour scheme on the two product boxes is not the same; the name "Erickson" is prominently displayed on the product box. I cannot conclude, as encouraged by WST, that the Erickson product is a "blatant" copy of the WST product. The degree to which the Erickson ramps copy the WST ramps and their design is a question that will be determined by the trial judge. Thus, even if there is precedent to support the proposition that irreparable harm is satisfied by a demonstration that the defendant's product is substantially the same as that of the plaintiff, the evidence before me is inadequate to make that determination.

[13] WST also alleges that it will lose the goodwill that it has developed over time by the maintenance on the market of Erickson's "inferior" product that is likely to fail when put to its intended use. In its view, since purchasers will confuse the Erickson's product with that of WST, the loss of goodwill will accrue to WST. I first observe that a finding of confusion will not necessarily lead to a loss of goodwill (*Centre Ice Ltd. v. National Hockey League* (1994), 166 N.R. 44, 53 C.P.R. (3d) 34 at 53). As noted by Justice Heald in *Centre Ice*, at 54, "[i]t cannot be inferred or implied that irreparable harm will flow wherever confusion has been shown." The central problem with WST's claim of loss of goodwill is that it is unsupported by any evidence beyond the

assertions of the principal in WST, Mr. Duane Lucht. WST did not provide the Court with any independent evidence from a technical expert on the strength of Erickson's ramp. Nor do I have evidence of confusion or that WST's reputation will suffer during the time to trial.

[14] In sum, WST has failed to establish real and immediate irreparable harm which cannot be compensated by damages.

[15] Given this conclusion there is no need to address the question of balance of convenience.

IV. Conclusion

[16] For these reasons, the motion will be dismissed with costs to Erickson, in any event of the cause.

ORDER

THIS COURT ORDERS that the motion is dismissed, with costs in any event of the cause to the Defendant.

“Judith A. Snider”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-460-09

STYLE OF CAUSE: WESTERN STEEL AND TUBE LTD. v. ERICKSON
MANUFACTURING LTD. and B. ERICKSON
MANUFACTURING LTD.

PLACE OF HEARING: Toronto, Ontario

DATE OF HEARING: July 27, 2009

**REASONS FOR ORDER
AND ORDER:** Snider J.

DATED: July 31, 2009

APPEARANCES:

Mr. David Seed FOR THE PLAINTIFF

Mr. Michael Adams FOR THE DEFENDANT

SOLICITORS OF RECORD:

David Seed FOR THE PLAINTIFF
Barrister and Solicitor
Toronto, Ontario

Riches, McKenzie & Herbert LLP FOR THE DEFENDANT
Barristers and Solicitors
Toronto, Ontario