



Federal Court Declines to Take a Full Bite Out of Trademark Infringer

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A recent decision involving a lawsuit for trademark infringement, passing off and depreciation of goodwill, *Black & Decker Corporation v. Piranha Abrasives Inc.*, 2015 FC 185, affirms that nominal damages in trademark infringement cases are obtainable and takes an interesting delayed implementation approach to permanent injunctive relief.

Black & Decker Corporation owned two separate registrations for a PIRANHA design mark covering saw blades for power saws and circular saw blades. Black & Decker discovered that Piranha Abrasives Inc. had been using a mark that was also comprised of an image of a piranha, and the words "PIRANHA ABRASIVES", with saw blades. Despite Black & Decker's demands to Piranha Abrasives to cease use of the mark on its website and materials, Piranha Abrasives did not cease use, and instead filed its own application for a piranha design mark for goods that include diamond abrasive cutting, polishing and grinding tools, and other cutting machines and tools, and sought to cancel the Black & Decker registrations.

Black & Decker ultimately sued Piranha Abrasives in Federal Court for trademark infringement, passing off and the depreciation of goodwill. The relief sought by Black & Decker included permanent injunctive relief, delivery or destruction of all materials using the infringing trademarks, withdrawal of Piranha Abrasives' pending application, transfer of Piranha Abrasives' domain, an accounting of profits, interest and costs.

The Court found that Piranha Abrasives' use of its trademark on saw blades was likely to be confusing with Black & Decker's registered trademarks, and, therefore, an infringement of Black & Decker's registered marks. When considering confusion, the Court specifically held that there was a significant degree of resemblance between the respective marks, that the plaintiff's marks were inherently distinctive and in use for a longer time than the defendant's mark, and that the nature of the goods, trade and customers associated with the registered and pending marks were similar. The defendant's arguments that the parties' respective marks had co-existed for several years without any actual reported cases of confusion, and that warnings on each party's packaging not to use their respective saw blades for purposes other than each one's specific intended application, were not persuasive to sway the decision in favour of the defendant.

On passing off, the Court found that Black & Decker had not demonstrated that it had satisfied the elements of a passing off action, since there was no evidence to suggest that the plaintiff had acquired an independent reputation in the registered trademarks. The goods associated with the marks were always sold in association with the plaintiff's Black & Decker house marks, and there was no third party evidence of any reputation that supported a finding of the requisite degree of reputation or goodwill to support an action for passing off.

Finally, in applying the Supreme Court of Canada's *Veuve Clicquot* test for depreciation of goodwill, the Court found that Piranha Abrasives had not used its mark in a way that would adversely impact the goodwill of Black & Decker's registered trademarks -- there was no evidence that Black & Decker had suffered any loss of reputation or customers.

Since there was a finding of trademark infringement, the Court awarded Black & Decker significant nominal damages in the amount of \$10,000, costs in the amount of \$20,000, and, notably, a permanent injunction against Piranha Abrasives from using the infringing mark *after* an initial 90 day period. The 90 day period was given to Piranha Abrasives to sell off existing infringing inventory, and any remainder after the 90 day period was ordered to be delivered to Black & Decker for destruction or destroyed. An amendment to delete certain goods from Piranha Abrasives' application was also ordered by the Court, even though the judgment was unclear as to whose duty it was to amend the application.

The Court also observed, in *obiter*, that Black & Decker's argument that use of its successor PIRANHA design mark also constituted use of its predecessor PIRANHA design mark had "no merit". Curiously, the Court did not refer to the "dominant impression" test set out by the Federal Court of Appeal in *Promafil Canada Ltée v. Munsingwear Inc.* (1992), 44 C.P.R. (3d) 59 (F.C.A.) with respect to permissible variations. If the Court did, the observation with respect to the original and modified version of the PIRANHA design marks might have been different.



(predecessor)



(successor)

This decision provides an approach to remedies which might prove useful in certain cases, and reminds us that succeeding in an action for passing off and for a depreciation of goodwill can be challenging, as both actions place on the plaintiff a substantial evidential burden to discharge.