

Federal Court



Cour fédérale

**Date: 20180824**

**Docket: T-2058-16**

**Citation: 2018 FC 857**

**Ottawa, Ontario, August 24, 2018**

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

**BETWEEN:**

**THE NOCO COMPANY, INC.**

**Plaintiff/  
Defendant by Counterclaim**

**and**

**SBI SMART BRANDS INTERNATIONAL  
(AMERICA) LTD. AND TREK MARKETING  
INC. AND WAL-MART CANADA CORP.**

**Defendants/  
Plaintiffs by Counterclaim**

**ORDER AND REASONS**

I. Overview

[1] This is an appeal of a Prothonotary's order compelling the NOCO Company Inc. (the "Plaintiff") to provide SBI Smart Brands International (America) Ltd., Trek Marketing Inc. and Wal-Mart Canada Corp. (collectively, the "Defendants") with a further and better affidavit of

documents and schedule 1 productions. The Prothonotary (in her role as Case Management Judge) granted the Defendants' motion in part, ordering that the Plaintiff produce:

All invoices for the sale of the Plaintiff's GENIUS BOOST jump starter products from 2009 to the present;

All invoices for the sale of the RIBBED HOUSING TRADE DRESS products that are at issue in this proceeding from 2009 to the present;

All invoices for the sales to customers listed in the Plaintiff's production number 23;

Technical drawings and creation documents for the Plaintiff's Genius Boost jump starter products, to the extent not already produced; and

Technical drawings and creation documents for the Plaintiff's Ribbed Housing Trade Dress products at issue in this proceeding, to the extent not already produced.

[2] The Plaintiff comes before the Court seeking to reverse the Prothonotary's decision or, in the alternative, to delay the deadline for delivering the further and better affidavit of documents by two weeks. It further seeks costs for this appeal, as well as the initial motion before the Prothonotary.

[3] For the reasons that follow, the Plaintiff's motion is dismissed.

## II. Facts

### A. *The Claim / Counterclaim*

[4] The Plaintiff has initiated a claim for industrial design infringement, passing off, and copyright infringement. It produces a compact lithium jump starter called the GENIUS BOOST,

for which it obtained industrial design protection in Canada. The GENIUS BOOST bears a label design in which the Plaintiff owns the copyright. The Plaintiff alleges that the Defendants have manufactured and sold a jump starter product which is a direct and intentional copy of the GENIUS BOOST. Moreover, the Plaintiff claims that, since 2009, it has sold many automotive and marine power products (including the GENIUS BOOST), all of which use a distinctive ribbed housing design referred to as the RIBBED HOUSING TRADE DRESS.

[5] The Defendants reject the Plaintiff's claims. They claim that the RIBBED HOUSING TRADE DRESS is functional (it provides gripping surface) and in common use, and they deny having done anything to cause confusion between their products and those of the Plaintiff. They further claim that the industrial designs identified by the Plaintiff are invalid, and that they were not aware that the designs were registered. Finally, they claim that the Plaintiff's copyright registration is invalid because the layout is common and functional, and that the Plaintiff has failed to allege the material aspects in which the Plaintiff's label design is similar to that of the Defendants.

B. *Plaintiff's Affidavit of Documents & Productions*

[6] The Plaintiff served the Defendants with its affidavit of documents on July 31, 2017, and served its production documents on August 9, 2017. At that time, 26 documents were produced.

[7] On August 25, 2017, the Defendants requested additional productions. On December 29, 2017, the Plaintiff produced a further nine documents. On January 2, 2018, the Plaintiff furnished one additional production.

[8] On January 4, 2018, the Defendants again requested additional productions, specifically those which would support the figures in the Plaintiff's existing productions. The Plaintiff responded, indicating that the last production (dated January 2, 2018) completed its updated productions.

[9] The Defendants brought a motion for a further and better affidavit of documents on January 12, 2018. It requested, *inter alia*, the following:

Technical drawings, creation documents, and invoices for all sales of NOCO's Genius Boost jump starter products from 2009 to present;

Technical drawings, creation documents, and invoices for NOCO's alleged "RIBBED HOUSING TRADE DRESS" (as defined at paragraph 7 of the Amended Statement of Claim dated March 6, 2017) from 2009 to present;

Agreements, invoices and correspondence between NOCO and each of the alleged customers listed in NOCO production number 23;

Agreements, invoices, and correspondence between NOCO and its manufacturer(s) of the NOCO Genius Boost jump starters;

Agreements, invoices, and correspondence relating to NOCO's advertising of the NOCO Genius Boost jump starters; and

Correspondence to or received by NOCO relating to alleged confusion or a likelihood of confusion.

[10] The Prothonotary granted the Defendants' motion in part. I shall review it in some detail below.

### III. The Prothonotary's Order

#### A. *The Legal Test*

[11] The Prothonotary begins her decision by setting out the tripartite test applicable on a motion to compel a further and better affidavit of documents. Citing *Apotex Inc. v Sanofi-Aventis*, 2010 FC 77; *Novopharm Ltd. v Eli Lilly Canada Inc.*, 2008 FCA 287; and *Apotex Inc. v Wellcome Foundation Limited*, 2003 FC 1229, she states that the moving party must show that (i) further documents likely exist; (ii) that these documents might reasonably be supposed to contain information which might directly or indirectly enable the moving party to advance its own case or to damage the case of its adversary, or which might fairly lead the moving party to a train of inquiry that could have either of these consequences; and (iii) that the opposing party has them in its power, possession or control.

#### B. *Invoices, Correspondence and Agreements*

##### (1) Customers

[12] The Prothonotary finds that the invoices for the sales of the GENIUS BOOST jump starter products, sales of the RIBBED HOUSING TRADE DRESS products and the names of customers listed in the Plaintiff's productions should have been included in the Plaintiff's affidavit of documents. She notes that the Plaintiff's financial productions were summaries from accounting records, meaning that the underlying invoices likely exist, and that common business practice would suggest that those invoices exist. Moreover the Prothonotary dismissed the Plaintiff's assertion that it would be unduly onerous to produce those records, calling it a "bald

allegation.” Accordingly, she finds that the first branch of the test is satisfied with respect to these records. As for the second branch of the test (relevance), the Prothonotary determines that the Defendants have the right to test the Plaintiff’s aggregated evidence by examining the underlying invoices because this information may, in turn, directly or indirectly enable the Defendants to advance their defence or harm the Plaintiff’s claim. Finally, the Prothonotary notes that neither party contests that the documents are in the power, possession or control of the Plaintiff. Thus, she orders that the Plaintiff produce the documents.

[13] Unlike the invoices, the Prothonotary rules that the agreements and correspondence between the Plaintiff and its customers do not have a foundation of relevance, and that the oral discovery process will allow the Defendants to potentially lay the foundation that can establish the relevance of those documents. Thus, she declines to exercise her discretion to compel the Plaintiff to produce those records.

(2) Manufacturers & Advertisers

[14] The Prothonotary takes the same approach with respect to the Plaintiff’s interactions with the GENIUS BOOST’s manufacturer and those involved the product’s advertisement. The Prothonotary deems that the invoices ought to have been produced in the Plaintiff’s affidavit of documents, but not the agreements and correspondence.

[15] In sum, the Prothonotary concludes that the above customer, manufacturing and advertising invoices ought to have been included in the Plaintiff’s affidavit of documents, but that related agreements and correspondence did not. While the Prothonotary’s decision with

respect to the invoices is being appealed by the Plaintiff, her decision with respect to the agreements and correspondence is uncontested.

C. *Technical Drawings and Creation Documents*

[16] The Prothonotary then goes on to consider the Defendants' request for technical drawings and creation documents concerning the GENIUS BOOST and the RIBBED HOUSING TRADE DRESS. She notes that a consultant's work must have been used in designing the products and that, in the ordinary course of business, drawings and other creation documents would have been provided to the Plaintiff. She holds that the documents are relevant, because they may enable the Defendants to advance their assertion that the industrial designs and trade dress are invalid or not original to the Plaintiff. She thereby concludes that these documents ought to have been included in the Plaintiff's affidavit of documents.

D. *Correspondence on Alleged Confusion / Likelihood of Confusion*

[17] The Prothonotary finds that the Defendants' request for documents pertaining to confusion is speculative. Having not discharged their burden to prove that the documents likely exist, the Prothonotary declines to exercise her discretion to compel the Plaintiff to produce those records. The production of those records is not in dispute.

IV. Issues

[18] On appeal, the Plaintiff takes issue with four of the Prothonotary's findings. First, the Plaintiff claims that the Defendants have not met their burden to establish the relevance of the

invoices. Second, it claims that the Defendants have not met their burden to establish the relevance of the technical drawing and creation documents. Third, the Plaintiff says that the Prothonotary erred by ordering it to produce invoices for the GENIUS BOOST from 2009, because it was not available in the Canadian market until 2014. Fourth, it contests the Prothonotary's conclusion about the Plaintiff's position on the onerousness of producing the sales records as a "bald allegation," because it says that it provided evidence on this point.

V. Standard of Review

[19] On appeal of discretionary decision by a prothonotary, questions of law and questions of mixed fact and law involving an extricable legal error are reviewable on a standard of correctness. Other questions of mixed fact and law, as well as questions of fact, are reviewable on a standard of palpable and overriding error: *Hospira Healthcare Corporation v. Kennedy Institute of Rheumatology*, 2016 FCA 215 at para. 64-69. Moreover, the Federal Court of Appeal has affirmed that case management judges are entitled to additional deference to manage cases due to their familiarity with the proceedings: *Sawridge Band v Canada*, 2001 FCA 338 at para. 11.

[20] The first two issues are questions of mixed fact and law, as they involve the application of a legal standard to a set of facts: *Housen v Nikolaisen*, 2002 SCC 33 at para. 26. In the case before me, s. 223 of the *Federal Court Rules*, SOR/98-106 [the "Rules"] stipulates that each party must serve an affidavit of documents that includes a list of all relevant documents that are in the party's possession, power or control. There is also the legal test on a motion for a further and better affidavit of documents, as applied by the Prothonotary. However, the issues as raised



by the Plaintiff do not contemplate “extricable questions of law” because it is not argued that these legal tests were somehow altered or improperly described; rather, the Plaintiff claims that the test ought to have resulted in a different conclusion. The Supreme Court of Canada has cautioned that “Courts must be vigilant in distinguishing between a party alleging that a legal test may have been altered in the course of its application (an extricable question of law), and a party alleging that a legal test, which was unaltered, should have, when applied, resulted in a different outcome (a mixed question) [citation omitted]”: *Teal Cedar Products Ltd. v British Columbia*, 2017 SCC 32 at para. 45. As such, I shall review the first two issues on the standard of palpable and overriding error.

[21] The third and fourth issues are questions of pure fact, and thus also reviewable on a standard of palpable and overriding error.

[22] The Federal Court of Appeal described this standard of review in *Canada v South Yukon Forest Corporation*, 2012 FCA 165 at para. 46:

Palpable and overriding error is a highly deferential standard of review. “Palpable” means an error that is obvious. “Overriding” means an error that goes to the very core of the outcome of the case. When arguing palpable and overriding error, it is not enough to pull at leaves and branches and leave the tree standing. The entire tree must fall.

[Citations Omitted].

## VI. Analysis

### A. *Invoices*

[23] The Plaintiff argues that the Defendants have not established the relevance of the invoices. It contends that it produced detailed financial records that are relevant to establishing its damages, which were extracted directly from its electronic accounting records. The Plaintiff submits that it was the Defendants' burden to file evidence to substantiate the claim that the financial documents produced by the Plaintiff are insufficient or unreliable. Moreover, it suggests that the Defendants could have submitted an affidavit from an accounting expert to establish that the invoices are necessary and relevant to quantify damages, and that the Defendants can use the oral discovery process to ask questions and confirm the sufficiency of the documents. Finally, the Plaintiff warns that compelling production of the invoices without establishing their relevance will unnecessarily increase the time, complexity and cost of the discovery process.

[24] The Defendants respond by recalling the Plaintiff's own admission that the invoices exist (before the Prothonotary), as well as the notion that common business practices would dictate that these documents must exist. They contend that the Plaintiff's aggregated financial information is internally inconsistent, and that they require the invoices in order to verify their accuracy of the aggregate data. In oral argument, the Defendants counsel pointed to figures in the production documents that are apparently marked "estimate" and "variable," for which the Defendants have no background information on how those estimates were calculated. The

Defendants also note the Prothonotary's clear finding that an expert affidavit is not necessary to establish the relevance of the invoices.

[25] I am unpersuaded by the Plaintiff's arguments. It is no answer for the Plaintiff to assert that the Defendants could have provided an affidavit from an accounting expert to establish a foundation of relevance for the invoices, or that the Defendants should wait for the oral discovery process to obtain clarification about the summary financial records. That is neither the law under s. 223 of the *Rules* (which dictates what ought to be included in an affidavit of documents), nor the tripartite test applicable on a motion to compel a further and better affidavit of documents.

[26] Instead, the Court is to determine whether the invoices are relevant and thus ought to have been produced in the Plaintiff's affidavit of documents. The Prothonotary answered this question in the affirmative by finding that common business practice would suggest that the documents exist, and by squarely addressing the issue of relevance by reasoning that the Defendants are entitled to test the Plaintiff's aggregated data. I find no palpable and overriding error with respect to the Prothonotary's conclusion, and I find that she applied the law correctly. The relevance of the invoices is clear, and the documents ought to have been produced by the Plaintiff in its affidavit of documents.

B. *Technical Drawings / Creation Documents*

[27] The Plaintiff argues that the Defendants have not established the relevance of the technical drawings and creation documents. It claims that technical illustrations have already

been made available to the Defendants, including industrial design registrations (which are presumed valid). It adds that the Defendants have not pleaded any facts to suggest that there are specific technical drawings or creation documents in the Plaintiff's control that would invalidate its registered industrial designs. Finally, the Plaintiff recalls that it has already produced a consulting agreement between itself and an industrial design firm, and that this document confirms its clear ownership of all rights associated with the designs. Thus, in the Plaintiff's view, the requested documents have no connection to the pleadings and are unsupported by the evidence.

[28] The Defendants argue that they have put the validity of the alleged industrial design registrations, trade dress, and copyright at issue in their defence. This, according to the Defendants, means that the technical drawings and creation documents are relevant to the validity of the designs and trade dress. They reason that, because the Plaintiff produced a consulting agreement and a summary financial document containing a line item for an "ongoing design royalty," it is logical that the Plaintiff possess or controls original design images and drawings. The Defendants repeat the reasoning of the Prothonotary, wherein she claims that a consultant would, in the ordinary course of business, provide drawings or other creation documents to the Plaintiff as part of its mandate. Finally, the Defendants argue that both Canadian and American regulators require applicants to include technical drawings, and that while the Plaintiff claims the registration drawings are sufficient, this ignores the creation documents and technical drawings which would have been provided to the Plaintiff as part of the designer's mandate.

[29] Here again, I find that the Prothonotary made reasoned inferences that the drawings and other creation documents exist and are relevant, based on common business practices, the evidence before her (including consultant agreement) and the Defendants' statement of defence (which put the validity of the alleged industrial design registration, trade dress, and copyright at issue). The Prothonotary found that those drawings might contain information to advance the Defendants' position with respect to the invalidity of the industrial designs and trade dress. In my view, those inferences are logical and find foundation in the evidence, revealing no palpable and overriding error. Thus, the Plaintiff's submission that the requested documents have no connection to the pleadings and are unsupported by the evidence cannot stand.

C. *Sales Dating from 2009*

[30] The Plaintiff submits that the Prothonotary made a palpable and overriding error by ordering it to produce the invoices for the sale of the GENIUS BOOST from 2009 to the present. It claims that this is an error because, according to the documentary evidence, the GENIUS BOOST was introduced into the Canadian market in 2014.

[31] In response, the Defendants claim that the Plaintiff has already admitted that the relevant invoices exist, pointing to one of the Plaintiff's earlier productions which purports to cover the period from 2009-2017. Moreover, in support of its claim that the RIBBED HOUSING TRADE DRESS has been in use since 2009, the Plaintiff has cited its GENIUS BOOST products.

[32] I see no palpable and overriding error here. The alleged error cannot be described as overriding. Even if the Prothonotary erred by failing to restrict her order to the time frame for

which the GENIUS BOOST was sold in Canada, the error is not overriding because this issue does not go to the core of the case. The invoices will merely substantiate the aggregate data in the Plaintiff's already-produced accounting records. That is their only value. If there are no invoices for the GENIUS BOOST prior to 2014 because the Plaintiff made no sales prior to that year, the Plaintiff will simply have no invoices to produce from 2009 to 2014.

D. *Burden of Producing Business Records*

[33] The Plaintiff argues that it provided evidence that it would be unduly onerous to produce all of its invoices related to the GENIUS BOOST and RIBBED HOUSING TRADE DRESS. The Plaintiff notes that its statement of claim identifies numerous models and products bearing the RIBBED HOUSING TRADE DRESS, and in its view it is *prima facie* unduly onerous and burdensome to produce almost 10 years' worth of invoices involving over 30 different retailers. Thus, the Plaintiff says that the Prothonotary committed a palpable and overriding error when it characterized its position about the burden to produce these records as a "bald assertion."

[34] The Defendants reply that the invoices are electronic records and, at the hearing of the motion before the Prothonotary, Plaintiff's counsel indicated that the documents could be produced within two weeks. Thus, the Defendants take the position that it would not be unduly onerous to produce the records. Moreover, in oral argument the Defendants' counsel reiterated that undue burden is not the test for relevance, and that it was the Plaintiff's choice to bring the action and define the scope of the claim.

[35] Again, I see no error here. The Prothonotary concluded that the invoices would not be unduly burdensome to produce based on the information before her. Presumably, that included the Plaintiff's counsel's representations about the time that it would take to produce the records. I appreciate that the Plaintiff may take issue with the Prothonotary's characterization of its argument, based on the evidence before her, rather than her ultimate conclusion on the matter. However, even when viewed from that perspective, the alleged mischaracterization does not rise to the level of palpable and overriding error.

## VII. Conclusion

[36] There is no palpable and overriding error with respect to the Prothonotary's decision to compel the Plaintiff to produce a further and better affidavit of documents. As such, her decision shall stand.

[37] As the successful party, costs will be to the Defendants, payable forthwith.

[38] The Plaintiff has requested that this Court delay the deadline for delivering its further and better affidavit of documents by two weeks from the date of this decision. I find that request to be reasonable and I am inclined to grant it.

**ORDER in T-2058-16**

**THIS COURT ORDERS that:**

1. The motion is dismissed.
2. Costs of the motion to the Defendants.
3. The Plaintiff shall, by no later than fifteen 15 days from the date of this Order, deliver a further and better affidavit of documents to the Defendants.

"Shirzad A."

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Judge



**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-2058-16

**STYLE OF CAUSE:** THE NOCO COMPANY, INC. v SBI SMART BRANDS INTERNATIONAL (AMERICA) LTD. AND TREK MARKETING INC. AND WAL-MART CANADA CORP.

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** MAY 29, 2018

**ORDER AND REASONS:** AHMED J.

**DATED:** AUGUST 24, 2018

**APPEARANCES:**

Mr. Timothy O. Stevenson FOR THE PLAINTIFF

Ms. Amrita Singh FOR THE DEFENDANTS

**SOLICITORS OF RECORD:**

SMART & BIGGAR FOR THE PLAINTIFF  
Barristers and Solicitors  
Toronto, Ontario

BERESKIN & PARR LLP FOR THE DEFENDANTS  
Barristers and Solicitors  
Toronto, Ontario