

Federal Court



Cour fédérale

Date: 20190104

Docket: T-1280-14

Citation: 2019 FC 7

Ottawa, Ontario, January 4, 2019

PRESENT: The Honourable Mr. Justice Martineau

BETWEEN:

**MARLBORO CANADA LIMITED and
IMPERIAL TOBACCO CANADA LIMITED**

Plaintiffs

And

**PHILIP MORRIS BRANDS SÀRL and
ROTHMANS, BENSON & HEDGES INC.**

Defendants

ORDER AND REASONS

[1] This is an appeal by the plaintiffs, Marlboro Canada Limited and Imperial Tobacco Canada Limited [respectively Marlboro Canada and Imperial Tobacco] of an order issued by Madam Prothonotary Alexandra Steele [Prothonotary].

[2] The impugned order concerns the plaintiffs' motion to compel a representative of the defendants, Philip Morris Brands SÀRL and Rothmans, Benson & Hedges Inc., Mr. Brad Smye,

[the representative], to answer two questions taken under advisement on discovery (Question 129, undertakings #16 and #19). The defendants objected on the ground that neither question is relevant to any allegation in the parties' pleadings under sections 240 and 242 of the *Federal Courts Rules*, SOR/98-106 [Rules].

[3] The Prothonotary granted the motion in part, ordering the defendants to answer the first question (Undertaking #16) but dismissed the motion with respect to the second question (Undertaking #19) (*Marlboro Canada v Philip Morris Brand SÀRL*, 2018 FC 1144). This appeal concerns the Prothonotary's decision not to compel the representative to answer that second question. The appeal is allowed.

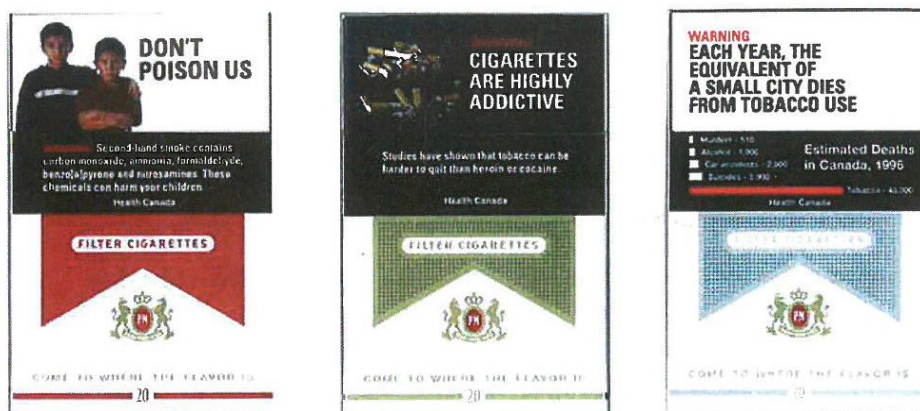
I Background

[4] Prior to the year 1924, Philip Morris owned the MARLBORO trade-mark in Canada, while it currently owns the MARLBORO trade-mark in 160 other countries. Today, Marlboro Canada is the exclusive owner of the MARLBORO trade-mark in Canada, while Imperial Tobacco is Marlboro Canada's exclusive licensee for use of that trade-mark in Canada. After assigning the MARLBORO trade-mark to Marlboro Canada's predecessor in title in 1924, the defendants distributed cigarettes in Canada using other brand names such as "Maverick" and "Matador" on their packaging, with designs said to resemble those used on the packaging of the defendants' Marlboro products distributed in other jurisdictions.

[5] In May 2014, the plaintiffs brought this action alleging that the defendants infringed their MARLBORO trade-mark. The case essentially concerns the defendants' distribution of

cigarettes in redesigned packaging as of July 23, 2012 in response to a June 29, 2012 decision of the Federal Court of Appeal granting the plaintiffs’ permanent injunction to restrain the defendants from selling, distributing, and/or advertising in Canada, cigarettes or other tobacco products in, or in association with no-name packaging using the “ROOFTOP Design Trade-Mark” (*Marlboro Canada Limited v Philip Morris Products SA*, 2012 FCA 201 at paras 125-126 [FCA decision]; *Philip Morris Products SA v Marlboro Canada Limited*, 2010 FC 1099 [Trial decision]).

[6] The facts leading up to the *FCA decision* essentially relate to legislative changes imposing a “dark market” in which retailers could not legally expose cigarette products to the public’s view and a consumer would have to ask for a product at the counter. In that context, as of July 2006, the defendants began to distribute cigarettes using packaging that did not feature a brand name (“no-name packaging”) which, according to the *FCA decision*, infringed the MARLBORO trade-mark: the design was similar to the plaintiffs’ design and would likely confuse consumers who would refer to the defendants’ product by the name “Marlboro” since the trade-marks would not be displayed (*FCA decision* at paras 80-84). An image of the design held to infringe Marlboro by the FCA is reproduced below:



[7] After the *FCA decision*, the defendants changed their packaging by, notably, adding the word-mark “Rooftop” on the front. An image of the redesigned packaging at issue is reproduced below:



[8] In a nutshell, the plaintiffs claim that the defendants' packaging changes in response to the *FCA decision* are insufficient to avoid confusion and consist of intentional infringement of the plaintiffs' MARLBORO trade-mark. In addition to compensatory damages, the plaintiffs claim punitive damages arising from the defendants' alleged blameworthy conduct.

II Examination on discovery

[9] In December 2016, the plaintiffs examined the representative for discovery. During the examination, the plaintiffs asked the representative a series of questions regarding the circumstances in which the word-mark "Rooftop" was selected to appear on the packaging distributed by the defendants after the *FCA decision*.

[10] Of note, the plaintiffs notably asked the representative to make inquiries of the defendants and advise if other names besides "Rooftop" were considered at the time that the defendants were considering putting the "Rooftop" name on the actual packages of cigarettes. The defendants answered this question as follows: "The [defendants] are not aware of other names that were under consideration other than "Rooftop" after the Federal Court of Appeal decision in June 2012."

[11] However, the defendants refused to answer the following two questions on the basis that they were not relevant:

- (a) Question 129, Undertaking #16, page 50,1 to page 52,1.17: make inquiries of the defendants and advise when the defendants considered the possibility of using the

“Rooftop” name on the actual packages of cigarettes (i.e. was it before or after the FCA decision?) [Question 1]; and

- (b) Question 129, Undertaking #19, page 52,1 to page 53,1.21: if other names besides “Rooftop” were being considered at the time that the defendants were considering putting the “Rooftop” name on the actual packages of cigarettes, make inquiries of the defendants and advise if consumer studies were conducted by the defendants to determine how consumers would react to these other names [Question 2].

III *The Prothonotary’s rulings*

[12] A motion to compel answers was brought by the plaintiffs. In an order made on November 14, 2018, the Prothonotary granted the plaintiffs’ motion with respect to Question 1 (Undertaking #16) and ordered that the defendants provide an answer, whereas, she dismissed their motion with respect to Question 2 (Undertaking #19).

[13] In her reasons, the Prothonotary first set forth the law on the scope of discovery and relevance, which she noted was not in dispute, reproducing a passage from *Reading & Bates Construction Co v Baker Energy Resources Corp*, [1988] FCJ No 1025 at paragraph 10. Essentially, she remarked that any doubt as to relevance should be resolved in favour of an answer being given (*Apotex Inc v Sanofi-Aventis*, 2011 FC 52 at para 19), while overreaching lines of questioning, or fishing expeditions, should be discouraged (*Sun Pac Foods Ltd v A Lassonde Inc*, 2005 FC 1142 at para 57).

[14] Moreover, the Prothonotary noted a recent notice to the parties and the profession published by the Chief Justice of the Federal Court which, with respect to refusal motions on discovery, states that “Questions should be answered unless clearly improper or prejudicial, or would require the disclosure of a privileged communication” (*Notice to the parties and the profession - Case Management: Increased proportionality in Complex Litigation before the Federal Court*, June 24, 2015).

[15] With respect to Question 1 (Undertaking #16), the Prothonotary noted that the plaintiffs’ pleadings reveal a pleaded cause of action claiming punitive damages. On this point she held as follows (at paras 24-25):

[...] Considering the long history of litigation between the parties, as well as the previous judgments of this Court and the Federal Court of Appeal which refer to ROOFTOP, information relating to when the ROOFTOP trademark [referring to the word-mark] was first considered for packaging, prior to its adoption and use in the market in July 2012, could be relevant to ascertaining whether there has been any “egregious” or “reprehensible” conduct giving rise to liability for damages. It could also be that nothing turns on this information. As mentioned previously, if there is any doubt as to relevance, it must be resolved in favour of disclosure.

I conclude that Undertaking #16 may permit the Plaintiffs to either advance their case or to damage the case of the Defendants, or may fairly lead to a train of inquiry that could have either of these consequences. Undertaking #16 shall therefore be ordered to be answered. [Citations omitted]

[16] With respect to Question 2 (Undertaking #19), the Prothonotary held as follows (at paras 27-29):

The Defendants argue that the question is irrelevant to any of the pleaded issues and tantamount to a fishing expedition.

I agree with the Defendants. Whether other names were considered by the Defendants, whatever they may have been, and whatever consumers may have thought of them if they were indeed polled, or whether no other names were considered by the Defendants, the result is the same. At the end of the day, it was ROOFTOP that was adopted and used by the Defendants. I fail to see how other potential trademarks, and the consumer reaction studies to such other names, would permit the Plaintiffs to either advance their case on infringement or punitive damages resulting from the adoption and use of the ROOFTOP trademark, or to damage the case of the Defendants, or fairly lead to a train of inquiry that could have either of the consequences.

The Plaintiffs' request to compel an answer to Undertaking #19 is dismissed.

[17] The plaintiffs now ask this Court to set aside, in part, the Prothonotary's order and order the defendants to answer Question 2 (Undertaking #19), and answer any reasonable follow-up questions and requests for documents resulting from the answer to be provided, at the examination scheduled for January 10, 2019.

IV *The present appeal*

[18] Essentially, the plaintiffs submit that the Prothonotary committed a palpable and overriding error by concluding that Question 2 (Undertaking #19) does not meet the test for relevance at the discovery phase. In their view, this question is relevant because it may directly or indirectly enable them to advance their case or damage the defendants' case, or fairly lead to a train of inquiry which could do so. They submit that the Prothonotary could not reasonably conclude that Question 1 (Undertaking #16) is relevant while simultaneously concluding that Question 2 (Undertaking #19) is not. They argue that answers to these two questions would further their case with respect to the punitive damages claim, as they could shed light on the

defendants' allegedly reprehensible intentions following the *FCA decision*. The plaintiffs notably emphasize that in the previous proceedings, a representative of the defendants' marketing department acknowledged in his testimony that the no-name packaging did not feature the names "Rooftop" or "Matador" because use of those brand names would lead consumers to think the product was "fake" and that the goal of using the Rooftop design without a name was to prompt consumers to draw an association with Marlboro cigarettes sold in other countries (*FCA decision* at para 110; *Trial decision* at paras 68, 70-71). The plaintiffs thus submit that, for the purpose of considering the punitive damages claim, it is relevant to understand why the defendants considered that the brand-name Rooftop is viable after the *FCA decision*. In their view, it would be relevant to know, for example, if the defendants determined that the name Rooftop is more closely associated with the Marlboro products sold by the defendants elsewhere than other names they might have considered.

[19] On the other hand, the defendants submit that the order made by the Prothonotary on the issue of relevance in discovery is discretionary and that the Federal Court should only interfere with such an order if that discretion "has not been exercised judicially" by misstating the legal test, clearly misapprehending the facts at issue, or taking into account inappropriate considerations. In their view, there must be a "heavy burden" on a party seeking the Court's intervention on such discretionary case management decisions because interference with these orders adds to the delays and expense of a proceeding. Moreover, they submit that, in their case management capacity, a prothonotary is in the best position to direct and control the discovery process, given their extensive knowledge of the history and details of the case managed matter. In this respect, the defendants argue that the Prothonotary carefully considered Question 2

(Undertaking #19) in reaching the decision, with the benefit of detailed arguments from the parties, which she restated and clearly understood; it is now improper for the plaintiffs to raise, on appeal, similar arguments before this Court and essentially “re-argue” the case before the Prothonotary and hope for a different result. They submit that what is relevant is whether the ROOFTOP packaging which was used amounts to trade-mark infringement. They submit that alternative packaging options, and consumer reactions, are irrelevant to both the question of infringement and punitive damages. In other words, they acknowledge that Question 1 (Undertaking #16) was relevant because it relates to use of the brand-name “Rooftop” at issue, though they submit that the Prothonotary rightly found Question 2 (Undertaking #19) to be irrelevant as it concerned other “hypothetical” names not at issue in the dispute. In their view, the Prothonotary was clearly alive to the issue of punitive damages and had turned her mind to it and rightly considered that Question 2 (Undertaking #19) was irrelevant.

[20] I find that the Prothonotary committed a palpable error by concluding that Question 2 (Undertaking #19) does not meet the test for relevance at the discovery phase.

V *Applicable standard of review*

[21] The standard of review applicable to an appeal of a prothonotary’s decision is set out in *Hospira Healthcare Corporation v Kennedy Institute of Rheumatology*, 2016 FCA 215 [*Hospira*]. However, its application in the present case leads to differing results depending on whether this matter is examined from the perspective of the plaintiffs or the defendants.

[22] Before explaining why the present appeal is well-founded, preliminary comments with respect to the standard applicable to the review of a prothonotary's decision on the question of relevance in discovery are in order.

[23] Prior to the Federal Court of Appeal's decision in *Hospira* in August 2016, the standard of review determined in *Canada v Aqua-Gem Investments Ltd*, 1993 CanLII 2939, [1993] 2 FC 42 (FCA) [the *Aqua-Gem* standard] was applicable to discretionary orders rendered by a prothonotary. Under the *Aqua-Gem* standard, a reviewing Federal Court judge could intervene with a prothonotary's decision on a *de novo* basis if the questions raised in the motion were vital to the merits of the case, or the prothonotary based its decision on a wrong legal principle or a misapprehension of the facts. It is worth repeating that since *Hospira*, reviews of a prothonotary's decision, discretionary or otherwise, are now subject to the general appellate standard of review of palpable and overriding error for questions of fact, or mixed questions of fact and law, and correctness for pure questions of law, or questions of mixed fact and law for which there is an extricable question of law (*Hospira* at paras 64-65, 79; *Housen v Nikolaisen*, [2002] 2 SCR 23).

[24] The parties are in agreement that questions of relevance, such as the one before the Prothonotary, are generally questions of mixed law and fact subject to a palpable and overriding standard of review and neither party argues that the Prothonotary had to consider an extricable legal principle in this case (*Delisle v Canada*, 2017 FC 284 at para 2; *Cherevaty v Canada*, 2016 FCA 71 at para 16). However, the defendants put considerable emphasis on the Prothonotary's role as a case manager in these proceedings and that her decision not to compel

an answer to Question 2 (Undertaking #19), on the basis of relevance, was discretionary. They submit that because of these two factors, the Court must afford the Prothonotary's decision heightened deference. I do not agree. I prefer the conclusion reached by the Federal Court of Appeal in *Hospira*, and many decisions that have followed, which have held that there is no distinction to be made in the standard of review applicable to a prothonotary's decision simply because it is discretionary (*Hospira* at paras 74-79, *3488063 Canada Inc v Canada*, 2016 FCA 233 at para 34; *Swist v MEG Energy Corp*, 2016 FCA 283 at para 13; *Barkley v Canada*, 2017 FCA 7 at para 6; *Tearlab Corporation v I-Med Pharma Inc*, 2017 FCA 8 at para 6; *Nova Chemicals Corporation v Dow Chemical Company*, 2017 FCA 25 at para 6; *Sikes v Encana Corporation*, 2017 FCA 37 at para 12; *Bygrave v Canada*, 2017 FCA 124 at para 10; *Clayton v Canada (Attorney General)*, 2018 FCA 1 at para 13; *Canada (Attorney General) v Liang*, 2018 FCA 39 at para 9; *Ader v Canada (Attorney General)*, 2018 FCA 105 at para 14). Naturally, decisions of a prothonotary or motions judge will most often entail a degree of discretion, what matters is whether they dealt with a question of law or at least a question entailing an extricable legal principle.

[25] That being said, I also recognize that palpable and overriding error is a high threshold for interference (*Benhaim v St-Germain*, [2016] 2 SCR 352 at paras 38-39). Put simply, palpable means an error that is obvious and apparent while overriding refers to an error that goes to the core of a case's outcome and has the effect of changing the result (*Maximova v Canada (Attorney General)*, 2017 FCA 230 at para 5; *Canada v South Yukon Forest Corporation*, 2012 FCA 165 at para 46). Moreover, it cannot be forgotten that the scope of permissible discovery depends on the factual and procedural context of the case in question, informed by an

appreciation of the applicable legal principles (*Grand River Enterprises Six Nations Ltd v Canada*, 2011 FCA 121 at para 3, citing: *Apotex inc v Bristol-Myers Squibb Company*, 2007 FCA 379 at para 35).

[26] Despite the fact that it is an exacting standard of review, in my view, palpable and overriding error does not strictly limit intervention to circumstances in which the decision under review incorrectly states the applicable legal principles or the decision-maker failed to understand a party's cause of action as alleged. Such errors would certainly be sufficient to warrant intervention under the *Housen* standard. However, to accept that *only* a fundamental misunderstanding of a party's cause of action consists of a palpable and overriding error is untenable: for all intents and purposes, first instance decision-makers would be immune to appellate scrutiny if this were the case.

[27] In passing, remember that under the former *Aqua-Gem* standard of review, reviewing Courts had already found that a prothonotary "misapprehended the facts" with respect to the relevance of a question asked in discovery, when the prothonotary failed to appreciate that the question could have led to a line of inquiry that would support a cause of action alleged in the plaintiff's pleadings, or where the Court could not understand the prothonotary's rationale in refusing to order the defendant to answer the question which the Court found to be relevant to the basis of an infringement claim (*Eurocopter v Bell Helicopter Textron Canada Limitée*, 2009 FC 1142 at paras 7, 16-17, affirmed on appeal on this point, *Bell Helicopter Textron Canada Limitée v Eurocopter*, 2010 FCA 142 at paras 25-33; *J2 Global Communications, Inc v Protus IP Solutions Inc*, 2008 FC 760, affirmed on appeal *J2 Global Communications Inc v*

Protus IP Solutions Inc, 2009 FCA 42; *Lilly Icos LLC v Pfizer Ireland Pharmaceuticals*, 2006 FC 1500 at paras 18-23; *Installations Sportives Defargo Inc v Fieldturf Inc*, 2006 FC 293).

[28] Finally, I am also aware that cases have recognized that a case-managing prothonotary ought to be afforded “elbow-room” due to her particular familiarity with the case at hand and that as a result, intervention should not come lightly (*Sawridge Band v Canada*, 2006 FCA 228 at para 22). That said, as held by the Federal Court of Appeal in *Hospira*: “The expression ‘elbow room’ is merely a euphemism for deferring to factually-suffused decisions. ‘Elbow room’ does not equate to ‘immunity from review’ ... In the end, ‘elbow room’ is simply a term signalling that deference, absent a reviewable error, is owed, or appropriate, to a case managing prothonotary—no more, no less” (*Hospira* at paras 102-104; *Elbit Systems Electro-optics Elop Ltd v Selex ES Ltd*, 2016 FC 1129 at para 19).

VI Particular reasons to allow the present appeal

[29] First, it is fundamental to understand that from a factual and legal point of view the plaintiffs’ action alleges two distinct causes of action against the defendants: the first being for the infringement of the MARLBORO trade-mark and ensuing general compensatory damages; and the second being for punitive damages arising from the defendants’ allegedly intentional infringement of that trade-mark.

[30] While intent to infringe is generally not a relevant consideration in the confusion analysis (*Mattel USA Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 90; *Toyota Jidosha Kabushiki Kaisha v Lexus Foods*, [2000] FCJ No 1890 at para 11 (FCA)), conduct is relevant to a claim for

punitive damages. In this respect, the following paragraphs of the Statement of Claim are particularly relevant:

1. The plaintiffs claim:

[...]

f) aggravated and punitive damages as a result of the defendants' egregious and highly reprehensible conduct for the reasons alleged herein;

[...]

50. The defendants' conduct has been egregious and highly reprehensible as the aforementioned actions constitute yet another deliberate and calculated attack on the plaintiffs' rights in the trade-mark MARLBORO in Canada.

[...]

52. The most recent launch by Philip Morris of the allegedly "redesigned" packaging is the latest installment of this series of deliberate and calculated attacks on the plaintiffs' rights in the trade-mark MARLBORO in Canada. It is a disingenuous and blatant attempt to circumvent a literal reading of the conclusion of the Federal Court of Appeal.

53. Philip Morris is purposively seeking to take advantage of six (6) years of ramp-up sales of the infringing "unnamed" brand cigarettes to ensure that retailers and consumers will keep on referring to this allegedly "redesigned" packaging as "MARLBORO" in the context of the dark market. This was carefully and deliberately planned to allow Philip Morris to keep on infringing the plaintiffs' rights in the trade-mark MARLBORO, days after the Federal Court of Appeal concluded those rights had been infringed.

[...]

[31] Second, there is no dispute that the Prothonotary essentially set forth the correct legal principles that apply to addressing the relevance of questions on discovery and thus committed no error of law in that regard. Fundamentally, the defendants argue that this is enough to shield

the Prothonotary's order from the intervention of a Federal Court judge. I disagree and will not repeat what I already mentioned above with respect to the applicable standard of review. Again, and at the risk of repeating myself, I do not suggest that the Court ought to substitute a prothonotary's opinion with its own simply because it disagrees with the prothonotary's findings on the relevance of a given question asked in discovery. Nor does it displace the prothonotary's discretion to refuse to permit questions that are potentially relevant if the production of that question would be excessively onerous in comparison to its potential usefulness (*Bard Peripheral Vascular, Inc v WL Gore & Associates, Inc*, 2015 FC 1176 at paras 21-22; *Apotex inc v Bristol-Myers Squibb Company*, 2007 FCA 379 at para 34). Nevertheless, it goes without saying that, as expressed by the Federal Court of Appeal in *Hospira*, a prothonotary is not immune from review when he or she commits a palpable and overriding error, which fundamentally, may be a misapprehension of the facts (*Hospira* at paras 22, 68).

[32] Third, it is apparent that the Prothonotary erred by failing to engage with the plaintiffs' argument as to *why* Question 2 (Undertaking #19) is relevant to their claim for punitive damages and by dismissing their motion with respect to that question without providing her reasons or otherwise providing readily understandable or articulate reasoning for doing so. There can be little doubt that these errors are apparent, go to the core of this case's outcome, and ultimately had the effect of changing the result. In particular, while adequacy of reasons may not be an independent ground for setting aside the Prothonotary's decision, it is impossible for this Court to determine if the Prothonotary truly understood, or completely misapprehended, the plaintiffs' argument as to why Question 2 (Undertaking #19) is relevant to their claim for punitive damages

(*Foseco Trading AG v Canadian Ferrer Hot Metal Specialties, Ltd* (1991), 36 CPR (3d) 35 (Fed TD) at paras 5, 13, 29).

[33] When paragraphs 24 and 28 of the impugned decision are taken together, there is an apparent contradiction in the Prothonotary's findings with respect to the two questions. I must agree with the plaintiffs that there is a serious flaw in the reasons of the Prothonotary to refuse to allow questioning the defendants if, besides "Rooftop", there were other names being considered at that time. This result is especially problematic given that the Prothonotary found that Question 1 (Undertaking #16) is relevant, dealing with *when* the Rooftop name was first considered (i.e. was it before or after the FCA decision?). If *when* the Rooftop word-mark was first considered for use in packaging "could be relevant to ascertaining whether there has been any 'egregious' or 'reprehensible' conduct giving rise to liability for [punitive] damages", then surely consideration of other possible names and consumer reactions, or *why* the name Rooftop was selected at the expense of others, must also be relevant.

[34] Four, the Prothonotary held that Question 2 (Undertaking #19) is irrelevant because she "fail[s] to see" how other names the defendants might have considered, or consumer reactions to those names, could be relevant to the issue of infringement or punitive damages because ultimately the defendants adopted and used the name Rooftop on their packaging. Of course, this reasoning is sound with respect to the issue of infringement, which necessarily must be restricted to the name actually used on the defendants' packaging. In this dispute, there is evidently no allegation to the effect that the defendants infringed the plaintiffs' trade-mark by using a name other than Rooftop. However, entitlement to, and quantum of, punitive damages are concerned

with the intentions of a defendant found to have committed infringement, such as: whether the alleged infringement was planned and deliberate, the defendant's intentions and motives, whether the defendant persisted with the infringement over a lengthy period of time, the defendant's awareness as to whether its conduct was wrong, whether or not the defendant profited from its misconduct, among other factors (*Airbus Helicopters, SAS v Bell Helicopter Textron Canada Limitée*, 2017 FC 170 at paras 384-385, 398; Appeal before the Federal Court of Appeal heard in file A-94-17 on October, 23, 2018, currently taken under advisement; *Eurocopter v Bell Helicopter Textron Canada Limitée*, 2012 FC 113 at paras 420-456; affirmed on appeal *Bell Helicopter Textron Canada Limitée v Eurocopter, société par actions simplifiée*, 2013 FCA 219 at paras 163-193; *Whiten c Pilot Insurance Co*, [2002] 1 RCS 595 at paras 111-112).

[35] In particular, the question about other names the defendants may have considered before selecting Rooftop is relevant to the plaintiffs punitive damages claim. Logically speaking, if the defendants considered and rejected multiple other names after consumers found them to be dissimilar to the Marlboro products in Canada, or other jurisdictions, while consumers associated the name Rooftop to the Marlboro brand, this information would be relevant: it would speak to the defendants' knowledge, and possible intentions, at the time of the challenged conduct. Conversely, if no other names were considered, or consumer studies suggested that the name Rooftop was no more associated with the international Marlboro brand than other names considered, the judge considering the merits of the punitive damages claim could certainly take that into account.

[36] Indeed, the plaintiffs argue that in the original proceedings leading up to the *FCA decision*, a representative of the defendants acknowledged that the no-name packaging was selected because use of a name such as Rooftop or Matador might make their product appear inauthentic to consumers and not “from the international source of Marlboro.” This statement was reproduced in both the trial level decision rendered in 2010 and the *FCA decision*. Thus in the context of this particular case, in which the defendants apparently considered the link drawn by consumers between their packaging and the international Marlboro brand in a prior infringement claim involving the same trade-mark, it is difficult to see how one could defensibly conclude that these considerations are irrelevant to the current punitive damages claim or that this line of questioning amounts to a “fishing expedition”.

[37] Five, one must keep in mind that in the present case, the Prothonotary was not faced with a “burdensome motio[n] seeking to compel answers to questions put on discovery where hundreds of questions must [...] be considered [...] and where the only practical way to dispose of answerability issues is to state reasons cryptically” (*Bard Peripheral Vascular, Inc v WL Gore & Associates, Inc*, 2015 FC 1176 at para 41). To the contrary, the motion to compel concerned two specific questions which were both put forward in support of the plaintiffs’ claim for punitive damages. It is useful to note that the term “fishing expedition” generally describes “an indiscriminate request for production, in the hope of uncovering helpful information” (*Harris v R*, 2001 CFPI 498 (FC) at para 45) which was hardly the case here. In particular, the Prothonotary’s apparent failure to see the connection between questioning the representative about other names possibly considered before adopting “Rooftop” and the potential

blameworthiness of the defendants' conduct, or lack thereof, constitutes a palpable and overriding error.

VII *Conclusion*

[38] For the above reasons, the appeal is allowed. Counsel have already agreed that the successful party will receive \$2500 in costs.

ORDER in T-1280-14

THIS COURT ORDERS:

1. The present appeal is allowed;
2. The Order of Madam Prothonotary Steele dated November 14, 2018, is set aside, in part, and the defendants are ordered to forthwith answer undertaking #19 from the examination for discovery of Mr. Brad Smye, and to answer any reasonable follow-up questions and requests for documents resulting from the answer to be provided, at the examination scheduled for January 10, 2019 or at a later date if its postponed in the meantime;
3. Costs in the amount of \$2500 are in favour of the plaintiffs.

"Luc Martineau"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-1280-14

STYLE OF CAUSE: MARLBORO CANADA LIMITED AND IMPERIAL
TOBACCO CANADA LIMITED V PHILIP MORRIS
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PLACE OF HEARING: MONTREAL, QUEBEC

DATE OF HEARING: DECEMBER 4, 2018

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DATED: JANUARY 4, 2019

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