

Federal Court



Cour fédérale

Date: 20090930

Docket: T-1579-06

Citation: 2009 FC 980

Ottawa, Ontario, September 30, 2009

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

ATOMIC ENERGY OF CANADA LIMITED

Plaintiff

and

**AREVA NP CANADA LTD. and SOCIÉTÉ DES
PARTICIPATIONS DU COMMISSARIAT
À L'ÉNERGIE ATOMIQUE**

Defendants

REASONS FOR ORDER AND ORDER

[1] The defendants ask the Court to summarily dismiss the action of the plaintiff pursuant to Rule 216 of the *Federal Courts Rules*. In the alternative, they ask the Court to grant a trial on the issue of trade-mark infringement alone.

Background

[2] The plaintiff Atomic Energy of Canada Limited (AECL) is a Canadian crown corporation. The defendant, AREVA NP Canada Ltd., is the domestic subsidiary of the other defendant, Société des Participations du Commissariat à L'Énergie Atomique, which is majority state-owned. The defendants will be referred to throughout as AREVA.

[3] This action was instituted by AECL on August 31, 2006. In its Further Amended Statement of Claim dated January 8, 2009 AECL claims that its trade-mark registration No. TMA 160,039 for the trademark:



(the “Flying A Design Mark”) is valid and has been infringed by AREVA. AECL further claims that AREVA’s trade-mark Registration No. TMA 651,852 for the trade-mark:



(the “A Design Mark) is invalid.

[4] AECL also claims that AREVA has engaged in passing off contrary to section 7(b) of the *Trade-marks Act*, R.S.C. 1985, c. T-13, has depreciated the value of its trade-mark contrary to section 22 of the *Trade-marks Act*, and has infringed its copyright in the Flying A Design Mark.

[5] The parties to this action compete in the provision of nuclear wares and services. All existing nuclear reactors in Canada use AECL's CANDU technology. AREVA has never sold a nuclear reactor in Canada

[6] AREVA has sold reactor parts and components in Canada. AREVA's affiant Steven Hamilton refers specifically to an engineering, procurement and construction contract AREVA obtained for the ventilation system at Point Lepreau, Québec. The Court notes that Point Lepreau is not in Québec; it is in New Brunswick. At the date this motion was filed, AECL and AREVA had both submitted bids on a tender issued by the Government of Ontario for construction of a new nuclear installation, referred to as "New Build."

[7] AREVA also competes directly with AECL in Canada in the nuclear steam generator tube cleaning business. AREVA Canada is currently suing AECL for patent infringement in relation to technology used in tube cleaning.

[8] AREVA relies on the evidence of two affiants in support of its summary judgment motion. Steven Hamilton is Vice-President of AREVA NP in the United States and was formerly Vice-President of AREVA Canada (2004-2008), where he was responsible for the promotion and sale of nuclear reactors and negotiating contracts for nuclear refurbishment services. His affidavit deals with the length of time the trade-marks at issue have been in use, the designs of the trade-marks at issue, the nature of AREVA's wares and services, differences between AREVA and AECL's

respective technologies, and the nature of the nuclear industry. AREVA's second affiant, Dr. John Senders, is a consulting scientist whose expertise is in the analysis of human perception and behaviour. His evidence deals with the similarities and differences between the AREVA and AECL trade-marks, and the possibility of those marks lending themselves to confusion in the minds of purchasers of nuclear wares and services.

[9] AECL has filed five affidavits in response. William Bohlke is a consultant in nuclear engineering and management with extensive experience in the nuclear energy business. His evidence deals with the procurement process in this industry and he comments on the affidavit of Steven Hamilton. Dale Coffin is Director of Corporate Communications for AECL. Her affidavit speaks to the AECL trade-mark at issue and its use by AECL. Ruth Corbin is Managing Partner of CorbinPartners Inc., a marketing science company. Her evidence is an analysis of the affidavit of Dr. John Senders. Ida Berger is a Professor of Marketing in the Ted Rogers School of Business Management at Ryerson University. Her evidence deals with the "probability of damage" to AECL if AREVA continues to use its mark in association with the sale and marketing of nuclear wares and services in Canada. Douglas Brophy is Director, Commercial and Business Operations for AECL. His evidence deals with confusion. He attests that a Mr. Goldsmith, Vice President of Nuclear Products for WorleyParsons, a U.S. company, upon seeing the logos of AECL and AREVA commented on June 3, 2008 "that there must be some confusion in the nuclear industry given the similarity of the AECL and Areva logos."

Issues

[10] The parties have framed the issues on this motion in somewhat different terms. The following sets out the issues requiring the Court's determination on this motion.

- (i) Whether or not AREVA has established that there is no genuine issue for trial with respect to AECL's allegation of trade-mark infringement, and if not, whether there is nonetheless sufficient evidence to determine the issue of infringement on this motion;
- (ii) Whether or not AREVA has established that there is no genuine issue for trial with respect to AECL's allegation of passing-off, and if not, whether there is nonetheless sufficient evidence to determine this issue on this motion; and
- (iii) Whether or not AECL has established that there is no genuine issue for trial with respect to AECL's allegation of copyright infringement, and if not, whether there is nonetheless sufficient evidence to determine this issue on this motion.

Analysis

[11] Summary judgment is a valuable tool. As was observed by the Supreme Court of Canada in *Canada (Attorney General) v. Lameman*, 2008 SCC 14 at para. 10, summary judgment prevents claims or defences that have no chance of success from proceeding to trial, thereby freeing the time that a court would otherwise spend on the litigation, as well as reducing the fees and the time that

the parties would otherwise have to incur. On the other hand the Court observed that “it is essential to justice that claims disclosing real issues that may be successful proceed to trial.”

[12] Each party to a summary judgment motion has an obligation to put its best foot forward with respect to the existence or non-existence of material issues to be tried. However, as the Federal Court of Appeal noted in *MacNeil Estate v. Canada (Department of Indian & Northern Affairs)*, 2004 FCA 50, [2004] 3 F.C.R. 3, at para. 37: “Nowhere in the Rules is a responding party required to bring forward sufficient evidence so that genuine issues for trial may be resolved on a motion for summary judgment.”

[13] The apparent ambiguity within Rule 216 as to the proper order when the Court makes a finding that there is a genuine issue for trial was considered in *MacNeil Estate*. The Court of Appeal observed that on the one hand, a judge who finds a genuine issue for trial is to send the matter on for trial in the ordinary course but that on the other hand, even where there is a genuine issue, the motions judge can decide the matter if he or she is able to find the facts necessary to decide the questions of fact and law. The Court cautioned that this ambiguity gives rise to the risk of motions for summary judgment becoming summary trials on affidavit evidence.

[14] With these principles in mind I turn to consider the merits of the motion.

(i) *Trade-mark Infringement*

[15] In order to succeed in a trade-mark infringement action, the plaintiff must prove, on a balance of probabilities: (1) that it is the registered owner of a trade-mark; (2) that the defendant is using an identical trade-mark or substantially similar trade-mark; and (3) that the defendant's use may cause or has caused confusion. Subsection 6(5) of the *Trade-marks Act* provides that in determining whether trade-marks are confusing, the Court is to have regard to (1) the inherent distinctiveness of the trade-marks and the extent to which they have become known, (2) the length of time the trade-marks have been in use, (3) the nature of the wares, services or business, (4) the nature of the trade, and (5) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. This is not an exhaustive list of factors and the weight to be given to any factor will vary with "all the surrounding circumstances".

[16] AREVA and AECL make the following submissions on these factors.

[17] With respect to distinctiveness, AREVA submits that AECL's Flying A Design Mark has little inherent distinctiveness; letters are "weak" marks entitled to a narrow ambit of protection. It further submits that AECL has not produced evidence that its mark has been used in the marketing of nuclear reactor products and services so as to acquire distinctiveness. AECL submits that both AECL's Flying A Design and AREVA's A Design Mark possess equal inherent distinctiveness. It argues that AREVA has not adduced evidence that its mark has any acquired distinctiveness, whereas there is evidence before the Court that AECL's Flying A Design Mark has been used and is

used on virtually all of AECL's letterheads, business cards, proposals, invoices, brochures, signage, equipment, trucks, uniforms, hardhats, products and advertisements.

[18] With respect to the length of time the marks have been in use, AREVA submits that although AECL's Flying A Design Mark has been registered since the late 1960s, on cross-examination AECL's witness Dale Coffin could not attest to the use of the mark since the date of registration. AECL submits that a mark that has been used for a long period of time may be presumed to have made a certain impression on consumers and AECL's Flying A Design Mark has been used for a significantly longer period of time than AREVA's A Design Mark.

[19] Both parties made significant submissions with respect to the nature of the wares and services attached to the mark as well as the nature of the nuclear trade relevant to these marks. AREVA submits that the "hasty impression" test is not appropriate to the nuclear business because the relevant consumers undertake a judicious inquiry of the wares or services to be purchased. They submit that AECL and AREVA sell and service different types of nuclear reactors and that all existing reactors in Canada are AECL CANDU reactors. Currently, there is no market in Canada for any of AREVA's Nuclear Reactor products related to its light-water reactors. Purchasers of nuclear reactors, they submit, are familiar with the underlying technology, and in any event AREVA and AECL market their reactors using the trade-marks EPR and CANDU / ACR 1000 respectively. All of AECL's experts acknowledged in cross-examination that the relevant consumers would not be confused into purchasing the wrong nuclear reactor.

[20] AREVA notes that the purchase of a nuclear reactor is not a regular occurrence in Canada. AECL has not sold a reactor in Canada in the past decade and AREVA has never sold a reactor in Canada. The nuclear reactor products and services business is a global business with a limited number of global competitors who are known to industry players. AREVA submits that whether the public at large might be confused is completely irrelevant in the context of a sale of nuclear reactor products and services. The relevant customers, they argue, are provincial governments and major power utilities. The market for nuclear products and services is extensively regulated. Suppliers of safety-related products must be government qualified and they are audited by CANPAC, a unified industry organization, for quality. Procurement decisions involve multiple individuals conducting multiple reviews and approvals over a relatively long period of time. Customers often have master services agreements with suppliers for the provision of parts and services, which have been negotiated over a period of years. Nuclear reactor services that do go out for bid are multi-million dollar contracts. In this environment, customers are not confused with whom they are dealing.

[21] AECL submits that it and AREVA are direct competitors and both compete for the provision of parts and services for CANDU reactors. In relation to procurement of nuclear products and services, AECL has adduced evidence from the customer's perspective, whereas AREVA has not. William Bohlke's evidence is that a vendor's particular technology is only one factor in procurement decisions. In his experience, a logo can play an important role in the overall impression of decision makers as to a vendor's capabilities. Links to customer's jurisdiction are

equally important. In relation to Ontario Power's request for proposal for a "New Build," it would be important to be perceived as having experience and a significant presence in Ontario. Because so many individuals are involved in procurement decisions, not all of them with a technical expertise, there is a heightened risk of confusion arising as a matter of first impression.

[22] AREVA submits that there is an immediate and obvious difference in the two marks due to the flying atom or ball that appears at the front of AECL's Flying A Design Mark. It relies on *Anamet, Inc. v. Acklands Ltd.* (1996), 67 C.P.R. (3d) 478 (F.C.T.D.) as authority for the proposition that the degree of resemblance must be judged discounting the underlying A's in common use. As a consequence, they submit, the appearance and ideas suggested by the two marks is quite different.

[23] AECL notes that AREVA has admitted that both marks are stylized A's and it submits that as a matter of first impression, therefore, they are very similar.

[24] Having reviewed the affidavit evidence relied upon by the parties, as well as the case-law placed before the Court, I agree with AREVA that of the factors going to confusion enumerated at subsection 6(5) of the *Trade-Marks Act*, in this case the nature of the wares, services, and business, and the nature of the trade, is of primary if not determinative importance. It is difficult to imagine more sophisticated consumers, and a more prudent procurement process, than exists in the nuclear power business. In this context, adopting the point of view of the "somewhat hurried" consumer, as urged by AECL, does not make sense as there is no such thing as a "hurried consumer" of nuclear products and services. On the evidence before the Court, it can be determined at this stage that it is

beyond the realm of possibility that any utility could be confused by the resemblance of the AREVA and AECL marks into purchasing a reactor from the “wrong” company (as indeed AECL’s witnesses and its counsel admitted), or services from the “wrong” company. The lengthy and detailed procurement process that is involved in purchasing the wares and services of these parties makes that quite simply impossible.

[25] AECL’s witness William Bohlke describes in detail the many steps taken in the procurement process in this industry when purchasing a reactor, refurbishment of an existing reactor or awarding a maintenance contract. He describes these steps for each of the following stages of the procurement process: project identification, forming a selection committee, pre-bid steps, evaluation of proposals including phase II – quantitative assessment and phase II – qualitative assessment, proposal clarification process, establishing an overall ranking, and awarding the contract. Accordingly, this is a case where there is no evidence that has been or could possibly be adduced at trial that would change the fact that any passing confusion that may arise from the resemblance of the trade-marks will always and in every case be dispelled through procurement processes before nuclear wares or services are actually purchased.

[26] That said, Mr. Bohlke’s evidence raises an issue of confusion outside the procurement process. He challenges the assertion of AREVA’s affiant that even if there were some initial confusion “it is inconceivable that such a customer could or would continue to be confused once the procurement process started...” Mr. Bohlke affirms that a logo is associated with a vendor’s reputation. He writes:

[The] overall experience with a vendor is shaped not just by direct contact, but also by seemingly incidental occurrences. Often the color of, or logo on, a hard hat may be the “identity” of the individual(s) observed in some unsanctioned behaviour. Similarly, the customer will recognize the presence of a contractor in the field by the logo or trade-mark on its field trailers or offices. Finally, some pieces of equipment are branded, and the performance (or lack of performance) of the piece of equipment can contribute to the overall opinion formed by the utility of the vendor in question.

In other words, there is goodwill in marks and there may be confusion by those in the nuclear industry aside from the procurement process. The suggestion of this witness is that a Canadian customer of nuclear wares and services could see the AREVA A Design Mark on say, an engineer’s hard hat, and “wrongly” transfer to AECL whatever positive or negative associations he has made. This would then permeate his perception of the brand, which may ultimately influence relationships with vendors in subtle ways.

[27] AREVA’s evidence does not speak to this type of confusion or subtle influence on consumer behaviour; however, when considering confusion of the two marks, regard must be had to the overall presentation used by the parties with respect to their marks: *United Artists Corp. v. Pink Panther Beauty Corp.* (1998), 80 C.P.R. (3d) 247 (F.C.A.).

[28] AREVA’s A Design Mark is used in the first and last letter of the name AREVA. It is not used alone but is part of or in close proximity to the name AREVA. AECL filed no evidence that its Flying A Design Mark appears alone; rather, it appears in close proximity to its corporate mark AECL/EACL. In short, both marks always appear in concert with the corporate name or initials.

Accordingly, the confusion that Mr. Bohlke suggests may occur outside the procurement process in my view can only be said to occur if one applies the wrong test. As Lord Denning said in

Newsweek Inc. v. British Broadcasting Corp., [1979] R.P.C. 441 at p. 446:

The test is whether the ordinary, sensible members of the public would be confused. It is not sufficient that the only confusion would be to a very small, unobservant section of society; or as Foster J. put it recently, if the only person who would be misled was “a moron in a hurry”.

In this industry, the fact that Homer Simpson may be confused is insufficient to find confusion.

[29] Accordingly, I find that AREVA has established that there is no genuine issue for trial with respect to AECL’s allegation of trade-mark infringement, and AECL’s claim of trade-mark infringement is dismissed.

(ii) *Passing Off*

[30] Section 7 of the *Trade-marks Act* codifies the common law tort of passing-off. AECL pleads, in particular, a violation of subsection 7(b), which states that no person shall “direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another.”

[31] In order to succeed in an action for passing-off, relying on subsection 7(b) of the *Trade-marks Act*, AECL must prove, on a balance of probabilities:

- (i) that it is the registered owner of a trade-mark;
- (ii) that its trade-mark has goodwill associated with it;
- (iii) that AREVA is using a sufficiently similar mark;
- (iv) that such use is directed to drawing public attention to AREVA's wares, services or business;
- (v) that such use will likely cause or has caused confusion in Canada (considered at the time AREVA commenced their directed use); and
- (vi) that actual or potential damage to AECL exists.

[32] There is no evidence of confusion by customers of these parties' wares and services and, for the reasons set out above, I find that there is no current likelihood of such confusion in Canada.

[33] Accordingly, I find that AREVA has established that there is no genuine issue for trial with respect to AECL's allegation of passing-off and the claim of passing-off is dismissed.

(iii) Copyright Infringement

[34] In order to succeed in an action for copyright infringement, AECL must prove, on a balance of probabilities:

- (i) that the work in which it claims copyright is original (and pre-dates the alleged infringement);
- (ii) that there has been a copying from that work without its consent; and

(iii) that the copying resulted in a substantial portion of the work being reproduced.

[35] In order for there to be a copying, there must be a causal connection between the original and the allegedly copied work. The plaintiff must lead evidence of actual copying or of the defendant's access to the work which, in combination with substantial similarity, can lead to the inference of copying: *Shewan v. Canada (Attorney General)* (1999), 87 C.P.R. (3d) 475 (Ont. S.C.J.). AECL has led no evidence of actual copying.

[36] Substantial similarity is a copy "which comes so near to the original as to give every person seeing it the idea created by the original; such similarity creates *prima facie* evidence of copying": Roger T. Hughes, Susan J. Peacock & Neal Armstrong, *Hughes on Copyright & Industrial Design*, 2d ed., looseleaf (Markham, ON: LexisNexis, 2009) §63. However, "the simpler a copyrighted work is, the more exact must be the copying in order to constitute infringement": *DRG Inc. v. Datafile Ltd.*, [1988] 2 F.C. 243 at 256 (T.D.) aff'd (1991), 35 C.P.R. (3d) 243 (F.C.A.).

[37] AREVA's A Design Mark was created in 2001 by a design firm in France. In response to an undertaking given on examination for discovery AREVA produced a letter dated November 14, 2008, from Yann Guitton (Carré Noir), confirming that he created the A design for AREVA in 2001, with no knowledge of the AECL A design. AECL has offered no evidence to the contrary. Therefore, even if the AREVA A Design Mark could be said to come so near to AECL's Flying A Design Mark as to give every person seeing it the idea created by the original, AREVA has

provided uncontradicted evidence that there was no copying, thus overcoming any inference to the contrary.

[38] Accordingly, AREVA has established that there is no genuine issue for trial with respect to AECL's allegation of copyright infringement and its claim must be dismissed.

ORDER

THIS COURT ORDERS AND ADJUDGES that:

1. The defendants' motion for summary judgment pursuant to Rule 216 of the *Federal Courts Rules* is granted and the plaintiff's claim is dismissed; and
2. The defendants are entitled to their costs.

“Russel W. Zinn”

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-1579-06

STYLE OF CAUSE: ATOMIC ENERGY OF CANADA LIMITED v.
AREVA NP CANADA LTD. and SOCIÉTÉ DES
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PLACE OF HEARING: Toronto, Ontario

DATES OF HEARING: June 29, 2009

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

DATED: September 30, 2009

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