

Federal Court



Cour fédérale

Date: 20090730

Docket: T-1866-07

Citation: 2009 CF 785

[ENGLISH TRANSLATION]

Montréal, Quebec, July 30, 2009

Present: Mr. Richard Morneau, prothonotary

BETWEEN:

**NIKE INTERNATIONAL LTD.
and
NIKE BAUER HOCKEY INC.**

**Plaintiffs/
Defendants by Counterclaim**

and

**REBELLION INC.
and
REBELLION CANADA LTD.
and
CROW BLADE LLC**

**Defendants/
Plaintiffs by Counterclaim**

REASONS FOR ORDER AND ORDER

[1] This is a motion by both parties to decide objections.

[2] The plaintiffs (hereinafter collectively referred to as Bauer) are also seeking remedies in relation to the single affidavit of documents produced by the defendants, Rebellion Inc.(hereinafter Rebellion US), Rebellion Canada Ltd. (hereinafter Rebellion Canada) (both plaintiffs hereinafter collectively referred to as Rebellion) and Crow Blade LLC (hereinafter Crow). Bauer would like Rebellion to separately produce a complete affidavit of documents, would like Crow to produce a more complete affidavit of documents, and would like these affidavits of documents to touch on the categories of documents specified in their notice of motion.

[3] The purpose of Bauer's motion is also to have Rebellion's representative in the examination, Peter Geisler, replaced by either Kevin Woods or Buzzy Deschamps for the continuation of Rebellion's examination for discovery

Background

[4] The general circumstances surrounding these two motions are essentially as follows.

[5] Bauer sued Rebellion and Crow in 2007 for infringing their registered trade-mark no. 512,683 (hereinafter '683 trade-mark or TUUK trade-mark). The purpose of this TUUK trade-mark

is to protect the appearance and trade dress of its skate blade holder (hereinafter TUUK holder), which Bauer considers to be distinctive.

[6] Following Bauer, Crow, which is an American corporation, allegedly provided Rebellion with a counterfeit blade holder, and Rebellion Canada, which is a subsidiary of Rebellion US, allegedly marketed and sold skates with counterfeit blade holders in Canada.

[7] The alleged counterfeit skates or blade holders that Bauer knew about when it filed the lawsuit appear to include the Rebellion version, identified as Exhibit GS-4 in the examination of George Smith, the Crow representative in the examination for discovery, as well as the Rebellion 3510, identified as Exhibit GS-5 in the same examination, which is also known as the “Black Dragon blade holder” or the Chinese blade holder.” Exhibit GS-4 is also known as the “Crow blade holder.”

[8] Among other things, the parties’ pleadings involve infringement, specifically the deliberate infringement of the TUUK trade-mark as well as the distinctiveness of the TUUK holder’s appearance and trade dress.

[9] In their statement of defence and counterclaim, the defendants deny any infringement of the TUUK trade-mark and submit that, among other things, this trade-mark is invalid, non-distinctive and unregistrable because this trade-mark registration essentially includes functional aspects and overall is a way for Bauer to indefinitely protect the appearance and trade dress of its TUUK blade

holder; the defendants also claim that this protection would more properly constitute a patent, which would unduly limit the ice skate industry.

[10] The defendants stated the following in paragraph 9 of their statement of defence:

9. Ice skates have evolved functionally and structurally over the decades. The object of these advancements has been to increase stability, balance, structural integrity and ease of handling. The effect of the asserted distinguishing guise is to grant a monopoly on functional elements or characteristics of the ice skate blades and to monopolize the ware. The Plaintiffs are in effect seeking, improperly, to obtain indefinite patent protection under the guise of a trade-mark to unduly limit the ice skate industry. The guise being claimed has become the principle to make ice skates. The features of the asserted distinguishing guise are merely functional and otherwise consist of generic ornamentation in use for decades in the ice skate industry. The Plaintiffs are attempting to unfairly restrain trade as a consequence.

[11] First, an award on the parties' motions to decide objections is appropriate in the analysis that follows.

[12] Second, the Court will address the possible replacement of Mr. Geisler as Rebellion's representative for the continuation of this party's examination for discovery.

[13] Third, the Court will consider the remedies sought by Bauer in its motion in relation to the sole affidavit of documents produced by the defendants.

Analysis

I - Questions to be answered and documents to be produced during an examination for discovery: General principles applicable

[14] In *Reading & Bates Construction Co. and al v. Baker Energy Resources Corp. and al* (1988), 24 C.P.R. (3rd) 66, McNair J. provided a general, six-point review in which he defined the parameters for a question or document to be considered relevant in points 1 to 3, and then in points 4 to 6 provided a series of circumstances or exceptions under which exceptionally, ultimately, a question does not have to be answered or a document does not have to be produced.

[15] The Court said the following in pages 70 to 72:

1. The test as to what documents are required to be produced is simply relevance. The test of relevance is not a matter for the exercise of the discretion. What documents parties are entitled to is a matter of law, not a matter of discretion. The principle for determining what document properly relates to the matters in issue is that it must be one which might reasonably be supposed to contain information which may directly or indirectly enable the party requiring production to advance his own case or to damage the case of his adversary, or which might fairly lead him to a train of inquiry that could have either of these consequences: *Trigg v. MI Movers Int'l Transport Services Ltd.* (1986), 13 C.P.C. (2d) 150 (Ont. H.C.); *Canex Placer Ltd. v. A.-G. B.C.* (1975), 63 D.L.R. (3d) 282, [1976] 1 W.W.R. 644 (B.C.S.C.); and *Compagnie Financiere et Commerciale du Pacifique v. Peruvian Guano Co.* (1882), 11 Q.B.D. 55 (C.A.).

2. On an examination for discovery prior to the commencement of a reference that has been directed, the party being examined need only answer questions directed to the actual issues raised by the reference. Conversely, questions relating to information which has already been

produced and questions which are too general or ask for an opinion or are outside the scope of the reference need not be answered by a witness: *Algonquin Mercantile Corp. v. Dart Industries Canada Ltd.* (1984), 82 C.P.R. (2d) 36 (F.C.T.D.); affirmed 1 C.P.R. (3d) 242 (F.C.A.).

3. The propriety of any question on discovery must be determined on the basis of its relevance to the facts pleaded in the statement of claim as constituting the cause of action (...)

4. The court should not compel answers to questions which, although they might be considered relevant, are not at all likely to advance in any way the questioning party's legal position: *Canex Placer Ltd. v. A.-G. B.C.*, supra; and *Smith, Kline & French Laboratories Ltd. v. A.-G. Can.* (1982), 67 C.P.R. (2d) 103 at p. 108, 29 C.P.C. 117 (F.C.T.D.).

5. Before compelling an answer to any question on an examination for discovery, the court must weigh the probability of the usefulness of the answer to the party seeking the information, with the time, trouble, expense and difficulty involved in obtaining it. Where on the one hand both the probative value and the usefulness of the answer to the examining party would appear to be, at the most, minimal and where, on the other hand, obtaining the answer would involve great difficulty and a considerable expenditure of time and effort to the party being examined, the court should not compel an answer. One must look at what is reasonable and fair under the circumstances: *Smith, Kline & French Ltd. v. A.-G. Can.*, per Addy J. at p. 109.

6. The ambit of questions on discovery must be restricted to unadmitted allegations of fact in the pleadings, and fishing expeditions by way of a vague, far-reaching or an irrelevant line of questioning are to be discouraged: *Carnation Foods Co. Ltd. v. Amfac Foods Inc.* (1982), 63 C.P.R. (2d) 203 (F.C.A.); and *Beloit Canada Ltee/Ltd. v. Valmet Oy* (1981), 60 C.P.R. (2d) 145 (F.C.T.D.).

[Emphasis added.]

[16] In addition, the list of exceptions in points 2, and 4 to 6 of *Reading & Bates* is not intended to be strictly exhaustive, in my opinion.

[17] In many situations, the balance the Court refers to in point 5 of *Reading & Bates* is required.

[18] Indeed, as mentioned in *Faulding Canada Inc. v. Pharmacia S.p.A.* (1999), 3 C.P.R. (4th) 126, page 128:

[...] the general tendency of the courts to grant broad discovery must be balanced against the tendency, particularly in industrial property cases, of parties to attempt to engage in fishing expeditions which should not be encouraged.

[19] Rule 242 of the *Federal Court Rules* (the Rules) includes a warning to that effect.

Paragraphs 242(1)(b) to (d) read as follows:

242. (1) A person may object to a question asked in an examination for discovery on the ground that

(...)

(b) the question is not relevant to any unadmitted allegation of fact in a pleading filed by the party being examined or by the examining party;

(c) the question is unreasonable or unnecessary; or

(d) it would be unduly onerous to require the person to make the inquiries referred to in rule 241.

242. (1) Une personne peut soulever une objection au sujet de toute question posée lors d'un interrogatoire préalable au motif que, selon le cas :

(...)

b) la question ne se rapporte pas à un fait allégué et non admis dans un acte de procédure déposé par la partie soumise à l'interrogatoire ou par la partie qui l'interroge;

c) la question est déraisonnable ou inutile;

d) il serait trop onéreux de se renseigner auprès d'une personne visée à la règle 241.

[20] Furthermore, in an examination for discovery, a party cannot be required to answer a question that forces him or her to express an opinion, whether it be an expert opinion, his or her interpretation of a patent, or his or her beliefs. In *Philips Export B.V. v. Windmere Consumer Products Inc.* (1986), 8 C.P.R. (3d) 505, the following is stated on page 508:

Question 467, which must be read with Q. 466, asks for the belief of the plaintiff. In both the *Smith, Kline & French* case and in *Sperry Corp. v. John Deere Ltd. et al.* (1984), 82 C.P.R. (2d) 1, it is stated that opinion cannot be asked, as a rule, of a person being examined who is not an expert and that a party cannot be asked to express its position in terms of mental attitudes.

[Emphasis added.]

(See also *Rivtow Straits Ltd. c. B.C. Marine Shipbuilders Ltd.*, [1977] 1 C.F. 735, page 736.)

[21] Each motion includes a considerable number of objections or questions that need to be ruled on. As required by this Court, for each motion, the parties produced a joint table including the gist of the reasons for or against answering any question to be allowed.

[22] The Court has reproduced each of these joint tables: the one related to Bauer's motion has been designated and entitled "Table related to the plaintiffs' motion" and the one related to the defendants' motion has been designated and entitled "Table related to the defendants' motion."

[23] Given the relevant principles of case law—including both the aforementioned and those raised by the parties—the Court has marked each of the said tables with a double line (“||”) in the

margin for any or any part of a party's reasoning for each question to be allowed if, ultimately, this question should or should not be answered. This double line in the margin can therefore be found in either of the last two columns of each table.

[24] Consequently, in relation to Bauer's motion, the defendants must answer all questions listed in the "Table related to the plaintiffs' motion," except questions U-5, U-6, U-7, U-12 and U-13.

[25] Questions U-14 to-U-19 and U-25 to U-33 on pages 16 to 18 of the same table must be answered, but only where specified by the double line in the last column of the table.

[26] In relation to the defendants' motion, all questions are dismissed, other than the following questions, which must be answered: 134, 461 and 462, and, as agreed by the defendants, questions 534 to 568.

[27] Given the length of the tables and the fact that they may contain confidential information, these two tables are deemed to be part of these reasons of order and order but will be sent via classified confidential email under separate cover by the Registry to the parties' counsel.

II - Mr. Geisler and Rebellion's examination for discovery

[28] Upon reviewing the transcript of Mr. Geisler's examination for discovery as well as the parties' motion records related to the appropriateness or inappropriateness of retaining Mr. Geisler as Rebellion's representative, I have come to the conclusion that he should be replaced by either

Kevin Woods, who is Rebellion's Chief Operating Officer, or Buzzy Deschamps, who was described as the one "running North America..." in Mr. Smith's examination for discovery.

[29] In my opinion, the significant number of questions that were taken under advisement during Mr. Geisler's examination, his lack of knowledge of Rebellion's day-to-day operations despite his claims otherwise, and his lack of preliminary discussions when Crow supplied an alleged counterfeit blade holder to Rebellion are all aspects to be taken into consideration in balancing the factors pursuant to Rule 237(3), and consequently the substitution sought by Bauer must be allowed. The following was established in *Benisti Import-Export Inc. v. Modes TXT Carbon Inc.*, 34 C.P.R. (4th) 524, on page 525:

[3] In *Liebmann v. Canada (Minister of National Defence)* (1996), 110 F.T.R. 284, pages 291-292, my colleague, Prothonotary Hargrave, summarized the caselaw on a motion to examine a witness other than the one selected by a party:

I believe it would be useful to reduce the essence of these cases to half a dozen points:

1. The party being examined must put forward a proper and knowledgeable witness . . .
2. The witness must be able to give broad discovery, including as to supplemental questions . . .
3. The onus is on the party examining to demonstrate objectively the unsuitability of the witness in an application for a second discovery . . . and indeed the applicant must show that the first witness is either incapable of giving evidence of his own knowledge or by informing himself . . . or that the second witness is in a much better position to give evidence . . .

4. Convenience may be a factor, for in some instances it is more desirable and practical to have the individual involved examined, rather than to have a witness inform herself or himself . . .
5. The expense of a second witness is a factor . . .
6. The circumstances of the case, including the responsiveness of the witness, the degree to which the witness has taken pains to inform herself or himself and the materiality of the evidence sought to be canvassed with the second witness are also factors . . .

[30] As a result of Mr. Geisler's high-level involvement at Rebellion, as indirectly shown in the defendants' reply record on this matter, he will not be able to answer any further questions other than by obtaining information, which, among other things, tips the balance in favour of Bauer for factors 1 to 3, 4 and 6 in *Benisti, supra*.

III - Remedies sought by Bauer in relation to the sole affidavit of documents produced by the defendants

[31] As for Bauer's request to have Rebellion produce an affidavit of documents in its own name (i.e. separately), the Court is of the opinion that under the circumstances Bauer's request should be allowed for the reasons that follow.

[32] As for the fact that Bauer did not question Mr. Smith's ability or inability to swear an affidavit of documents not only on behalf of Crow, but also for Rebellion, the Court finds paragraph 38 of Bauer's written submissions about this motion to be satisfactory.

[33] As for the appropriateness of obtaining an affidavit of documents from Rebellion, I find that the Court should find paragraph 36 of the same written submissions satisfactory. Paragraph 36 reads as follows:

36. On its face, the Affidavit of Documents provided by the Defendants is clearly inadequate as it was prepared by Mr. Smith, the managing director of Crow Blade LLC, on behalf of all three (3) defendants. In this regard, Mr. Smith has admitted that he is neither an officer, director nor employee of the Rebellion Defendants and that he does not have access to their business records. Thus, it is clear that Mr. Smith could not make an Affidavit of Documents on behalf of all three (3) corporate defendants inclusively, but at most, could only have been authorized to prepare the Affidavit of Documents on behalf of Crow Blade LLC.

[34] As for the scope of the affidavit of documents to be provided by Rebellion as well as the more complete affidavit to be provided by Crow, I find that Bauer's approach is justified pursuant to Rule 227(b). As Bauer noted in paragraph 39 of its written submissions for this motion:

39. The Affidavit of Documents on behalf of the Rebellion Defendants is completely absent since, as mentioned above, not only was Mr. Smith incapable of signing one on their behalf, the Affidavit of Documents provided by the Defendants fails to disclose any relevant documents pertaining to impugned skate blade holders. In addition, said Affidavit of Documents does not contain any relevant documents pertaining to the Rebellion Defendants' business generally. Although the Affidavit of Documents provided by the Defendants contains one document purporting to show "Rebellion Canada Ltd. Sales by Item Summary", as will be discussed below, this document is incomprehensible without further clarifications and as such, the Defendants have effectively failed to provide an Affidavit of Documents with respect to the Rebellion Defendants.

[35] Consequently, subject to the comment below, in relation to category 1a)i) of Bauer's notice of motion, I find it justified that these forthcoming affidavits be focused on the three document categories described in paragraphs 1(a)(i) to (iii) of Bauer's motion. If a category is not accessible or available, the forthcoming affidavits of documents should indicate as much. Consequently, if the defendants have no documents in categories 1(a)(ii) or (iii) in relation to the GS-5 (Black Dragon) blade holder, that would be the place to indicate as much.

[36] As for the category indicated in paragraph 1(a)(i) of the notice of motion, I find that it is currently too broad and that the defendants should consider that it relates to only the alleged counterfeit blade holders.

[37] As for the costs for Bauer's motion, although Bauer is claiming costs in the sum of \$10,000.00 payable forthwith, I do not intend to allow this measure. Although I consider Bauer to be significantly successful in its motion, upon reviewing the parties' written and oral submissions on the matter and given Rules 400(3)(a), (g) and (i), and 400(4), I am granting Bauer costs on its motion, not payable forthwith, in accordance with the maximum of Column IV of Tariff B.

[38] As for the costs on the defendants' motion, given that the Court considers Bauer to be significantly successful in this motion, costs on this motion will be awarded to Bauer in accordance with Column III of Tariff B.

[39] Notwithstanding whether either party appeals this order, the parties are ordered to jointly provide the Court with a draft order, within ten (10) days hereof, establishing what must be done, by whom and by what deadline pursuant to the parties' notices of motion as well as what has been or has not been awarded in these reasons for order and order.

“Richard Morneau”

Prothonotary

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1866-07

STYLE OF CAUSE: NIKE INTERNATIONAL LTD.
and
NIKE BAUER HOCKEY INC.
Plaintiffs/Defendants by Counterclaim
and
REBELLION INC.
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REBELLION CANADA LTD.
and
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PLACE OF HEARING:Montréal, Quebec

DATE OF HEARING:July 20, 2009

REASONS FOR ORDER:PROTHONOTARY MORNEAU

DATED:July 30, 2009

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