Federal Court  Cour fédérale

Date: 20130208

Docket: T-735-07

Citation: 2013 FC 128

[UNREVISED ENGLISH CERTIFIED TRANSLATION]

Ottawa, Ontario, February 8, 2013

PRESENT: The Honourable Mr. Justice Boivin

BETWEEN:

BODUM USA, INC.
and
PI DESIGN AG.

Plaintiffs
Defendants by counterclaim

and

TRUDEAU CORPORATION (1889) INC.

Defendant
Plaintiff by counterclaim

SUPPLEMENTARY REASONS FOR JUDGMENT AND JUDGMENT

[1] This judgment concerns the awarding of costs following the judgment in *Bodum USA, Inc v Trudeau Corporation (1889) Inc*, 2012 FC 1128, 105 CPR (4th) 88, dated September 26, 2012. The case involved industrial designs corresponding to double wall glasses marketed by Bodum USA,

Inc (Bodum). Bodum and PI Design AG (together the plaintiffs) were alleging infringement by the defendant of these industrial designs as well as unfair competition for the offence of confusion, contrary to paragraph 7(*b*) of the *Trade-marks Act*, RSC 1985, c T-13. The Trudeau Corporation (1889) Inc. (Trudeau or the defendant) counterclaimed, seeking a declaration that the industrial designs in question were and had always been invalid. This Court found that the plaintiffs' action should be dismissed and Trudeau's counterclaim allowed. The Court concluded that the Trudeau glasses were not infringing products and that the plaintiffs' industrial designs did not satisfy the requirement of substantial originality and that, consequently, they were not entitled to the protection set out in the *Industrial Design Act*, RSC 1985, c I-9. This Court ordered that they be expunged from the register.

[2] Since the parties were unable to agree on the issue of costs, the Court's intervention is required. The parties provided written submissions in November and December 2012. This judgment takes into consideration the parties' arguments and the arguments filed in response.

[3] First, it should be noted that, pursuant to subsection 400(1) of the *Federal Courts Rules*, SOR/98-106 (the Rules), this Court has "full discretionary power over the amount and allocation of costs and the determination of by whom they are to be paid. " Rule 400(3) sets out the factors that the Court may consider in exercising its discretion with respect to awarding costs:

PART 11	PARTIE 11
COSTS	DÉPENS
AWARDING OF COSTS BETWEEN PARTIES	ADJUDICATION DES DÉPENS ENTRE PARTIES

…	[…]
Factors in awarding costs	Facteurs à prendre en compte
400. (3) In exercising its discretion under subsection (1), the Court may consider	**400.** (3) Dans l'exercice de son pouvoir discrétionnaire en application du paragraphe (1), the Court peut tenir compte de l'un ou l'autre des facteurs suivants:
(*a*) the result of the proceeding;	*a*) le résultat de l'instance;
(*b*) the amounts claimed and the amounts recovered;	*b*) les sommes réclamées et les sommes recouvrées;
(*c*) the importance and complexity of the issues;	*c*) l'importance et la complexité des questions en litige;
(*d*) the apportionment of liability;	*d*) le partage de la responsabilité;
(*e*) any written offer to settle;	*e*) toute offre écrite de règlement;
(*f*) any offer to contribute made under rule 421;	*f*) toute offre de contribution faite en vertu de la règle 421;
(*g*) the amount of work;	*g*) la charge de travail;
(*h*) whether the public interest in having the proceeding litigated justifies a particular award of costs;	*h*) le fait que l'intérêt public dans la résolution judiciaire de l'instance justifie une adjudication particulière des dépens;
(*i*) any conduct of a party that tended to shorten or unnecessarily lengthen the duration of the proceeding;	*i*) la conduite d'une partie qui a eu pour effet d'abréger ou de prolonger inutilement la durée de l'instance;
(*j*) the failure by a party to admit anything that should have been admitted or to serve a request to admit;	*j*) le défaut de la part d'une partie de signifier une demande visée à la règle 255 ou de reconnaître ce qui aurait dû être admis;
(*k*) whether any step in the proceeding was	*k*) la question de savoir si une mesure prise au cours de

	l'instance, selon le cas:
(i) improper, vexatious or unnecessary, or (ii) taken through negligence, mistake or excessive caution;	(i) était inappropriée, vexatoire ou inutile, (ii) a été entreprise de manière négligente, par erreur ou avec trop de circonspection;
(*l*) whether more than one set of costs should be allowed, where two or more parties were represented by different solicitors or were represented by the same solicitor but separated their defence unnecessarily;	*l*) la question de savoir si plus d'un mémoire de dépens devrait être accordé lorsque deux ou plusieurs parties sont représentées par différents avocats ou lorsque, étant représentées par le même avocat, elles ont scindé inutilement leur défense;
(*m*) whether two or more parties, represented by the same solicitor, initiated separate proceedings unnecessarily;	*m*) la question de savoir si deux ou plusieurs parties représentées par le même avocat ont engagé inutilement des instances distinctes;
(*n*) whether a party who was successful in an action exaggerated a claim, including a counterclaim or third party claim, to avoid the operation of rules 292 to 299;	*n*) la question de savoir si la partie qui a eu gain de cause dans une action a exagéré le montant de sa réclamation, notamment celle indiquée dans la demande reconventionnelle ou la mise en cause, pour éviter l'application des règles 292 à 299;
(*n.1*) whether the expense required to have an expert witness give evidence was justified given	*n.1*) la question de savoir si les dépenses engagées pour la déposition d'un témoin expert étaient justifiées compte tenu de l'un ou l'autre des facteurs suivants:
(i) the nature of the litigation, its public significance and any need to clarify the law, (ii) the number, complexity or technical nature of the issues in dispute, or (iii) the amount in dispute in	(i) la nature du litige, son importance pour le public et la nécessité de clarifier le droit, (ii) le nombre, la complexité ou la nature technique des questions en litige, (iii) la somme en litige;

the proceeding; and	
(*o*) any other matter that it considers relevant.	*o*) toute autre question qu'elle juge pertinente.

[4] The Court also notes the principle articulated in *Johnson & Johnson Inc v Boston Scientific Ltd.*, 2008 FC 817 at para 3, [2008] FCJ No 1022 (QL): "Costs should be neither punitive nor extravagant. It is a fundamental principle that an award of costs represents a compromise between compensating a successful party and not unduly burdening an unsuccessful party . . . "

[5] Generally, a successful party (the defendant Trudeau in this case) is entitled to its costs. As stated in Rule 407, the starting point in awarding costs is column III of the table to Tariff B.

Parties' requests

[6] The defendant is seeking lump sum costs in the amount of $250,000, representing 50% of its legal costs. In the defendant's view, this amount is justified given the nature of the case and the fact that the plaintiffs did not withdraw their unfair competition cause of action in a timely manner. In the alternative, it is claiming lump sum costs in the amount of $151,128.54, corresponding to the costs it could claim on the basis of the top of column III of Tariff B, by applying Rule 420, multiplied by a factor of three. In both cases, the defendant is asking for the amount of $40,405.90 in disbursements. The defendant submitted a *pro forma* memorandum of costs in support of its arguments (Written submissions by the defendant / plaintiff by counterclaim on costs, Tab SP-1; G. *Lagiorgia c Canada*, [1987] 3 CF 28, [1987] 1 CTC 424, p 153).

[7] The plaintiffs submit that the amount requested by the defendant is disproportionate and does not reflect this Court's jurisprudence, taking into account the length of the trial and the issues raised in the course of the dispute. Accordingly, the plaintiffs believe that there is no reason to deviate from the general rule suggesting that costs be awarded based on the middle of column III of Tariff B.

Factors

Result of the proceeding (Rule 400(3)(a))

[8] The defendant was successful both on the plaintiffs' main action, which was dismissed, and on its counterclaim regarding the invalidity of the industrial designs, which this Court allowed.

Importance and complexity of the issues (Rule 400(3)(c))

[9] It is true, as the defendant argues, that the dispute raised a number of legal issues such as the evolution of the infringement test, the assessment of the scope of protection given to the industrial designs referred to, the distinction between the infringement test and the validity test as well as the importance of prior art. Nonetheless, in the Court's opinion, the nature of this case can hardly be compared to some pharmaceutical patent cases in its complexity, duration or number of witnesses.

Written offer to settle pursuant to Rule 420 (Rule400(3)(f))

[10] The defendant submits that it served a written offer to settle on the plaintiffs inviting them to abandon their action, the consideration being that the defendant would abandon its counterclaim and each party would bear its own costs. In the plaintiffs' opinion, the offer was not an offer but an invitation by the defendant to capitulate.

[11] It is important to note here that the Court, in a decision prior to the trial, dealt with this issue (*Bodum USA, Inc. v Trudeau Corporation (1889) Inc.*, 2012 FC 240; [2012] FCJ No 268 (QL)). The Court's decision issued on February 21, 2012, is clear at paragraph 23 that the defendant's offer contained an element of compromise, was valid and satisfied the requirements of Rule 420:

> [23] I agree with the defendant that the offer made on April 13, 2011 is clear and unequivocal, contains an element of compromise, was presented in a timely fashion, would bring the dispute between the parties to an end if accepted, and is not set to expire before the commencement of the trial. . . .

[12] In these circumstances and on the basis of the principle of judicial comity, the Court is strongly guided and feels bound by the previous decision in this case.

Conduct of the parties (Rule400(3)(i))

[13] According to the defendant, its conduct shortened the duration of the proceeding. It states that its efforts to ensure that the conduct of the trial proceeded smoothly and in an organized fashion are not adequately recognized by the Tariff and justify increased costs (citing *Fraser River Pile & Dredge Ltd v Empire Tug Boats Ltd*, [1995] FCJ No 740, 96 FTR 298). It alleges that the length of the trial was shortened as a result of its counsel's efforts in preparing witnesses and the evidence that was admitted jointly ahead of time. The defendant also claims it did a greater amount of work (Rule 400(3)(*g*)).

[14] In the defendant's view, the plaintiffs' conduct lengthened the duration of the proceeding because they did not withdraw their unfair competition cause of action despite the fact that they acknowledged on the last day of trial that this claim was without merit. According to the defendant,

the plaintiffs never suggested that they were going to drop their unfair competition cause of action (Trial transcript, May 22, 2012, pp 11-12, Tab 3).

[15] The plaintiffs admit that they did not amend their pleading to abandon their unfair competition argument but insist that the defendant should have known that the plaintiffs would not pursue this argument because of the high burden of proof and the evidence filed in this regard.

[16] On this point, the Court notes that it was not until the last day of trial that the plaintiffs explicitly confirmed that they were abandoning their unfair competition argument. The Court agrees with the defendant that the case would have been further simplified and the trial shortened even more had the plaintiffs indicated their intention a little earlier. Certain parts of the testimony could have been avoided.

[17] The Court notes that the plaintiffs cooperated with the defendant during the trial, and the Court cannot find that the plaintiffs showed any bad faith. However, contrary to the plaintiffs' submissions, it was not up to the defendant to surmise or guess that the unfair competition argument would not be completed. Although some factors could have indicated that the issue of unfair competition would not be central to the plaintiffs' argument, the plaintiffs can certainly not fault the defendant, in the circumstances, for preparing its defence.

Legal fees paid by the defendant

[18] Finally, according to the defendant, the jurisprudence of this Court and of the Court of Appeal recognizes that legal fees actually paid are a factor that the Court may consider. For the

plaintiffs, the defendant made the choice of spending the resources in question for this case. As previously mentioned, it would be erroneous to compare this case to the decisions the plaintiff refers to. For example, in *Eli Lilly & Co v Apotex Inc*, 2011 FC 1143 at para 9, [2011] FCJ No 1425 (QL), Gauthier J., as she then was, made the following comment: ". . . even when compared to other complex patent matters, this case was exceptionaly difficult". See also *Consorzio Del Prosciutto Di Parma v Maple Leaf Meats Inc*, 2002 FCA 417 at para 5-8, [2003] 2 FC 451; *Air Canada v Toronto Port Authority*, 2010 FC 1335 at para 14, [2011] FCJ No 1 (QL); *Abbott Laboratories v Canada (Minister of Health)*, 2007 FC 50 at para 25 and 26, [2007] FCJ No 71 (QL)). The Court can only observe that the facts in this case can hardly be compared to the cases the defendant refers to and that the legal fees it has claimed are excessive to say the least.

[19] This is a case where it is appropriate to award a lump sum. After reviewing the submissions of the parties on costs, the Court will award the defendant the amount of $90,000 in costs including disbursements and taxes.

JUDGMENT

THE COURT ORDERS AND ADJUDGES that the plaintiffs shall pay to the defendant the lump sum of $90,000 including disbursements and taxes.

"Richard Boivin"
Judge

Certified true translation
Mary Jo Egan, LLB

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	**Bodum USA Inc et al v Trudeau Corporation (1889) Inc.**
PLACE OF HEARING:	Montréal, Quebec
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