Date: 20090505

Docket: A-482-08

Citation: 2009 FCA 144

CORAM: **LINDEN J.A.**
SEXTON J.A.
LAYDEN-STEVENSON J.A.

BETWEEN:

PHARMACOMMUNICATIONS HOLDINGS INC.

Appellant

and

AVENCIA INTERNATIONAL INC., JASON LEWIS, DONALD LAJOIE AND GREGORY KOCHIK

Respondents

Heard at Toronto, Ontario, on May 5, 2009.

Judgment delivered from the Bench at Toronto, Ontario, on May 5, 2009.

REASONS FOR JUDGMENT OF THE COURT BY: SEXTON J.A.

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REASONS FOR JUDGMENT OF THE COURT
(Delivered from the Bench at Toronto, Ontario, on May 5, 2009)

SEXTON J.A.

[1] This is an appeal by PharmaCommunications Holdings from an order of Deputy Justice Frenette, dismissing its application for a declaration and a permanent injunction in respect of its claim that Avencia International had engaged in statutory passing-off (2008 FC 828).

[2] PharmaCommunications Holdings, the appellant, was incorporated in 1995. It claims to have owned the unregistered trademarks “PharmaCommunications” and “Pharmacommunications” since its incorporation. It claims it has licensed these trademarks to PharmaCommunications Group Inc./Group PharmaCommunications Inc. (PGI), a related company also incorporated in 1995. The appellant asserts that it or its predecessors have used those marks since 1982.

[3] Avencia International, the corporate respondent, was incorporated in 2004. It registered the business name “Pharmacomm” in December 2004 under the *Business Names Act*, R.S.O. 1990, c. B.17, and carries on business in Ontario under that name. The parties dispute the nature of one another’s businesses, but in our view the precise characterization of either is not relevant to this appeal. It suffices to say that both parties provide services to the pharmaceutical industry.

[4] The appellant made an application to the Federal Court for a declaration that 1) it was the owner of the unregistered trademark “PharmaCommunications”; 2) that the corporate and individual respondents have engaged in statutory passing-off as defined by paragraph 7(b) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (“the Act”); and 3) that the respondents’ business name was confusingly similar to the appellant’s trademark. The appellant also sought a permanent injunction restraining the respondents from using any confusing trade names, trademarks, or business names, in particular “Pharmacomm” and “PharmaComm”, and other relief. The application also named three individuals who the appellant claimed were directors or officers of Avencia International, although their personal liability is disputed.

[5] The applications judge dealt only with the main issue, whether the respondents were liable for statutory passing-off. After reviewing the evidence and arguments put forth by the parties, he concluded that the application failed because the appellant had not adduced any evidence of actual or potential damage, a necessary element of a claim for statutory passing-off. He therefore did not consider whether the appellant had a valid trademark, whether it had established goodwill, or whether there had been deception of the public due to a misrepresentation. It was also unnecessary to address the test for an injunction, or the liability of the individual respondents.

[6] The main issue in this appeal is whether the applications judge applied the correct test to the claim under paragraph 7(b) of the Act. Specifically, in the present case, this involves determining whether it is necessary in a passing-off action for the plaintiff to establish actual or potential damage as a result of the alleged infringement. This is an issue of law reviewable by this court on a standard of correctness (*Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 at para. 8). Although the appellant raised other issues, unless it is successful on this issue, the court need not address the other subsidiary issues raised by the appellant.

[7] The appellant argues that the applications judge erred by applying the common law test to a statutory claim for passing-off. In its submission, paragraph 7(b) does not require that the court find actual or potential damage to the claimant. It acknowledges that this court held otherwise in *BMW Canada Inc. v. Nissan Canada Inc.*, 2007 FCA 255, 380 N.R. 147 at para. 30, but argues that that case should not be followed.

[8] However, the appellant has not demonstrated that *BMW Canada* was manifestly wrong. Paragraph 7(b) of the Act is a codification of the common law of passing-off, and there are no longer any "significant differences" between the statute and the common law (Kelly Gill and R. Scott Joliffe, eds., *Fox on Canadian Law of Trade-Marks and Unfair Competition,* 4th ed., looseleaf (Toronto: Thomson Carswell, 2002) at §4.1 and §4.2(e)).

[9] In *Ciba-Geigy v. Apotex Inc.*, [1992] 3 S.C.R. 120 at 132, the Supreme Court established a tripartite test for establishing passing-off: 1) the existence of goodwill; 2) the deception of the public due to a misrepresentation; and 3) actual or potential damage to the plaintiff. Although *Ciba-Geigy* was a common law passing-off case, this test has been applied by the Federal Court in numerous statutory claims (see for example *Prince Edward Island Mutual Insurance v. Insurance Co. of Prince Edward Island* (1999), 159 F.T.R. 112 at para. 26 (T.D.), aff'd (2000), 9 C.P.R. (4th) 520 (F.C.A.)).

[10] More recently, in *Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65, [2005] 3 S.C.R. 302 at para. 66, the Supreme Court affirmed the tripartite test, including the requirement of actual or potential damage (at para. 66). It also confirmed that the same principles inform both the common law and the statute (at para. 63).

[11] This court's decision in *BMW Canada* is thus consistent with the Supreme Court's jurisprudence on passing-off and we are of the view that it should be followed.

[12] Alternatively, the appellant argues that it is unnecessary to lead evidence of actual or potential damage, and that the court is entitled to presume damages where a likelihood of confusion has been demonstrated. However, this argument was also rejected in *BMW Canada* at paras. 33-35. The appellant has not given any reason why *BMW Canada* should not be followed for this proposition. It has also not challenged the finding below that it led no evidence of actual or potential damage. Therefore, it is evident that its claim for statutory passing-off cannot succeed. This is sufficient to dispose of the appeal.

[13] We would therefore dismiss the appeal, with costs to the respondents.

"J. Edgar Sexton"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-482-08

(AN APPEAL FROM THE ORDER OF THE HONOURABLE MR. ORVILLE FRENETTE, OF THE FEDERAL COURT, DATED JULY 2, 2008, IN FEDERAL COURT DOCKET NO. T-2278-06.)

STYLE OF CAUSE:	PHARMACOMMUNICATIONS HOLDINGS INC. v. AVENCIA INTERNATIONAL INC., JASON LEWIS, DONALD LAJOIE AND GREGORY KOCHIK
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	MAY 5, 2009
REASONS FOR JUDGMENT OF THE COURT BY:	(LINDEN, SEXTON & LAYDEN-STEVENSON JJ.A.)
DELIVERED FROM THE BENCH BY:	SEXTON J.A.

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