

**Federal Court of Appeal**



**Cour d'appel fédérale**

**Date: 20200219**

**Docket: A-357-18**

**Citation: 2020 FCA 49**

**CORAM: DAWSON J.A.  
STRATAS J.A.  
WOODS J.A.**

**BETWEEN:**

**ENERGIZER BRANDS, LLC and  
ENERGIZER CANADA, INC.**

**Appellants**

**and**

**THE GILLETTE COMPANY, DURACELL  
CANADA, INC., DURACELL U.S.  
OPERATIONS, INC., and  
PROCTER & GAMBLE INC.**

**Respondents**

Heard at Toronto, Ontario, on January 21, 2020.

Judgment delivered at Ottawa, Ontario, on February 19, 2020.

REASONS FOR JUDGMENT BY:

DAWSON J.A.

CONCURRED IN BY:

STRATAS J.A.  
WOODS J.A.

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**REASONS FOR JUDGMENT**

**DAWSON J.A.**

[1] As explained in more detail below, the principal issue raised on this appeal and cross-appeal is whether the Federal Court erred by granting summary judgment dismissing aspects of the appellants' claim based on paragraphs 7(a) and 7(d) and subsection 22(1) of the *Trademarks*

*Act* and subsection 52(1) of the *Competition Act*, while failing to dismiss other aspects of the claim. For the reasons that follow I would allow the appeal in part. I would dismiss the cross-appeal.

### Introduction

[2] Together, the appellants manufacture, sell, distribute and promote batteries in Canada. In these reasons the appellants are referred to as “Energizer”. Energizer owns a number of Canadian trademark registrations: ENERGIZER (TMA 157162); ENERGIZER (TMA 740338); ENERGIZER MAX (TMA 580557); RABBIT & DESIGN (TMA 399312); and, ENERGIZER BUNNY & DESIGN (TMA 943350) (together, the Energizer Trademarks).

[3] The respondents are related companies that manufacture, advertise, offer for sale and sell Duracell batteries in Canada. In these reasons the respondents are referred to as “Duracell”.

[4] Energizer brand batteries are directly competitive in Canada with Duracell brand batteries. They are the most popular brands of batteries in Canada. Together, Energizer and Duracell make up over 80% of the Canadian market for batteries.

[5] This appeal and cross-appeal arise out of stickers that Duracell applied to the front of packages of AA and hearing aid batteries sold to retailers in Canada.

[6] The stickers claimed, in both French and English, that Duracell's batteries were "up to 15%" or "up to 20%" longer-lasting than "the next leading competitive brand" and "the bunny brand".

[7] Energizer commenced an action against Duracell, asserting, among other things, that Duracell's stickers and point-of-sale displays used the Energizer Trademarks in a manner that was likely to have the effect of depreciating the value of the goodwill attaching to the trademarks (contrary to subsection 22(1) of the *Trademarks Act*, R.S.C., 1985, c. T-13 (Act)). Energizer also claimed that the stickers and point-of-sale displays made false or misleading statements tending to discredit Energizer's batteries (contrary to paragraph 7(a) of the Act) and were false in a material respect and likely to mislead the public as to the character, quality and performance of Energizer's batteries (contrary to paragraph 7(d) of the Act). Finally, Energizer claimed that Duracell had knowingly or recklessly made representations to the public that are false and misleading in a material respect (contrary to subsection 52(1) of the *Competition Act*, R.S.C., 1985, c. C-34). Energizer sought an accounting of profits for breach of subsection 52(1) of the *Competition Act*.

[8] After the action was set down for trial, Duracell moved for an order, pursuant to Rules 213 to 219 of the *Federal Courts Rules*, granting summary judgment dismissing Energizer's claims pursuant to paragraphs 7(a) and 7(d) and subsection 22(1) of the *Trademarks Act* based on Duracell's use of the phrases "the bunny brand" and "the next leading competitive brand" and their equivalent phrases in French (the trademark issue) and dismissing Energizer's claim for an accounting of profits under subsection 52(1) of the *Competition Act* (the remedy issue).

[9] For reasons cited 2018 FC 1003, the Federal Court granted the motion for summary judgment in part. Although the motion for summary judgment correctly sought dismissal of aspects of Energizer's claim, the Federal Court ordered that Energizer's pleadings referring to paragraphs 7(a) and 7(d) and subsection 22(1) of the *Trademarks Act* and "the next leading competitive brand" be "struck from Energizer's claim" (reasons, paragraph 7). Energizer's pleading requesting an accounting of profits under subsection 52(1) of the *Competition Act* was also struck. The balance of Duracell's motion for summary judgment was dismissed, except in respect of costs (reasons, paragraphs 8 and 100).

[10] I do not believe that anything turns on the Federal Court's reference to striking aspects of Energizer's claim. I shall proceed on the basis that the Federal Court intended to, and in effect did, dismiss those aspects of the claim.

[11] This is an appeal brought by Energizer from the judgment of the Federal Court dismissing its claims advanced under subsection 52(1) of the *Competition Act* and under paragraphs 7(a) and 7(d) and subsection 22(1) of the *Trademarks Act* in respect of Duracell's use of the phrase "next leading competitive brand". Duracell cross-appeals from that part of the judgment that dismissed its motion for judgment with respect to paragraphs 7(a) and 7(d) and subsection 22(1) of the *Trademarks Act* in respect of Duracell's use of the phrase "the bunny brand".

The issue

[12] While the parties raise a number of issues on the appeal and cross-appeal, in my view a single question is dispositive of the trademark issue: was Energizer properly informed of the case to be met on Duracell's motion for summary judgment? Another way of stating this issue is: did the Federal Court err by deciding an issue not before it? The question raised with respect to the remedy issue is whether the Federal Court erred by determining that, as a matter of law, an accounting of profits does not lie for an alleged breach of subsection 52(1) of the *Competition Act*.

The standard of review

[13] On this appeal and cross-appeal from the judgment of the Federal Court this Court is to apply the standards of review set out in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235.

Consideration of the issue

[14] To consider whether Energizer was properly informed of the case to be met on Duracell's motion for summary judgment, I begin by reviewing the pleadings to see what issues were at play in the action. I will then consider: Duracell's notice of motion seeking judgment; the evidence filed in support of Duracell's motion; Duracell's submissions to the Federal Court; Energizer's responding submissions; and, the reasons of the Federal Court.

A. The pleadings

[15] At paragraphs 23 through 28 of its second amended statement of claim, Energizer pled the material facts summarized above and asserted that consumers understood that use of the phrases “the bunny brand” and “the next leading competitive brand” referred to the Energizer Trademarks. Duracell’s conduct was said to be contrary to the provisions of the Act and the *Competition Act* referred to above.

[16] Duracell denied these allegations, without providing further particulars.

B. Duracell’s motion for judgment

[17] Duracell’s notice of motion sought an order:

... pursuant to Rules 213-219 granting summary judgment to the Defendants dismissing the Plaintiffs’ claims pursuant to sections 7(a), 7(d), and 22(1) of the *Trade-marks Act* and the Plaintiffs’ claim for an accounting of profits under section 52(1) of the *Competition Act* that are based on the Defendants’ use of the terms “bunny brand” and “the next leading competitive brand”, and the equivalent phrases in French “marque du lapin” and “l’autre marque concurrente la plus populaire”;

[18] The grounds of the motion were:

4. In this action, the Plaintiffs allege violations of section 7(a), 7(d) and 22(1) of the *Trade-marks Act* and section 52(1) of the *Competition Act* in relation to the Defendants’ use of the terms “bunny brand” and “the next leading competitive brand” (and equivalent phrases in French), ENERGIZER and ENERGIZER MAX, on stickers that were placed on AA and hearing aid battery packages in Canada.

5. There is no genuine issue for trial in respect of the Plaintiffs' claim of depreciation of goodwill based on section 22(1) of the *Trade-marks Act* based on the Defendants' use of the terms "bunny brand" and "the next leading competitive brand" (and the equivalent phrases in French) on packaging of batteries in Canada.

6. Section 22(1) requires use of a registered trademark. The terms "bunny brand" and "the next leading competitive brand" (and the equivalent phrases in French) are not even trademarks of the Plaintiffs and accordingly are not registered trademarks of the Plaintiffs. Therefore, these causes of action under section 22(1) are bound to fail at trial. (emphasis in the original)

7. There is also no genuine issue for trial in respect of the Plaintiffs' claims under sections 7(a) and 7(d) of the *Trade-marks Act* based on the Defendants' use of the same terms "bunny brand" and "the next leading competitive brand" (and the equivalent phrases in French) on packaging of batteries in Canada.

8. Under sections 7(a) and 7(d), the alleged false and misleading claims must relate to a valid intellectual property right, and in this case, trademarks, owned by the Plaintiffs. The terms "bunny brand" and "the next leading competitive brand" (and equivalent phrases in French) are not trademarks owned by the Plaintiffs. As a result, these allegations are also bound to fail at trial. (underlining added)

9. The Plaintiffs seek to have this court grant registered trademark rights to it in the phrases "bunny brand" and "the next leading competitive brand" (and equivalent phrases in French) without having gone through the trademark registration process in order to foreclose the Defendants and all other third parties from using these phrases. If this Honourable Court were to grant the Plaintiffs' relief claimed in sections 7 and 22 of the *Trademarks Act*, it would, in effect, be granting to the Plaintiffs rights reserved for trademark registrations which have gone through the registration process and would be granting a monopoly to the Plaintiffs effective against all third parties in respect of these phrases when the Plaintiffs have never even used the phrases.

10. The vast majority of the sales of the Defendants' batteries at issue in this action relate to batteries that bore the terms "bunny brand" and "the next leading competitive brand" on the packaging. The amount of sales of batteries that bore the terms ENERGIZER and ENERGIZER MAX were comparatively very low.

11. Granting summary judgment on this motion will dispose of significant issues in the main action. It will also substantially limit any award of profits, should the Plaintiffs prevail on the other issues at trial since an accounting of profits is not available for breaches of section 52 of the *Competition Act*.

12. Rules 3, 213-219, and 401 of the *Federal Courts Rules*, sections 7 and 22 of the *Trade-marks Act*, sections 36 and 52 of the *Competition Act*.



C. Duracell's evidence

[19] Duracell filed no evidence about whether consumers understood that the phrases “the bunny brand” and “the next leading competitive brand” referred to the Energizer Trademarks.

[20] The most salient evidence provided on the motion was set out in the affidavit of the Sales Director of Duracell Canada, Inc. who swore that:

16. As the sticker states, the term “next leading competitive brand” was based on data Duracell obtained from the Nielsen Company, which maintains a database of retail analytics. The Nielsen sales data indicated that Energizer AA batteries were the next leading competitive brand, next to Duracell.

17. The packaging of the batteries bearing the “next leading competitive brand” sticker does not use the word “Energizer”, nor does it feature any images of bunnies or rabbits.

...

19. The “bunny brand” sticker states “up to 20% longer lasting\*” and “\*vs. the bunny brand on sizes 10, 13 & 312” (and the French-equivalent). The claim of “up to 20% longer lasting” is in reference to Energizer’s size 10, 13 and 312 hearing aid batteries.

20. The packaging of the batteries bearing the “bunny brand” sticker does not use the word “Energizer”, nor does it feature any images of bunnies or rabbits.

(underlining added)

[21] Duracell did file the affidavit of a legal assistant that attached answers to questions posed on discovery to a representative of Energizer. When asked about the facts or documents possessed by Energizer to show that customers understood the phrases “the bunny brand” and “the next leading competitive brand” referred to the Energizer trademarks, the witness

responded: “[a]t the present time, Energizer has produced all of the facts that are in its possession, power or control that are responsive to the question and not privileged. Expert evidence will be provided on this point.”

D. The parties’ memoranda of fact and law

[22] The legal arguments advanced by the parties are telling.

[23] In Duracell’s memorandum of fact and law filed on the motion for judgment, Duracell provided the following overview of its submissions:

1. The Defendants move for partial summary judgment in respect of the Plaintiffs’ claims that the Defendants’ use of the terms “the next leading competitive brand” and “the bunny brand” (and the equivalent French phrases) violate s. 22 of the *Trade-marks Act* (the “Act”). The Plaintiffs have claimed that through their use, the Defendants have used the registered ENERGIZER trademarks in a manner likely to have the effect of depreciating the goodwill of those marks.

2. Section 22 of the Act requires use of a registered trademark. The only registered trademarks that the Plaintiffs have alleged are the marks ENERGIZER and ENERGIZER MAX and an illustration of a rabbit. They have admitted that they do not own registered trademarks for the terms “the next leading competitive brand” and “the bunny brand”. Section 22 is not violated if a Defendant uses a term other than the trademark, as registered or a minor misspelling of the registered trademark. The use of the terms “the next leading competitive brand” and “the bunny brand” do not fall within that scope.

3. The Plaintiffs have alleged that the scope of s. 22 extends to use of terms that are not registered trademarks on the basis that consumers understand that use of these terms refers to registered trademarks. This is not the test under s. 22. Even if it was, which is denied, the Plaintiffs have failed to produce any evidence of any such understanding by consumers.

4. The Plaintiffs’ claims with respect to the terms “the next leading competitive brand” and “the bunny brand” are disingenuous. Not only is the use of these types of comparative advertising terms common in the marketplace, the

Plaintiffs themselves have used the term “The Other Leading Brand” to refer to the Defendants in advertising their own batteries.

5. Furthermore, in order to provide relief under ss. 7(a) and 7(d) of the Act, those causes of action must relate to a valid trademark owned by the Plaintiffs; otherwise, there is no jurisdiction for the court to provide the relief sought. As the Plaintiffs have admitted that they do not own trademark registrations for and have not even used the phrases “the next leading competitive brand” and “the bunny brand”, those allegations must also fail.

6. The Plaintiffs have also claimed an accounting of profits based on s. 52(1) of the *Competition Act*. This remedy is not available. Accordingly, that cause of action must also fail.

7. As a result, there is no genuine issue for trial with respect to the ss. 7(a), 7(d), and 22(1) allegations relating to the above phrases and their French equivalents, nor with respect to the claim for an accounting of profits under ss. 52(1) of the *Competition Act*.

(underlining added)

[24] Duracell expanded its submissions on these points as follows:

63. In *Veuve Clicquot*, the Court found that the use of the term “Clicquot” was **not** use of the plaintiff’s registered mark VEUVE CLICQUOT and the plaintiff failed on the first step of the test. While the court stated that minor misspellings such as the omission of the letter “c” could still be caught by the test, the court did not expand the test to go beyond minor misspellings, citing the example *Kleenex v Klenex*:

The appellant acknowledges that the respondents never used its registered trademarks as such, but says that use of the word Clicquot conveys the idea. I agree it was no defence that Clicquot is differently spelled. If the casual observer would recognize the mark used by the respondents as the mark of the appellant (as would be the case if Kleenex were spelled Klenex), the use of a misspelled Clicquot would suffice.

64. This standard has been maintained since *Veuve Clicquot* and no Canadian courts since that decision have found depreciation of goodwill for use of terms that bear little resemblance to the registered marks in issue, as Energizer is alleging with respect to Duracell’s use of “the bunny brand” and “the next leading competitive brand”. In applying the *Veuve Clicquot* test, the Supreme Court and

the Federal Courts have plainly construed the requirements of s. 22 to require use of a registered mark or a minor misspelling.

...

73. From these cases, it is evident that the scope of protection given to s. 22 has been limited to the identical registered mark, minor misspellings or marks closely akin to the registered mark. No case has expanded the first prong of the *Veuve Clicquot* case to marks which do not bear any resemblance to the registered mark. If the mark used by a defendant does not fall within these categories, then the plaintiff has failed on the first prong of the test. If and only if the mark used by the defendant is a minor misspelling or closely akin to the registered mark will the court then consider credible evidence of consumer linkage. There is no authority which allows expansion of the first prong of the test for s. 22 beyond this scope.

74. In this case, Energizer's claims that s. 22 of the *Act* has been infringed by Duracell's use of the terms "the next leading competitive brand" and "the bunny brand" cannot succeed as:

(a) Energizer does not own trademark registrations for the terms "the next leading competitive brand" or "the bunny brand". Indeed, they have never used either term in their marketing or advertising or on the packaging of their products. The only registered marks Energizer has asserted in this case are the marks ENERGIZER and ENERGIZER MAX, and the RABBIT & Design mark.

(b) The terms "the next leading competitive brand" and "the bunny brand" do not bear any resemblance to any of Energizer's registered trademarks. They are not identical to Energizer's registered trademarks. They are not minor misspellings of or closely akin to Energizer's registered trademarks. Accordingly, there has been no use of the Plaintiffs' registered trademarks as required by s. 22.

(c) Further, Energizer's allegations that the scope of s. 22 of the *Act* extends to what consumers would believe or understand when they see the terms "the next leading competitive brand" or "the bunny brand" is not supported in law. On the contrary, the Federal Court in the *BMW* case stated that the understanding and recollection by consumers of **terms different than the registered mark** does not meet the **use requirement** under s. 22 of the *Act*. This would be an unreasonable expansion of the scope of that section and would be contrary to parliament's intention in specifically using the word "registered" in that section. To rule otherwise would render the words of that section meaningless.

75. However, even if the scope of the section could be expanded to encompass these allegations, which is denied, Energizer has provided no evidence of what connection or linkage consumers have when they see the terms "the next leading competitive brand" or "the bunny brand". Energizer's affiant admitted on cross-examination that there was no evidence in her affidavit on this point, except for

her bald assertions. And as set out above, Energizer's witness was less than forthright, evasive and not credible in her testimony. Further, on examinations for discovery, Energizer provided no facts or evidence related to this point.

...

85. Under ss. 7(a) and (d), the alleged false and misleading statements or descriptions must relate to a valid intellectual property right, and in this case, trademarks, owned by Energizer. The terms "the bunny brand" and "the next leading competitive brand" are not trademarks of Energizer. They are not trademarks at all. Accordingly, the allegations under ss. 7(a) and (d) have no merit. To hold otherwise would render these sections of the *Trade-marks Act* unconstitutional.

...

88. The Federal Court recently confirmed that the scope of ss. 7(a) is "limited to creating a cause of action relating to false and misleading statements made about a trademark or other intellectual property owned by the claimant..." (emphasis added) It is not sufficient that the statement *may* "evoke" an intellectual property right – as Energizer appears to contend here.

89. In this case, the statements relate to claims of longer lasting batteries (e.g. Up To 20% [or 15%] LONGER LASTING) versus "the bunny brand" and "the next leading competitive brand". These statements are not made about trademarks, or other intellectual property. In fact, they explicitly avoid using trademarks. Again, these types of statements are common in the trade.

90. The terms "the bunny brand" and "the next leading competitive brand" are not trademarks owned by Energizer and as such the use of these terms does not meet the requirements for ss. 7(a) – the statements must do more than "evoke" a trademark. In any event, there is no evidence that consumers would even perceive these terms to be references to Energizer, its trademarks, or its products.

...

96. For the same reasons stated above with respect to ss. 7(a), Duracell's on-pack claims that used the terms "the bunny brand" and "the next leading competitive brand" do not "use or affect" an intellectual property right. These terms are not trademarks. As stated in *LBI Brands*, impacting the company (i.e. Energizer) but not its intellectual property, is not sufficient for an allegation under ss. 7(d).

(emphasis in original)

[25] As can be seen, at paragraphs 75 and 90 of its memorandum, Duracell made brief reference to the absence of evidence on the issue of consumer perception.

[26] Energizer responded to this reference in its memorandum of fact and law:

87. Duracell has raised a new issue in its factum that was not raised in its Notice of Motion, namely the perception of consumers in relation to the terms “next leading competitive brand” and “bunny brand”. Its only grounds in the Notice of Motion were limited to these terms are not trademarks. As the Federal Court of Appeal has stated, the purpose of a notice of motion is to provide the recipient with adequate notice of the order sought and the grounds for seeking the order; and to tell the Court with exactitude what is being sought and why. Duracell further compounded the problem when it filed no evidence to suggest that the “first moment of truth” wording on its packaging (“next leading competitive brand” and “bunny brand”) was not understood by consumers to mean what it was intended to mean, i.e. the ENERGIZER Trademarks and the ENERGIZER Bunny. Duracell should not be permitted to supplement the grounds for its motion after the fact.

(underlining added)

E. Energizer’s oral submissions

[27] Energizer maintained this objection at the hearing of the summary judgment motion. At the outset of his submissions, counsel for Energizer reviewed in detail the terms of Duracell’s notice of motion and argued that Duracell had put in issue a pure question of law: whether the phrases “the bunny brand” and “the next leading competitive brand” could form the basis for claims under sections 7 or 22 of the Act when they were not simple misspellings of the Energizer Trademarks (Transcript of the hearing before the Federal Court, page 123, line 1 to page 128, line 12).

F. The reasons of the Federal Court

[28] At paragraph 37 of its reasons, the Court set out the issues to be determined on the motion:

1. Does section 22 of the *Trade-marks Act* apply to Duracell's use of the terms "the next leading competitive brand" and "the bunny brand" (and their French equivalents) on its on-pack stickers?
2. Do sections 7(a) and 7(d) of the *Trade-marks Act* apply to Duracell's use of the terms "the next leading competitive brand" and "the bunny brand" (and their French equivalents) on its on-pack stickers?
3. Can a claim for profits be made under section 52 of the *Competition Act*?
4. Is Duracell's request for partial summary judgment appropriate in the circumstances of this action?

As framed, these issues are consistent with the relief sought and grounds raised in Duracell's notice of motion. They do not expand the grounds set out in the notice of motion.

[29] At paragraph 47, the Court summarized Duracell's position on the motion with respect to subsection 22(1) of the Act:

In essence, Duracell submits that the prohibition in subsection 22(1) applies only to *registered* trademarks and minor misspellings of a *registered* trademark. Energizer says this is too narrow an interpretation. Clearly the central issue involving subsection 22(1) is whether or not it applies to the two terms at issue, namely "the next leading competitive brand" and "the bunny brand" found on Duracell's stickers on its Duracell battery packages.

(emphasis in original)

[30] The Federal Court then reasoned:

48. It is not disputed that neither “the next leading competitive brand” nor the “the bunny brand” are *registered* trademarks of Energizer, and I so find.

49. In summary and as explained below, on the interpretation of the subsection 22(1) issue, I agree with Energizer. In my view, the interpretation of subsection 22(1) advanced by Duracell is too narrow and does not respect the law determined by the Supreme Court of Canada in *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve Clicquot*]. While Duracell’s position might have been correct prior to *Veuve Clicquot*, that is no longer the case. In my respectful view, *Veuve Clicquot* materially changed the law on the interpretation of subsection 22(1). The change in the law was recently confirmed by the Federal Court of Appeal: *Venngo Inc v Concierge Connection Inc*, 2017 FCA 96, per Gleason JA [*Venngo*]. In my respectful view, subsection 22(1) construed as required by *Veuve Clicquot* prohibits Duracell’s use of the term “the bunny brand” even though it is not a registered trademark of Energizer. However, subsection 22(1) does not prohibit Duracell’s use of “the next leading competitive brand”.

(emphasis in original)

[31] In paragraph 49 of its reasons the Court answered the legal question raised by Duracell: subsection 22(1) applies not only to registered trademarks and mere misspellings of registered trademarks. Therefore, as a matter of law, Energizer is not precluded from arguing that the phrases “the bunny brand” and “the next leading competitive brand” evoke in consumers a mental association with the Energizer Trademarks.

[32] However, having answered this legal question, the Court went on to apply this legal principle to the facts before it; the Court found sufficient linkage between the phrase “the bunny brand” and the Energizer Trademarks so as to make subsection 22(1) of the Act arguably applicable, but insufficient linkage to make subsection 22(1) applicable to the phrase “the next leading competitive brand”.



[33] The Federal Court then relied upon this finding to find that the term “the bunny brand” was “nourished by sufficient trade-mark or ‘intellectual property’ ... interest to benefit from the protection and application in this case of both subsections 7(a) and (d) of the *Trade-marks Act*.” The opposite conclusion was reached in respect to the phrase “the next leading competitive brand” (reasons, paragraphs 79 and 80).

[34] Finally, with respect to Energizer’s claim for profits under subsection 52(1) of the *Competition Act*, the Court relied upon *Garford Pty Ltd. v. Dywidag Systems International, Canada, Ltd.*, 2010 FC 997, 375 F.T.R. 57 to conclude that by application of subsection 36(1) of the *Competition Act* remedies under subsection 52(1) are limited to damages. It followed that relief in the nature of an accounting of profits was not available and Energizer’s claims for such relief were dismissed.

[35] The Federal Court did not deal with Energizer’s objection that Duracell was impermissibly raising a new issue.

G. Did the Federal Court err by considering whether as a matter of fact the phrases at issue would be linked by consumers to the Energizer Trademarks?

[36] In my respectful view, after rejecting Duracell’s submission that subsection 22(1) of the Act applies only to registered trademarks and minor misspellings thereof and that paragraphs 7(a) and (d) of the Act apply only to registered trademarks, the Federal Court erred by going on to answer the factually suffused question of whether the phrases were sufficiently similar to the Energizer Trademarks “to evoke in a relevant universe of consumers a mental association of the

two marks that is likely to depreciate the value of the goodwill” attached to the Energizer Trademarks (*Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824, at paragraph 38).

[37] I reach this conclusion for the following reasons.

[38] Rule 359 of the *Federal Courts Rules* requires a motion to be initiated by a notice of motion that sets out, among other things, the relief sought and the grounds intended to be argued, including reference to any rule or statutory provision that is to be relied upon. These requirements fulfil two important, salutary functions.

[39] First, they afford procedural fairness by giving the responding party fair notice of the case to be met on the motion. Second, they inform the Court of the nature and scope of the relief claimed and the grounds on which the relief is sought. Absent unusual circumstances, or consent, a court may only grant relief sought in the notice of motion.

[40] The operation of these principles is demonstrated in *Positive Attitude Safety System Inc. v. Albian Sands Energy Inc.*, 2005 FCA 332, [2006] 2 F.C.R. 50, involving a claim for copyright infringement. It was alleged that Albian Sands had infringed Positive Attitude’s copyright by selling or distributing Positive Attitude’s copyrighted work and by copying the work. Albian Sands moved for partial summary judgment. Of relevance to this appeal is that Albian Sands sought an order dismissing the claim of copyright infringement based on the allegation that Albian Sands had sold, rented out, exposed and offered for sale or rental the copyrighted work.

[41] On the motion for judgment the Federal Court found that Positive Attitude had a valid copyright but that there was no sale, renting out, exposition or offering for sale or rental of the copyrighted works.

[42] On appeal, Alban Sands argued that the Federal Court was limited to deciding the issues raised in its notice of motion. It submitted that it had put in issue the facts giving rise to infringement, not the issue of the validity of copyright.

[43] When considering Alban Sands' submission this Court stressed the importance of understanding the limited scope of the motion for partial summary judgment. The motion sought only the dismissal of the claim of copyright infringement by the sale, rental, exposition or offer for sale or rental of the copyrighted work on the ground that there were no facts to support that claim. Thus, when the Federal Court found that there were no facts to support the claim it was bound to grant the motion for summary judgment with respect to that claim for infringement. However, when the Federal Court went beyond what was properly in issue before it and ventured into the issue of the validity of the copyright, the Federal Court erred by deciding a question it was not asked to decide. By going beyond the scope of the motion before it the Court deprived Alban Sands of the opportunity to make their case on the issue. Accordingly, this Court set aside the finding that Positive Attitude had a valid copyright in the work.

[44] In my view, the Federal Court committed the same error when it decided an issue not put before it: the issue whether as a matter of fact the phrases at issue would be linked by consumers to the Energizer Trademarks.

[45] The materials that were before the Federal Court are set out in detail above, and they demonstrate the proper scope of the motion that was before the Court.

[46] The notice of motion specified that the motion for judgment was to be argued on the basis that subsection 22(1) of the Act required the use of a registered trademark (which the phrases at issue were not) and that paragraphs 7(a) and 7(d) of the Act were not in play because the phrases at issue were not trademarks owned by Energizer.

[47] A respondent in the position of Energizer would reasonably understand that what was in issue was whether sections 7 and 22 of the Act could, post-*Veuve Clicquot*, apply to Duracell's use of the phrases "the bunny brand" and "the next leading competitive brand".

[48] The reasonableness of this view was reinforced by Duracell's motion materials. Duracell filed no evidence about consumer perception to put this issue in play. In its written submissions Duracell argued that under section 7 of the Act the alleged false and misleading statements or descriptions must relate to a valid intellectual property right, in this case, trademarks owned by Energizer. Similarly, Duracell argued that section 22 applies only to registered trademarks and minor misspellings thereof. Duracell argued that in *Veuve Clicquot* the Supreme Court did not expand the scope of section 22 beyond mere misspellings such as "Klenex" instead of "Kleenex". Only brief, passing reference was made to evidence of consumer perception.

[49] The notice of motion did not put in issue whether the phrases "the bunny brand" and "the next leading competitive brand" were as a matter of fact sufficiently similar to the Energizer

Trademarks to evoke in consumers the necessary linkage between them. By deciding the issue the Federal Court erred and deprived Energizer of the opportunity to make its case on the issue.

[50] It follows that I would allow the appeal as it relates to that part of the judgment of the Federal Court that dismissed Energizer's claims advanced under paragraphs 7(a) and 7(d) and subsection 22(1) of the *Trademarks Act* in respect of Duracell's use of the phrase "next leading competitive brand". I would also dismiss the cross-appeal in which Duracell seeks relief not sought in its notice of motion seeking summary judgment.

[51] Before leaving this issue, I would simply add that while a court must always be attentive to the proper scope of motions before it, particular attention is required on a motion for summary judgment where the effect of granting judgment is to preclude all further evidence or argument on any issue that is finally determined.

[52] It remains to consider the final issue raised on Energizer's appeal.

H. Did the Federal Court err by dismissing Energizer's claim to an accounting of profits under subsection 52(1) of the *Competition Act*?

[53] The Federal Court dismissed Energizer's claim to an accounting of profits on the ground that, as a matter of law, the effect of subsection 36(1) of the *Competition Act* is to limit remedies for breach of subsection 52(1) to the recovery of a plaintiff's actual loss or damage.

[54] On this appeal Energizer argues that the Federal Court erred by deciding a serious question of law that ought to have been left to be decided by the trial judge. Energizer points to the decision of the Federal Court in *Industrial Milk Producers Assn. v. British Columbia (Milk Board)*, [1989] 1 F.C. 463, 47 D.L.R. (4th) 710 (F.C. T.D.), where on a motion to strike portions of a pleading the Federal Court held that whether the predecessor to subsection 36(1) limited relief to an award of damages was a debatable question.

[55] I disagree. In *Apotex Inc. v. Merck & Co.*, 2002 FCA 210, [2003] 1 F.C. 242, this Court explained that questions of law may be determined on a motion for summary judgment unless the question turns on evidence or the drawing of inferences. Whether equitable remedies are available under subsection 52(1) is a pure question of law that may appropriately be decided on a motion for summary judgment. No benefit would flow from leaving this issue to be decided at trial.

[56] In my view, the Federal Court correctly dismissed Energizer's claim for an accounting of profits.

[57] Subsection 52(1) of the *Competition Act* prohibits the making, knowingly or recklessly, of a representation to the public that is false and misleading in a material respect. Subsection 36(1) allows those who suffer loss or damage as a result of such a representation to recover "an amount equal to the loss or damage proved to have been suffered by him, together with any additional amount that the court may allow not exceeding the full cost... of any investigation in connection with the matter and of proceedings under this section."

[58] The words of subsection 36(1) are clear and limiting: the remedy provided under the legislation is compensation for loss, damage and costs. An accounting of profits is none of these things. Rather, it is a restitutionary remedy designed to strip gains or benefits obtained by a wrongdoer as a result of wrongful conduct. Neither the context nor the purpose of the provision alters the clear meaning of the text of the provision. Therefore the claim for an accounting of profits under subsection 52(1) was properly dismissed.

[59] This conclusion is consistent with the jurisprudence of the Federal Court and the Newfoundland and Labrador Court of Appeal: *Garford Pty*; and, *Atlantic Lottery Corporation Inc.-Société des loteries de l'Atlantique v. Babstock*, 2018 NLCA 71, 29 C.P.C. (8th) 1, and the authorities cited therein.

[60] It follows that I would dismiss the appeal as it relates to that part of the judgment of the Federal Court that dismissed Energizer's claim to an accounting of profits under subsection 52(1) of the *Competition Act*.

### Conclusion

[61] For these reasons, I would allow the appeal in part and set aside the judgment of the Federal Court. Pronouncing the judgment that ought to have been pronounced I would dismiss Duracell's motion for summary judgment except in respect of Energizer's claim for an accounting of profits under subsection 52(1) of the *Competition Act*. I would dismiss Energizer's claim for an accounting of profits under subsection 52(1) of the *Competition Act*.

[62] I would dismiss the cross-appeal.

[63] I would order Duracell to pay to Energizer the costs of the summary judgment motion in the Federal Court in any event of the cause and to pay to Energizer the costs of this appeal and cross-appeal.

[64] Finally, the relief sought by Energizer on its appeal is confined to requests that the judgment of the Federal Court be set aside and that the motion for summary judgment be dismissed. As counsel for Duracell submitted in oral argument, the issue of the correctness of the Federal Court's conclusion that paragraphs 7(*a*) and (*d*) and subsection 22(1) of the Act are potentially engaged by the phrases "the bunny brand" and "the next leading competitive brand" is not before this Court. Accordingly, this question remains to be answered by the Federal Court.

"Eleanor R. Dawson"

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J.A.

"I agree.  
David Stratas J.A."

"I agree.  
Judith Woods J.A."



**FEDERAL COURT OF APPEAL**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

**DOCKET:** A-357-18

**STYLE OF CAUSE:** ENERGIZER BRANDS, LLC AND  
ENERGIZER CANADA, INC. v.  
THE GILLETTE COMPANY,  
DURACELL CANADA, INC.,  
DURACELL U.S. OPERATIONS,  
INC., AND PROCTER & GAMBLE  
INC.

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** JANUARY 21, 2020

**REASONS FOR JUDGMENT BY:** DAWSON J.A.

**CONCURRED IN BY:** STRATAS J.A.  
WOODS J.A.

**DATED:** FEBRUARY 19, 2020

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