



## NO PRESUMED DAMAGES IN A PASSING OFF ACTION, FEDERAL COURT OF CANADA RULES

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In a recent decision, the Federal Court of Canada considered an Applicant’s request for injunctive relief claiming passing off of its unregistered trade-mark “PharmaCommunications” in light of Respondent’s use of its business name “PharmaComm”, contrary to subsection 7(b) of the *Trade-marks Act* [*Pharmacommunications Holdings Inc. v. Avencia International Inc.*, 2008 FC 8286 (T-2278-06) July 2, 2008].

### Background

The Applicant, Pharmacommunications Holdings Inc., incorporated since September 26, 1995, had licensed use of its unregistered trade-mark “PharmaCommunications” to a related entity, PGI, also incorporated since 1995. The Applicant also alleged the trade-mark “PharmaCommunications” had been used by its predecessor corporations since December 1982 and that the trade-mark has always been used in association with the provision of marketing, advertising and related consulting services to the pharmaceutical industry in Canada. As for PGI, according to the Applicant, it is a marketing company for pharmaceutical companies in Canada, a niche market of approximately 100 companies.

The Respondent, Avencia International Inc. was incorporated on January 20, 2004 and registered the business name “PharmaComm” on December 2, 2004 and since then, has been operating under that name. Avencia submits it is an advertising agency which includes brand consultation, media advertising, product promotion and sales techniques services to its clients.

According to Avencia, PGI is a distribution company. Despite the different characterizations by the parties of PGI’s activities, they seemed to agree that PGI’s business includes the dissemination of information about its client’s products to health care workers by means of direct marketing as well as a call-centre. The parties

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also seem to agree that PGI gathers data on the prescribing needs and practices of medical practitioners which it makes available to its clients via a specific website.

## The Issue

The Court only dealt with the issue of whether or not Avencia was liable for statutory passing off under section 7(b) of the *Trade-Marks Act* as concerned on the one hand, its use of the business name PharmaComm and on the other, Applicant's use of the trade-mark "PharmaCommunications".

## Components of a passing off action

The Federal Court considered the criteria to be established in a passing off action, provided that a plaintiff first establishes its right to a valid and enforceable trade-mark:

1. a goodwill or reputation attached to plaintiff's goods or services;
2. deception to the public due to a misrepresentation;
3. the plaintiff has or is likely to have suffered damages.

In analysing the criteria, the Court firmly stated that it was unnecessary to consider if the Applicant had a valid and enforceable trade-mark nor if the first two elements to a passing off action we demonstrated because the Applicant clearly failed to meet the third criteria regarding actual or potential damages.

On the matter of this third element, the Federal Court referred to the Federal Court of Appeal decision in *BMW Canada Inc. v. Nissan Canada Inc.*, 2007 FCA 255 (CanLII), 2007 FCA 255 at para. 35, 60 C.P.R. (4th) 181, wherein the Federal Court of Appeal stated that actual or potential damages cannot be presumed and there must be evidence proving same. The Federal Court additionally made reference to another Federal Court of Appeal decision : *Remo Imports Ltd. v. Jaguar Cars Ltd.*, 2007 FCA 258 (CanLII), 2007 FCA 258 at para. 90, 367 N.R. 177).

In rejecting the Application, the Federal Court held that the Applicant was unsuccessful in establishing the conditions for passing off not only because it had made no mention of actual or potential damages in its Notice of Application nor in its Memorandum of Fact and Law but also because of the absence of any evidence with regard to potential or actual damages to the Applicant.

As for injunctive relief, in light of its findings on passing off, the Federal Court did not deal with this aspect but it did briefly mention the conditions for such relief had not been met.

## Conclusion

This case is a helpful reminder of the fundamental criteria required in a passing off action. For the seasoned IP practitioner, the Court's decision that passing off had not occurred illustrates once again the difficulties encountered in passing off cases, particularly as concerns the element of actual or potential damages. Therefore, it is important to weigh a plaintiff's options prior to taking such an action as careful consideration must be given to this substantive requirement. Case law dictates that litigants often face an uphill battle in their quest for such relief and without presumed actual or potential damages applicable to such cases, it appears that climb may continue to be somewhat more challenging.



