

2011 HAROLD G. FOX MOOT

MOOT PROBLEM

NOVEMBER 1st, 2010

1. The following are reasons and judgment of the Trial Court of Canada, Intellectual Property Division. The decision of the Trial Court was subsequently overturned by the Court of Appeal; the reasons and judgment for which are also set out below.
2. Both Courts have jurisdiction over all issues raised in their respective decisions.
3. The decision of the Court of Appeal is now appealed to the Supreme Moot Court for Intellectual Property Appeals.
4. All of the issues raised in the reasons given by the lower courts should be addressed by counsel for Alpha Inc. or Omega Inc. in their submissions. Arguments not referenced in the reasons of the lower courts may be advanced by counsel in their submissions, but only if they relate to the issues identified in the lower courts' decisions.
5. The formalities of the remedy sought, and costs, are not to be addressed.

TRIAL COURT OF CANADA,
INTELLECTUAL PROPERTY DIVISION

Date: 20100828

Docket: T-825-04

Citation: 2010 FCIP 150

Toronto, Ontario, this 28th day of August, 2010

PRESENT: The Honourable Justice Sottovoce

BETWEEN:

ALPHA INC.

Plaintiff

and

OMEGA INC.

Defendant

Heard at Toronto, Ontario, on July 1 – 23, 2010.

Judgment delivered at Ottawa, Ontario, on August 28th, 2010.

REASONS FOR JUDGMENT

SOTTOVOCE J.

[1] Imitation is said to be the greatest form of flattery. Not so in the field of trade-marks. This action relates to a copy-cat product, designed and marketed to take advantage of the success achieved by a leading company.

[2] The facts, advanced throughout the course of these lengthy proceedings, are relatively straightforward. The plaintiff Alpha Inc. (“Alpha”) is one of Canada’s foremost manufacturers of high-quality culinary supplies. Long favoured by celebrity chefs and their acolytes, the chef’s

knives made by Alpha are of particular elegance and usefulness in the kitchen (or so the evidence at trial indicated).

[3] In 2005, Alpha introduced a novel and ingenious chef's knife known as the "Hand-E-Handle". There were two notable aspects to the new design: first, the blade of the knife was made of highest quality steel; and second, the free end of the handle of the new knife was shaped with a knob portion formed in the shape of a fist (the entire handle was plastic and coloured orange). In fact, this "fist" handle feature was unique among Alpha's previous knives, and all other knives in the industry.

[4] Due to the superior quality and other features of the product, it came as no surprise that the plaintiff's Hand-E-Handle immediately gripped most of the market share, outselling all other brands of chef's knives for use in the kitchen. The evidence before me was that the Hand-E-Handle was used by celebrity chefs on many cooking shows and is currently listed as one of Oprah's "Favorite Things". On many such public occasions the orange fist handle was remarked upon, along with the ease of use of this revolutionary product. Apparently, all previously marketed competitive chef's knives had plain, unadorned, wooden handles.

[5] But, as night follows day, the Hand-E-Handle has spawned a similar product from a competitor. Barely ten (10) months after the Hand-E-Handle was launched, Omega Ltd. ("Omega"), the defendant in this case, gave birth to its own competing knife, the "Sole Slicer". The Sole Slicer has a high quality blade that is almost identical to that of the Hand-E-Handle and also has an orange plastic handle. However, whereas the Hand-E-Handle's handle terminates in a fist, the Sole Slicer handle ends in a replica foot. Both knives are of the same overall dimensions and were sold in similar retail outlets.

[6] This Court has been asked by Alpha to enjoin its competitor's product, the Sole Slicer, from being sold in Canada, due to common law trade-mark rights alleged to be held by Alpha. It was explained by plaintiff's counsel that this action is brought under the common law doctrine of passing off because Alpha has not chosen to file any trade-mark applications and therefore has no trade-mark *registrations*, although Alpha does claim trade-mark *rights*. Alpha claims that the orange fist at the end of its knife handle is a trade-mark that indicates source. Further, Alpha contends that Omega's sale of its Sole Slicer with an orange handle, and having a representation

of an appendage at the end of the handle, causes confusion in the market. Alpha says that it is therefore harmed.

[7] A survey was submitted into evidence by Alpha that was based on mall-intercept interviews of a sample of sixty (60) ordinary shoppers entering the Wittmans & Sorrento high-end culinary shop at the Eatmore Shopping Centre, in Brampton, Ontario. When shown the handle of the Hand-E-Handle, seventy five percent (75%) of the sixty (60) interviewees identified it as being “from Alpha” being “that cool new ‘hand’ knife”, or “that orange knife”. Of those seventy five percent (75%), when later shown the Sole Slicer handle and the Hand-E-Handle’s handle at the same time, about half agreed with the statement that there was “a connection” between the Sole Slicer and the Hand-E-Handle. Alpha produced sales numbers to show that after the Omega Sole Slicer product was introduced, Alpha’s sales dropped by approximately twenty percent (20%).

[8] Alpha’s evidence was clear, cogent and convincing in my view, and the plaintiff has satisfied the elements of the tort of passing off as set out by the Supreme Court of Canada in *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120. The reputation of the Hand-E-Handle knife is shown by the seventy five percent (75%) recognition rate in the survey. The confusion is manifest in the fifty percent (50%) of consumers who made a link between the Hand-E-Handle and the Sole Slicer. Finally, the harm to Alpha was shown in the immediate drop in sales once the Sole Slicer was put on the market. Although Omega provided evidence that the Alpha knife handle design had some advantages for users in a functional sense, I do not see that the fist design as functional *itself*. The fist design was an arbitrary *indicia*, like a gryphon or some other symbol, that was placed on the object by Alpha: in this case the fist design was incorporated in a three-dimensional manner. Whether the fist is shown in a two-dimensional way or in a three-dimensional way is neither here nor there. The fist configuration for the knob used by Alpha is not in my view, in and of itself, functional. It is paramount that the public must be protected from confusion as to source and consequently I find liability under the common law trade-mark rights held by Alpha.

[9] Omega has passed off its Sole Slicer product as and for the products of Alpha and is therefore enjoined from any further sale of the Sole Slicer knife. The parties can address the issues of quantum of damages and costs in further submissions to be arranged with the Registrar.

COURT OF APPEAL

Date: 20101013

Docket: A-375-08

Citation: 2010 FCA 232

Ottawa, Ontario, this 1st day of November, 2010

**CORAM: PHILIPS J.A.,
GINSU J.A.,
REMINGTON J.A.**

BETWEEN:

OMEGA INC.

Appellant

and

ALPHA INC.

Respondent

Heard at Toronto, Ontario, on October 18 – 22, 2010.

Judgment delivered at Ottawa, Ontario, on November 1st, 2010.

REASONS FOR JUDGMENT BY:

PHILIPS J.A.

CONCURRED BY:

GINSU J.A.

REMINGTON J.A.

REASONS FOR JUDGMENT

PHILIPS J.A.

[1] “Is this a dagger which I see before me, The handle toward my hand? Come, let me clutch thee.” [*Macbeth*, Act II, Scene (i)]. Like the Scottish king, this Court must come to grips with a troublesome knife.

[2] In particular, this case concerns a design used in a knife handle. It raises the question of where to place the bounds of trade-mark law (and the limits of the law of passing off) in protecting functional objects. The judge below granted relief to the plaintiff before that Court,

Alpha Inc. (“Alpha”). The defendant below, Omega Inc. (“Omega”), appeals the decision granting judgment in favour of Alpha.

[3] In the court below, Justice Sottovoce approached this case as a simple passing off action and did not pay heed to the evidence of functionality that was before her. The doctrine of functionality is not only relevant to the rights asserted by the respondent Alpha, but determinative of the case. Although functionality was mentioned in passing in her judgment below, Justice Sottovoce appears to have given insufficient attention to this issue.

[4] At trial, Omega called a Dr. Congaz to give expert evidence; Alpha chose not to call any evidence of its own to rebut the report of Dr. Congaz. The expertise of Dr. Congaz was unchallenged and was attested to by his many years working in knife design and in teaching knife skills courses at the Dog River School of Culinary Arts. The undisputed evidence of Dr. Congaz indicated that the responsiveness and ease of use of the Hand-E-Handle came, at least in part, from the fact that the Hand-E-Handle design included the “fist” portion that forms the large handle guard part of the knife – as put by the expert, the fist was effectively “a knob at the distal or butt end of the knife handle”. Previous knife designs from Alpha did not have such a pronounced structure at the end of the handle of the knife (and, in fact, none of the competitors’ knives had such a feature). This oversized end portion of the handle was, in the uncontradicted evidence of Dr. Congaz, an important factor in the success of the Hand-E-Handle. In fact, the responsiveness and ease of handling of the knife was said to be influenced by the incorporation of the fist design at the end of the handle and that same oversized end portion prevented the knife from slipping from the hand of the user. With all due respect, the trial judge erred in the treatment of the Congaz line of evidence.

[5] The evidence also showed that the Sole Slicer knife exhibited similar improved functional characteristics because, in part, it incorporated a very similar over-sized end portion in its handle. The uncontradicted evidence was that the dimensions of the fist end of the Hand-E-Handle handle were chosen to, and did, provide maximum knife-handling ease for users. Omega used the very same dimensions for the foot-shaped handle guard incorporated in its own Sole Slicer knife. The result was a similar contribution to the knife’s improved utility for consumers.

[6] It is the view of this Court that the fist design selected for the Hand-E-Handle is therefore a functional attribute of the knife – and one that was fundamentally tied to the success of the Hand-E-Handle in the market.

[7] It is clear that the tort of passing off does not allow a trader to obtain a monopoly right in the functional aspect(s) of a product itself (*Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65, [2005] 3 S.C.R. 302). For this reason this Court holds that Alpha cannot legitimately claim unregistered trade-mark rights in the over-sized fist-shaped portion of its Hand-E-Handle, as that is a functional part of the knife itself.

[8] For this reason, Alpha's claims to a remedy under passing off must be rejected, and Omega's appeal is therefore allowed.

[9] Although the finding above may be sufficient to conclude this matter, this Court still needs to get a handle on the other findings of Justice Sottovoce. In particular, even if trade-mark rights were claimable by Alpha, the findings of the Judge below on the issues of passing off were not, in my view, supported on the facts before her.

[10] Central to the passing off issue is the question of confusion. There was no evidence of actual confusion in this case. No consumer was located who said that he or she had purchased a Sole Slicer thinking it was a Hand-E-Handle. Further, the survey relied upon by Alpha did not elicit from the respondents any information to suggest that it was the claimed similarity in the handles of the respective knives that caused them to be confused. The survey simply did not convince me that there was a level of likelihood of confusion in the marketplace sufficient to support a passing off action. Further, it does not seem likely to me that a consumer expecting a fist-shaped product would be confused by a foot-shaped product, which is what Alpha would have this court believe. Lastly, the survey's purported highlighting of the reputation of the Hand-E-Handle design was ambiguous, in my view.

[11] For the above reasons, I allow this appeal. The action of Alpha is dismissed, with costs.

Gordon Ginsu J.A.:

[12] “I agree. This appeal cuts at the heart of the functionality doctrine, I would allow it solely on this point.”

Eliphalet Remington J.A.

[13] “I agree. There is no need for this Court to halt the hilt of the appellant.”