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Docket: T-1591-15

Citation: 2023 FC 804

Ottawa, Ontario, July 6, 2023

PRESENT: The Honourable Justice Fuhrer

BETWEEN:

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

Plaintiffs

and

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

Defendants

JUDGMENT AND REASONS

(Public Version with Redactions of Confidential Version Issued June 7, 2023)

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I. Overview

[1] This is a case about comparative advertising. In determining a case like this, the Court often is tasked with considering whether the challenged activity depreciates goodwill and unfairly trades on a claimant’s reputation through a competitor’s false or misleading statements about the claimant or their products, or whether the activity is permissible competition that does not violate the claimant’s intellectual property rights.

[2] I have considered carefully the documentary evidence produced by the parties, the testimony of their witnesses, and their submissions. As noted by the Defendants’ counsel during closing submissions, “Nobody’s been shy to present anything to this Court.”

[3] Having worked my way through the sizable record before the Court, I find that the Defendants’ use of the Plaintiffs’ registered trademarks ENERGIZER and ENERGIZER MAX in comparative advertising on packaging labels or stickers for the very products listed in the registrations contravenes section 22 of the *Trademarks Act*. I therefore allow the action, in part, on the terms described below.

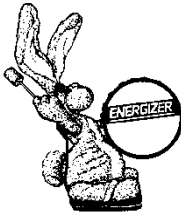
[4] Otherwise, I determine that in the circumstances underlying this dispute, the Defendants’ other comparative ads are not likely to depreciate goodwill, nor do any of the ads in issue make


false or misleading statements contrary to the *Trademarks Act* and the *Competition Act*. I thus dismiss the remainder of the action.

II. Factual Background

[5] The Plaintiffs [Energizer] and Defendants [Duracell] represent the leading battery brands in Canada and are each other's biggest competitors. Together, they supply more than two-thirds of the household consumer battery market in Canada. Duracell has the largest market share, while Energizer has the next largest market share.

[6] Energizer is the owner of the following registered Canadian trademarks:

| Trademark | Registration Number and Date | Goods |
|--|-------------------------------------|---|
| ENERGIZER | TMA157162 June 7, 1968 | Electric dry cell batteries for use in electronic, hearing, lighting and horological devices for operation of small electric motors |
| ENERGIZER | TMA740338 May 19, 2009 | General purpose batteries |
| ENERGIZER MAX | TMA580557 May 2, 2003 | Batteries |
|  (RABBIT & Design) | TMA399312 June 19, 1992 | Batteries |

| | | |
|---|------------------------------------|--|
|  <p>(ENERGIZER BUNNY & Design)</p> | <p>TMA943350 July 14, 2016</p> | <p>General purpose batteries; general purpose battery chargers</p> |
|---|------------------------------------|--|

[Energizer Trademarks]

[7] The Energizer Bunny is an iconic “spokes-character.” It is a well-known, if not famous, trademark.

[8] Energizer Brands, LLC and, previously, Eveready Battery Company, Inc., licensed Energizer Canada Inc. to use the Energizer Trademarks in Canada, including from 2014 to 2017.

[9] Duracell is the owner of the registered Canadian trademark DURACELL, registration number TMA153333 dated September 22, 1967, for electric batteries and fuel cells.

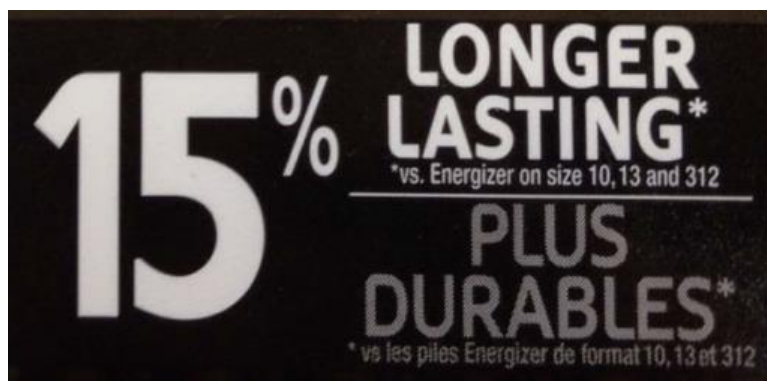
[10] Between 2010 and the present, Energizer and Duracell, including their respective predecessors, have supplied AA batteries and hearing aid [HA] batteries in sizes 10, 13 and 312, to retailers in Canada such as Walmart, Costco and Shoppers Drug Mart.

[11] Energizer complains about the following statements the Defendants have displayed on stickers affixed to packaging for certain DURACELL batteries sold in Canada [Sticker

Campaign]; representative examples of the stickers also are reproduced below, along with representative examples of the packaging on which the stickers were used:

(a) 15% LONGER LASTING vs. Energizer on size 10, 13, 312.

15% PLUS DURABLES vs les piles Energizer de format 10, 13 et 312.



[Energizer HA Sticker]



(b) Up To 20% LONGER LASTING vs. the bunny brand on sizes 10, 13 & 312.

Durent jusqu'à 20% PLUS LONGTEMPS vs les piles 10, 13 et 312 de la marque du lapin.



[Bunny Brand HA Sticker]



(c) UP TO 15% LONGER LASTING vs. ENERGIZER MAX*

*AA size. Results vary by device and usage patterns.



[Energizer MAX AA Sticker]



(d) up to 15% longer lasting vs. the next leading competitive brand*

*Next leading alkaline based on Nielsen sales data. AA size. Results vary by device and usage patterns.

durent jusqu'à 15% plus longtemps que les piles de l'autre marque concurrente la plus populaire*

*L'autre pile alcaline AA la plus populaire selon les données sur les ventes de Nielsen. Les résultats varient selon le type d'appareil et la fréquence d'utilisation.



[Next Leading Competitive Brand AA Sticker]



[collectively, At Issue Stickers]

[12] The following is a photo of a representative in-store display of batteries, including DURACELL batteries and ENERGIZER batteries:



[13] The top row of batteries in the above photo appears to show the Bunny Brand HA Sticker on the third DURACELL package from the left.

[14] In some stores, there are separate displays for ENERGIZER batteries and for DURACELL batteries. The following are photos of these kinds of displays:



[15] Further, some stores sell only DURACELL batteries, while others sell only ENERGIZER batteries.

[16] Duracell admits that they have sold DURACELL batteries in Canada with packaging bearing labels or stickers that contain the words “the bunny brand” or “the next leading competitive brand” alongside other text. None of Duracell’s packaging, stickers or point-of-sale displays bears both phrases “the bunny brand” and “the next leading competitive brand” (or their French equivalents).

[17] The evidence points to Duracell having displayed the At Issue Stickers on packaging for AA alkaline batteries, containing 6, 8, 10, 16, 20 or 24 batteries, and for HA batteries in sizes 10, 13 or 312, containing 8, 12 or 24 batteries [collectively, At Issue AA Batteries, At Issue HA Batteries, At Issue Batteries or At Issue Packaging, as the case may be], during the approximate period August 2014 to August 2017, with different start and end dates depending on the sticker.

III. Parties' Expert Witnesses

[18] The parties adduced expert evidence, in the form of reports and testimony, in accordance with Rules 52.1, 52.2, and 52.4 of the *Federal Courts Rules*, SOR/98-106 [FCR]. The expertise for which they were qualified at trial is summarized briefly below.

[19] See Annex "A" to these Reasons for applicable legislative provisions.

(1) Energizer's Experts

[20] The Plaintiffs rely on the evidence of the following experts: (a) Dr. Joanne E. McNeish; (b) Dr. William A. Adams; and (c) A. Scott Davidson, including Mr. Davidson's reply expert evidence.

(a) *Dr. Joanne McNeish*

[21] Dr. McNeish is an Associate Professor, Marketing at the Ted Rogers School of Management at (then) Ryerson University. She was qualified as an expert in the area of marketing and marketing research, branding and brand equity, consumer behaviour, perception and decision making and consumers' reaction to paper-based objects and the impact of marketing activities. Dr. McNeish testified on the impact of the At Issue Stickers on consumer purchasing decisions, brand equity and loyalty, and the goodwill attached to Energizer's brand.

(b) *Dr. William A. Adams*

[22] Dr. Adams is a physical chemist with a PhD in physical chemistry, having worked in the battery field since 1977. He was qualified as an expert in the area of electrochemistry and in the design, development, research and testing of batteries, including comparative battery testing and battery technology in various applications, including the analysis of battery testing data. He provided testimony regarding testing of the At Issue Batteries in the context of the claims on the At Issue Stickers.

(c) *A. Scott Davidson*

[23] Mr. Davidson is a chartered professional accountant and a chartered business valuator with Kroll Canada Limited. He was qualified as an expert in accounting, business valuation, and financial loss and damage quantification, including the assessment of losses and accounting of profits in commercial and intellectual property disputes, including in relation to trademarks. Mr. Davidson testified about Duracell's profits, Energizer's damages and other figures related to Duracell's use of the At Issue Stickers. His testimony was based on an initial expert report and a reply report to Mr. Harington's initial expert report.

(2) Duracell's Experts

[24] The Defendants rely on the evidence of the following experts: (a) Dr. Ceren Kolsarici; (b) Dr. Jay F. Whitacre; and (c) Andrew C. Harington, including Mr. Harington's sur-reply report.

(a) *Dr. Ceren Kolsarici*

[25] Dr. Kolsarici is the Director of the Scotiabank Centre for Customer Analytics and an associate professor of marketing and analytics at Queen's University. She was qualified as an expert in marketing and advertising, including consumer behaviour and marketing analytics. Dr. Kolsarici's expert evidence was provided in response, and as a contrast, to Dr. McNeish's approach to considering the context of the consumer experience and decision making when purchasing batteries in a retail setting.

(b) *Dr. Jay Whitacre*

[26] Dr. Whitacre is the Director of the Wilton E. Scott Institute for Energy Innovation at Carnegie Mellon University in Pittsburgh, Pennsylvania. He obtained his masters and PhD in materials science and engineering from the University of Michigan. He was a post-doctoral scholar at the California Institute of Technology and worked at the Jet Propulsion Lab and at NASA. Dr. Whitacre was qualified as an expert in the design and construction of batteries, and battery testing and performance, including comparative battery performance. His evidence was provided in response to Dr. Adams' evidence.

(c) *Andrew C. Harington*

[27] Mr. Harington is a chartered accountant, chartered business valuator and chartered financial analyst with The Brattle Group. He was qualified as having expertise in investigative and forensic accounting, business valuation and damage and loss of profit quantification in commercial and intellectual property disputes. Mr. Harington's testimony was based on an initial expert report and a sur-reply report to Mr. Davidson's reply report.

IV. Parties' Fact Witnesses

[28] Below is a summary of the parties' fact witnesses and an overview of the evidence they provided.

(1) Energizer's Fact Witnesses

[29] Jeffrey Roth is the Global Category Leader Battery Division at Energizer. He testified regarding: (a) the Energizer corporate organization and trademark licencing; (b) competition in the marketplace for household batteries; and (c) the use of Energizer trademarks in Canada, including promotion and advertising.

[30] Joshua Showers is the Global Director for Quality and Supplier Development for Energizer Holdings. He testified regarding the constructions of Energizer batteries sold in Canada as Energizer Max AA batteries, and Energizer's testing of batteries in accordance with the ANSI and IEC standards. (These are standards set respectively by the American National Standards Institute's American National Standards Committee, and the International Electrochemical Commission's Technical Committee.)

[31] Daniel Durbin is a Director of Batteries Research and Development at Energizer. He testified regarding Energizer's testing of batteries to provide technical support to corporate customers, retail partners and device designers, overlapping battery testing summaries, and statistical methods and thresholds for substantiating product claims.

[32] With the Court's permission during trial, David Colin Decker, a PhD candidate at the University of Toronto in the Department of Statistical Sciences, testified regarding the merged data sets compiled from Duracell's testing of AA batteries and HA batteries relied on by Drs. Adams and Whitacre, and the histograms he prepared using Duracell's testing data.

[33] Ryan Sedlak is Vice President, Global Finance Business Partnering at Energizer Holdings and spoke about Energizer's financial records, as well as related information pertaining to how Energizer accounts for sales and costs.

[34] Kelley Vacca is Senior Director of Global Business Intelligence at Energizer Holdings and testified about data from Nielsen and other compilers of marketplace data. She explained that Nielsen data was an estimate of the market based on data from retailer checkouts, to which Nielsen made adjustments to account for retailers that do not provide data, in order to predict the entire market.

[35] Kim Ly and Marta Wysokinski provided evidence by way of affidavits that were taken as read-in, with the agreement of the Court and the parties. Their evidence confirmed that packages of Duracell HA batteries with the words "vs. the bunny brand" remained available for sale at retailers in Canada in July 2017, and even as recently as January 2020.

(2) Duracell's Fact Witnesses

[36] Cecile Lach Hui is the Group Director, Corporate Finance at Procter & Gamble Canada Inc. [P&G], and has worked with P&G since 1992 in various roles. P&G previously owned

Duracell before Berkshire Hathaway acquired Duracell in 2016. Ms. Lach Hui testified about Duracell's accounting records up to February 2016, and testified that the volume of Duracell's sales were tracked either as a number of packages, a number of batteries, or a number of displays or crates.

[37] Aric Tai is the Senior Finance Manager at Duracell U.S. Operations Inc., a position he has held since July 2020. He testified about Duracell's accounting records after March 2016, and that the volume of Duracell's sales were tracked either as a number of packages, a number of batteries, or a number of displays. He also stated that different retailers may order by package or by case, but there was no rule in terms of customers using a specific metric; it was dependent on how Duracell set up each brand code.

[38] Ramon Velutini is the Global Chief Marketing Officer Duracell U.S. Operations Inc. and President of Duracell Latin America. He was the Senior Brand Manager for Duracell North America from 2014 to 2016. He testified about Duracell's marketing campaign involving the At Issue Stickers.

[39] Raymond Iveson is the Senior Vice-President and Senior Research Fellow, Research & Development at Duracell U.S. Operations. He joined Duracell in 2014 and assumed his current role in December 2021. He testified about Duracell's internal battery testing.

[40] Bradley (or Brad) Elliott is North America Packaging Development, Quality Assurance Director Duracell U.S. Operations, a position he has held since 2020, having been working for

that company since 1984. He testified about how Duracell tracks packages, including packages shipped to Canada.

[41] During the trial, the Court permitted Andrew Harington to provide fact evidence regarding his agglomeration of data, or preparation of a merged data set, on which Dr. Kolsarici relied in her Difference in Difference [DID] analysis, as discussed in greater detail below in the Analysis section under the heading “Preliminary Issue: Energizer’s Objections to Expert Evidence.”

V. Procedural History, including Duracell’s Motion for Summary Judgment

[42] The following is a summary of the procedural history leading to the trial of this matter.

[43] Energizer filed their Statement of Claim on September 21, 2015, claiming that Duracell’s packaging and point-of-sale display materials used the Energizer Trademarks in a manner that was likely to have the effect of depreciating the value of the goodwill attached to the trademarks, contrary to subsection 22(1) of the *Trademarks Act*, RSC 1985, c T-13 [*TMA*]. Energizer later filed an Amended Statement of Claim on December 11, 2015 and a Second Amended Statement of Claim on October 18, 2016. The latter amended pleading claimed: Duracell’s packaging and point-of-sale display materials made false or misleading statements tending to discredit Energizer’s batteries contrary to paragraph 7(a) of the *TMA*; were materially false and likely to mislead the public as to the character, quality and performance of Energizer’s batteries contrary to paragraph 7(d) of the *TMA*; and that Duracell had knowingly or recklessly made representations that were false and misleading in a material respect, contrary to subsection 52(1)

of the *Competition Act*, RSC, 1985, c C-34 [*Competition Act*]. Energizer sought an accounting of profits for breach of subsection 52(1) of the *Competition Act*.

[44] Duracell's Amended Statement of Defence denied Energizer's claims and requested that the action be dismissed with costs on a solicitor and client basis.

[45] On February 14, 2018, Duracell brought a motion for summary judgment to dismiss certain allegations in Energizer's Second Amended Statement of Claim. Specifically, Duracell sought to dismiss Energizer's claims that Duracell used the terms "the next leading competitive brand" and "the bunny brand" and their equivalent phrases in French on labels attached to packages of Duracell's batteries contrary to paragraphs 7(a) and (d) and subsection 22(1) of the *TMA*. Duracell also sought to dismiss Energizer's claim for an accounting of profits under subsection 52(1) of the *Competition Act*.

[46] Justice Brown granted the Duracell's summary judgment motion in part: *Energizer Brands, LLC v The Gillette Company*, 2018 FC 1003 [*Energizer FC 2018*]. He concluded that use of the term "the bunny brand" on Duracell's battery packaging could offend subsection 22(1) of the *TMA*, having regard to the Supreme Court of Canada's decision in *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve Clicquot*], and also could offend paragraphs 7(a) and (d) of the *TMA*. He therefore was not prepared to "strike" these claims.

[47] Justice Brown had a different view, however, of Duracell’s use of the term “the next leading competitive brand” and effectively dismissed the claims under these same provisions of the *TMA* involving the latter term.

[48] Finding that Energizer had no right to an accounting of profits under subsection 52(1) of the *Competition Act*, Justice Brown dismissed this claim on the basis 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.

[49] Energizer appealed this judgment to the Federal Court of Appeal. Duracell cross-appealed from the part of the judgment that dismissed its motion for judgment with respect to Duracell’s use of the phrase “the bunny brand.”

[50] The Federal Court of Appeal set aside the judgment of the Federal Court in part and dismissed Duracell’s cross-appeal: *Energizer Brands, LLC v The Gillette Company*, 2020 FCA 49 [*Energizer FCA 2020*] at para 61. In particular, the Federal Court of Appeal allowed Energizer’s appeal of the Federal Court’s dismissal of Energizer’s claims under paragraphs 7(a) and 7(d) and subsection 22(1) of the *TMA* in respect of Duracell’s use of the phrase “next leading competitive brand.” In other words, these claims were restored for the eventual trial of the matter.

[51] With respect to the issues concerning the *TMA*, the Federal Court of Appeal found that Duracell’s notice of motion did not put in issue the question of whether the phrases used by

Duracell were sufficiently similar to the Energizer Trademarks (to evoke in consumers the necessary linkage between them). The Federal Court thus should not have addressed it because doing so deprived Energizer of the opportunity to make its case on the issue.

[52] With respect to the issues concerning the *Competition Act*, the Federal Court of Appeal held that the Federal Court correctly dismissed Energizer’s claim for an accounting of profits because the limiting words of subsection 36(1) are clear and limiting (to compensation only for loss, damage and costs). Further, the question of whether equitable remedies are available under subsection 52(1) is a pure question of law that appropriately may be decided on a motion for summary judgment. The question of whether Energizer is entitled to an accounting of profits pursuant to subsection 52(1) of the *Competition Act* thus no longer is in issue.

[53] The parties subsequently filed fresh as amended pleadings. Although Energizer’s fresh as amended pleadings refer to Duracell’s “product packaging and point-of-sale materials,” I find that only the At Issue Stickers used on the packaging in fact are in issue in this action. It is not clear from the pleadings if Energizer intended that the terms “product packaging” and “point-of-sale materials” would be considered different media or would be read interchangeably or as alternative phrases, but nothing turns on this in my view as I explain below.

VI. Trial Issues

[54] In light of the foregoing, and with regard to the parties’ Agreed Statement of Issues, I find that the main issues for determination in the trial of the Plaintiffs’ action are:

- A. *Have the Defendants used one or more of the Plaintiffs' registered trademarks in a manner likely to have the effect of depreciating the value of the goodwill attaching to the trademark(s), contrary to the TMA s 22(1)?*
- B. *Have the Defendants made false or misleading statements or descriptions in the following, more particularized respects:*
- (1) *Have the Defendants made a false or misleading statement tending to discredit the Plaintiffs' business or goods, contrary to the TMA s 7(a)?*
 - (2) *Have the Defendants used, in association with their goods, any description that is false in a material respect and likely to mislead the public as to the character, quality or performance of the Defendants' goods, contrary to the TMA s 7(d)?*
 - (3) *Have the Defendants, for the purpose of promoting, directly or indirectly, the supply or use of a product, or any business interest, by any means whatever, knowingly or recklessly made a representation to the public that is false or misleading in a material respect, contrary to subsection 52(1) of the Competition Act, RSC 1985, c C-34?*
- C. *Are the Defendants' impugned activities permitted by Agreement with the Plaintiffs?*
- D. *To what remedies are the Plaintiffs entitled, and in what amounts where applicable, if they establish any of issues A-C above, and the Defendants do not establish issue C (or, even if established, the Agreement is not a complete answer or defence), including injunctive relief, damages or an accounting of profits, punitive or exemplary damages, prejudgment interest and costs?*

VII. Analysis

[55] In the course of trial, Energizer raised objections to the evidence of Duracell's experts and addressed the objections more fully in closing submissions. I deal with these objections as a preliminary issue in this Analysis.

Preliminary Issue: Energizer's Objections to Expert Evidence

- (1) Dr. Kolsarici

[56] For the reasons below, I determine that a portion of Dr. Kolsarici's expert report will be excluded.

[57] I start my analysis of Energizer's objection to Dr. Kosarici's expert evidence with the premise that "[e]vidence that is otherwise logically relevant may be excluded... if its probative value is overborne by its prejudicial effect": *R v Mohan*, 1994 CanLII 80 (SCC), [1994] 2 SCR 9 at 21; *White Burgess Langille Inman v Abbott and Haliburton Co.*, 2015 SCC 23 at para 19.

[58] Dr. Kolsarici performed a DID analysis that formed the basis of her expert opinion about the impact of the Sticker Campaign on the sales of the relevant DURACELL batteries. She describes in her report that DID is a quasi-experimental design that makes use of treatment and control groups based on longitudinal data to obtain appropriate counterfactuals to estimate a causal effect. The goal in the DID estimation is to control for unobserved variables (such as the parties' other marketing activities or industry conditions) that can bias the estimates of the causal effects.

[59] In addition, according to Dr. Kolsarici, the DID technique permits the evaluation of whether the difference in the differences is statistically different from zero. A statistically significant positive value points to the Sticker Campaign having caused an economically meaningful lift in battery sales volumes for Duracell, while the converse would mean a drop in sales for Duracell.

[60] It was revealed during cross-examination at trial that Dr. Kolsarici did not disclose in her report that her PhD student (“Simon”) assisted with portions of the data analysis conducted in connection with the DID analysis. Nor had Dr. Kolsarici disclosed, prior to cross-examination, that she had asked Duracell to prepare “a more collected and cleaned-up version of the data” which resulted in Dr. Kolsarici being provided with two data files.

[61] I agree with Duracell that they addressed the latter omission conclusively during the trial. I note, for example, that after the omission came to light, Mr. Harington was called as a fact witness to testify about having prepared the merged data set (comprising an agglomeration of the data contained in Duracell Productions 70 and 110 to 119). I also note that Duracell Productions 110 to 119 are listed in a schedule to the parties’ Agreement Respecting Evidence. Specifically, the parties agreed that listed documents would be admissible at trial for the truth of their content without further proof. Although Duracell Production 70 is not listed, nonetheless I find that Mr. Harington’s testimony about the preparation of the merged data set from these productions answers Energizer’s hearsay objection.

[62] Simon’s involvement, however, is a different issue in my view. This is not a case where Dr. Kolsarici attributed statements or work to Simon, as contemplated in *Coldwater First Nation v Canada (Attorney General)*, 2019 FCA 292 at paras 43-44. Rather, there was no mention of him at all in her expert report. I contrast this omission with the statement in Mr. Harington’s expert report, for example, to the effect that he prepared the report with the assistance of other professionals under his direction and supervision, and with that of Dr. Whitacre in his expert

report to the effect that he instructed and oversaw counsel in performing numerous calculations (regarding battery performance) and then reviewed the calculations to confirm their accuracy.

[63] Dr. Kolsarici explained in cross-examination that while she and Simon performed the same exercise separately, they arrived at the same results. She also admitted, however, that they individually were using different data sets at different stages of the analysis, and further, that Energizer could have been provided with the data set of either of them.

[64] Dr. Kolsarici also testified that only Simon prepared the CSV files that were fed into the “R” computer program, as a final step, to perform the regression analysis. According to Dr. Kolsarici, she did not prepare any of them because it just involved splitting the same data into four and it was not a complex part of the analysis. Complex or not, in my view these steps represent a significant part of Dr. Kolsarici’s methodology and the tests she relied on to prepare her opinion.

[65] Contrary to Duracell’s position on this issue, I find that Simon’s involvement in the data analysis was more than simply as “support staff” or a “technician” and, thus, should have been disclosed to Energizer. That Simon did not find any errors in Dr. Kolsarici’s work that would have changed her analysis, as she testified, misses the point in my view because, at the very least, Dr. Kolsarici relied on Simon’s work as a double check of her own work, so much so that, as she admitted in cross-examination, it was either of their work product that was provided to Energizer. I infer in the circumstances that Dr. Kolsarici saw value in having Simon perform the double check, rather than double-checking her work herself. Further, no explanation was

provided how, when using different data sets at different stages of the analysis, Dr. Kolsarici and Simon arrived at the same result.

[66] I am convinced on a balance of probabilities that based on this evidence, Simon, a PhD student, and not a summer student for example, was more than just “support staff” or a “technician.”

[67] The *FCR* append a Schedule (under Rule 52.2) entitled “Code of Conduct for Expert Witnesses” [Code]. The Code itemizes with particularity what an Expert’s Report **shall** include. Paragraph 3(i) describes “a summary of the methodology used, including **any examinations, tests or other investigations on which the expert has relied, including details of the qualifications of the person who carried them out**, and whether a representative of any other party was present.” [Emphasis added.]

[68] Schedule “B” to Dr. Kolsarici’s Expert Report is a signed Certificate Concerning Code of Conduct for Expert Witnesses certifying that she has read the Code.

[69] I find that the words “any examinations, tests or other investigations on which the expert has relied” are broad enough to capture the work performed by Simon in connection with the DID analysis, such that his qualifications (including, inherently, his identity) should have been disclosed in Dr. Kolsarici’s Expert Report, thereby affording Energizer the opportunity to consider the impact of this knowledge on its litigation strategy and to make whatever

consequential, permitted adjustments it deemed necessary. Energizer unknowingly was deprived of this opportunity, to its prejudice.

[70] I add that I am not persuaded by Duracell's attempt to draw a parallel with the assistance Energizer's expert, Scott Davidson, received from Katie Gosnell. Unlike Dr. Kolsarici, Mr. Davidson disclosed in his expert and reply reports that he was assisted by Ms. Gosnell who worked under his supervision and direction. Duracell thus was not deprived of the opportunity to take this information into account in their litigation strategy leading to trial, unlike the situation that Energizer faced when they first learned of Simon's involvement in Dr. Kolsarici's DID analysis at trial.

[71] Noting that the *FCR* Rule 52.2(2) gives the Court discretion to exclude some or all of the expert's affidavit or statement, I exercise my discretion to exclude that portion of Dr. Kolsarici's expert report dealing with the DID analysis, specifically paragraphs 258-272. In my view, this remedy is proportional in this case to Dr. Kolsarici's failure to comply with para 3(i) of the Code. Further, I am not persuaded that the outcome of this action turns on the presence or absence of Dr. Kolsarici's DID analysis.

(2) Dr. Whitacre

[72] Contrary to Energizer's submissions, I am not persuaded that parts of Dr. Whitacre's evidence should be discounted on the grounds raised, with an exception that in my view is inconsequential.

[73] Energizer contends that Dr. Whitacre's evidence should be given less weight because his experience in AA batteries was limited to a "small number" of AA alkaline batteries for a company he founded called Scaled Ionics LLC, and because he ventured into areas that he is not an expert in such as statistics and consumer behaviour. Regarding the former, Energizer has failed to convince me that Dr. Whitacre's expertise in respect of AA batteries was somehow constrained or lessened by reason of the number of AA batteries with which he had experience.

[74] Regarding the issue of whether Dr. Whitacre's expert report strayed beyond his expertise, Dr. Whitacre confirmed that he was not present as an expert in statistics. While he commented in his expert report on the absence of a "statistically significant" correlation between battery age and performance over the relevant periods, he clarified (based on his opinion, I infer), and in more plain language, that Dr. Adams did not show that Duracell gained a real advantage in the testing just because Duracell batteries were 73 days younger on average. In the circumstances, although I am prepared to give little weight to the statement about a lack of statistical significance, I am not persuaded that it makes much difference in light of Dr. Whitacre's clarification.

[75] I further find that Dr. Whitacre's references to the "consumer experience" were not about consumer behaviour as such, but rather they were about describing, in a plain and obvious way, relative battery performance (that a consumer may encounter or experience upon the purchase and use of batteries) by testing batteries obtained from the marketplace. In my view, this is exemplified by Dr. Whitacre's statement in his expert report that, "[t]esting batteries purchased

from the market is the best way to simulate the customer’s experience of comparative performance.”

[76] Energizer also argues that the criticisms of Dr. Adam’s expert report must be tempered by Dr. Whitacre’s admission that Dr. Adams fulfilled the mandate he was given. I find, however, that Dr. Whitacre’s criticisms rest in the instructions Dr. Adams was given.

[77] I will deal with Dr. Whitacre’s evidence in further detail in connection with the analysis of whether Duracell made false or misleading statements or descriptions.

(3) Andrew Harington

[78] Contrary to Energizer’s submissions, I am not persuaded that the Code breaches they say Mr. Harington committed align with those of Dr. Kolsarici described above. As I explain, I find that the probative value of Mr. Harington’s evidence outweighs any possible prejudicial effect.

[79] Energizer’s complaint about asserted breaches of the Code are two-fold. First, they submit that Mr. Harington breached paragraph 3(d) of the Code because, as he testified, he spoke with employees of Duracell to understand the Duracell sales transaction documents, but did not disclose such discussions anywhere in his report. According to Energizer, Mr. Harington also did not identify in his report the information on which he relied that he obtained from these discussions. Energizer points to Mr. Harington’s own “template” expert report that included “documents and discussions” in his Scope of Review, and submits that no discussions were described in this case.

[80] I note Mr. Harington's testimony that his discussions with Duracell employees were for the purpose of confirming his understanding of the information conveyed in the documents he was provided, and further, that the employees did not tell him anything he could not see in the documents themselves. He gave an example of a battery size associated with a brand code where the size sometimes was referred to as 10 and sometimes was referred to as 10/230.

[81] I find there is no evidence, however, that Duracell employees assisted Mr. Harington in his analysis of the data. Further, unlike the case with Dr. Kolsarici's report, Mr. Harington's expert report states that it was prepared with the assistance of other professionals under his direction and supervision, whose identities he provided in cross-examination when asked for this information.

[82] Second, Energizer argues that Mr. Harington failed to provide "a summary of the methodology used," as required under paragraph 3(i) of the Code. Footnote 6 is the only description in his report of the data aggregation process, a process they contend resulted in material errors. They add that Mr. Harington also did not disclose his use of the "R" computer program for the data aggregation process. Regarding the latter, I observe that Mr. Davidson similarly did not describe what software program(s) he used to prepare his analysis, and further, the parties and their expert witnesses relied on Excel spreadsheets and applicable software tools at trial to demonstrate conclusions that could be drawn from the various data productions.

[83] I also note that footnote 6 details the productions Mr. Harington relied on in his analysis. Although Mr. Harington testified that he referred to Duracell Production 70 to confirm the

applicable brand codes, in my view this does not undermine his statement in footnote 6 that he did not rely on this production because it contains dollar value sales rather than unit sales. I find that his testimony was consistent with this reason for not relying on this production otherwise.

[84] In the circumstances, I am not convinced that Mr. Harington's expert evidence should be given little weight as Energizer argues. Further, I conclude the probative value of Mr. Harington's evidence, that involves a causation analysis, outweighs any potential prejudice.

A. *Depreciation of Goodwill?*

[85] I find that Energizer has shown likely depreciation of goodwill in its registered trademarks ENERGIZER and ENERGIZER MAX by Duracell's Sticker Campaign in a manner contemplated by the *TMA* s 22(1) with regard to the Energizer HA Sticker and the Energizer MAX AA Sticker. I am not persuaded, however, that Energizer has established depreciation of goodwill in connection with the Bunny Brand HA Sticker and the Next Leading Competitive Brand AA Sticker. Below is a summary of the legal principles and marketing concepts that I considered in arriving at this determination, followed by my analysis.

(1) Legal Principles

[86] This Court accepts that “[c]omparative advertising helps consumers make better choices”: *Petline Insurance Company v Trupanion Brokers Ontario Inc.*, 2019 FC 1450 [*Petline*] at para 9, citing *Kirkbi AG and Lego Canada Inc v Ritvik Holdings Inc et al*, 2003 FCA 297 at para 71, aff'd 2005 SCC 65.

[87] That said, section 22 of the *TMA* limits comparative advertising in Canada by stipulating that no one can use the registered trademark of another in a way likely to depreciate the value of the goodwill attached to the trademark.

[88] To succeed in a claim for depreciation of goodwill, a plaintiff must meet the four-part, conjunctive test described by the Supreme Court of Canada as follows: (i) the defendant has used the claimant's registered trademark with goods or services, regardless whether they are competitive, with those of the claimant; (ii) the claimant's registered trademark is sufficiently well known to have a significant degree of goodwill attached to it, although there is no requirement that the trademark be well known or famous; (iii) the defendant's use of the trademark was likely to have an effect on that goodwill (in other words, there was a linkage); and (iv) the likely effect is to depreciate or cause damage to the value of the goodwill: *Veuve Clicquot*, above at para 46.

[89] The "use" contemplated by section 22 must involve a manner of use described in section 4 of the *TMA*, although it does not need to be used as a "trademark" (in the sense that Duracell did not use ENERGIZER and ENERGIZER MAX for the purpose of distinguishing Duracell's own DURACELL branded batteries; in other words, they made a "non-confusing use"): *Clairol International Corp. et al v Thomas Supply and Equipment Co. et al*, 1968 CanLII 1280 (CA EXC), 2 Ex CR 552 [*Clairol*] at 570; *H-D U.S.A., LLC v Berrada*, 2014 FC 207 [*Berrada*] at para 67.

[90] Nor is it a requirement that the challenged trademark be identical to the registered trademark; trademarks involving misspellings and missing words (i.e. VEUVE CLICQUOT v CLIQUOT) may be sufficient to “convey the idea” of, or create the necessary association with, the registered trademark in the mind of the consumer: *Veuve Clicquot*, above at para 48. When Justice Binnie signalled his agreement that “use of the word Cliquot conveys the idea,” I infer he meant the idea of VEUVE CLICQUOT and not just CLICQUOT because the plaintiff’s registered trademark was the former, not the latter.

[91] Goodwill and depreciation are not defined in the *TMA*. The Supreme Court of Canada, however, addresses these gaps by guiding that “[i]n ordinary commercial use, [goodwill] connotes the positive association that attracts customers towards its owner’s wares or services rather than those of its competitors,” while the ordinary dictionary meaning of “depreciate” means to “lower the value of,” as well as to “disparage, belittle, underrate”: *Veuve Clicquot*, above at paras 50, 63. In addition, a trademark’s value can be lowered when different users bandy it about, or when their actions cause “blurring” (i.e. “whittling away” the trademark’s ability to distinguish the owner’s products and attract consumers) or “dilution,” resulting in lesser distinctiveness: *Veuve Clicquot*, above at paras 63-64; *H-D U.S.A., LLC v Varzari*, 2021 FC 620 [*Varzari*] at para 49.

[92] Put another way (paraphrasing Justice Thurlow to align more closely with *Veuve Clicquot*), section 22 prohibits a competitor’s use of the owner’s trademark for the purpose of appealing to the owner’s customers in an effort to weaken their habit of buying what they have

bought before or the likelihood that they would buy the owner's goods or whatever binds them to the owner's goods so as to change their buying habits: *Clairol*, above at 575.

[93] Further, section 22 “presupposes the existence of significant goodwill capable of being depreciated by a non-confusing use”: *Veuve Clicquot*, above at para 53. Non-exhaustive factors to consider in determining the existence of “significant goodwill” include the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant's mark, the extent and duration of advertising and publicity accorded the claimant's mark, the geographic reach of the claimant's mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant's mark are confined to a narrow or specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality: *Veuve Clicquot*, above at para 54.

[94] In addition, the Court must consider the effect on goodwill or linkage from the perspective of the “somewhat-hurried consumer;” absent linkage, there can be no impact, whether positive or negative, on goodwill: *Veuve Clicquot*, above at para 56. Albeit in the context of the test for trademarks confusion, Justice Binnie also describes the somewhat-hurried consumer as someone who, as a matter of first impression, does not pause to give the matter any detailed consideration or scrutiny: *Veuve Clicquot*, above at para 20. As observed more recently by Justice Rothstein, it is “an average person who goes into the market and not one skilled in semantics”: *Masterpiece Inc. v Alavida Lifestyles Inc.*, 2011 SCC 27 [*Masterpiece*] at para 83,

citing *Ultravite Laboratories Ltd. v Whitehall Laboratories Ltd.*, 1965 CanLII 43 (SCC), [1965] SCR 734.

[95] Further, rooted in the linkage concept is the manner in which a trademark operates. As Justice Binnie described in another seminal decision in 2006, trademarks work as a purchasing decision shortcut and thus perform an important function in the market: *Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22 [*Mattel*] at para 21. In my view, this concept aptly applies to comparative advertising.

[96] Decades earlier, the Supreme Court of Canada observed in a groundbreaking passing off case that external features of a product, such as packaging, are “a source of information associated with reputation for a consumer or a group of customers[; a]pppearance is thus useful not only in product recognition but also to distinguish one product from another with the same uses”: *Ciba-Geigy Canada Ltd. v Apotex Inc.*, 1992 CanLII 33 (SCC), [1992] 3 SCR 120 [*Ciba-Geigy*] at 138-139.

[97] As the Supreme Court of Canada reminds us, the average consumer (albeit in a pharmaceutical context, but also applicable in other contexts in my view) may be a repeat customer for the product in question and not necessarily a first-time purchaser. “Patients taking a drug for some time can become accustomed to it and insist on a particular brand. Generally when a person is satisfied with a product, he tends to remain faithful to it”: *Ciba-Geigy*, above at 150 [emphasis added].

(2) Marketing Concepts

[98] In addition to the above legal principles, the expert marketing evidence discloses the concepts described below regarding the role of packaging and labelling, on brand equity (the value of a company's brand, including the result of marketing efforts attributable to the brand) and brand loyalty (the behavioural intention toward repeat purchasing), both of which in my view are aspects of goodwill.

[99] Consumers take only seconds to absorb the information on packaging and labels in a retail setting – 12.2 to 25 seconds on average according to Dr. McNeish, or even less time for low-involvement purchases such as batteries according to Dr. Kolsarici. This is consistent, in my view, with the concept of the average hurried consumer.

[100] The information conveyed by packaging and labels assist consumers to make purchasing decisions. Factors such as colour, shape, size and font of text and numbers, among others, may influence the decision. Well-designed packages and labels can drive sales and build brand equity and brand loyalty. Brand loyalty can be an important factor in a purchasing decision, although possibly less so in the case of a low-involvement purchase.

[101] The in-store positioning of products can impact, however, the amount of information a hurried consumer will notice (such as price, size of battery and possibly brand) at the time of purchase. In addition, time pressure and distraction in the real life shopping context decreases information recall.

[102] Objective data and research regarding current marketing campaigns assist companies to understand their brand equity - or goodwill - and the effectiveness of their campaigns, and to design future campaigns. Goodwill is the sum of current marketing activities, plus some goodwill carried over from previous periods.

[103] Sales data are a proxy for (i.e. way of measuring) goodwill.

[104] Dr. Kolsarici underscores the negative impact comparative advertising (“blow back”) can have on the brand owner that engages in such form of promotion. The effectiveness of advertising campaigns diminishes over time by repeat purchases and increased consumer knowledge. Further, consumers are inherently skeptical of advertising claims. (Dr. McNeish also recognized, in cross-examination, that consumers are becoming skeptical or that they are saying they are skeptical.)

[105] I make two observations about the marketing evidence in this case. First, the above concepts for the most part are commonsensical, in my view. Second, notwithstanding their expertise, both experts engage in speculation about consumers’ reaction to the At Issue Stickers.

[106] The marketing experts agree, as do I, that almost all households buy batteries, there being a wide range of battery-powered products. This is supported by the range of products involved in the AA battery testing data discussed below. Dr. McNeish opined that the hypothetical average consumer is someone in their early 40s, who earns roughly \$70,000, and who makes a choice only between DURACELL and ENERGIZER batteries, notwithstanding that there would be

“many variables” that the average consumer would consider. In my view, this hypothetical distracts, rather than assists the Court in considering how the average, hurried consumer would perceive the At Issue Stickers and the impugned performance claims in a typical retail setting for HA and AA batteries.

[107] In addition, Dr. McNeish’s opinion about consumers’ perceptions is based primarily on viewing the At Issue Stickers up close and in isolation, rather than in the context of the retail settings in which the packages of batteries bearing the stickers were sold. Dr. McNeish did admit in cross-examination to going into a store in July 2021 after the Sticker Campaign had ended to look at battery displays. There is no mention of this, however, in her expert report. She further confirms she did not have access to any photographs of DURACELL or ENERGIZER batteries when the At Issue Stickers were on a display in a store.

[108] Dr. McNeish further speculates that the average Canadian battery consumer, whose time is limited, would focus on the At Issue Stickers and want to understand the nature of the comparisons being made, and would review the stickers. They would assume that the information they do see is accurate. They would not take time, however, to review footnoted (or asterisked) fine-print information. In other words, they would parse the label and read no further before making their purchasing decision but they would take the time to read the full sticker after arriving home, as Dr. McNeish confirmed in cross-examination.

[109] Dr. McNeish also posits that while consumers would understand the meaning of “up to” in other contexts, they would not understand what it means on the At Issue Stickers. Hence, they

would assume that the batteries last 15% or 20% longer, as the case may be, in most if not all devices, despite the disclaimer that “Results vary by devices and usage patterns” about which they would not have enough time to process the meaning.

[110] Dr. McNeish further states, without support, that the “square label shape used by Duracell suggests longer life and strength.” In addition, she assumes, again without support, that consumers of Duracell batteries in packages with the At Issue Stickers will store surplus batteries in the package, thus reinforcing Duracell’s comparative claims over time as the batteries are used.

[111] Although Dr. Kolsarici acknowledged the retail context, she nonetheless dissected Duracell’s claims and speculated about how consumers would interpret different aspects of them, if they took the time to read the At Issue Stickers amid the “jumble” and “clutter” of different battery packages on display.

[112] For example, Dr. Kolsarici stated in her report that the phrase “up to 15% longer lasting” means that “these batteries could be anywhere between 0% to 15% longer lasting than those of the comparator” and that the “ordinary consumer would know that it could not place any reliance on such a performance claim.”

[113] I pause here to note that the Energizer HA Sticker does not include the qualifier “up to,” unlike the other At Issue Stickers.

[114] As a further example, Dr. Kolsarici opined that consumers would view the phrase “the next leading competitive brand” as a dodge, a loophole for Duracell, as well as some kind of evasion. She also expressed the view that consumers would not read “the bunny brand” as referring to “any particular depiction of a bunny or any particular trademark” and that consumers’ understanding of whether it referred to “the Energizer brand and its batteries would need to be measured.” Dr. Kolsarici also emphasized the need for measuring consumer reaction regarding the phrase “the next leading competitive brand.”

[115] While Dr. Kolsarici provided little support for the above opinions, she did point to specific marketing literature as the source regarding her list of key in-store purchasing drivers – price, promotion, product location (i.e. aisle placement and display location), brand name, and convenience and habit. Dr. Kolsarici also pointed to research indicating that when consumers shop for low-involvement products, they typically do not examine product information or brand. I note that Dr. McNeish disagrees that batteries are an example of a “low-involvement” purchase.

[116] That said, I find that the parties did not furnish any survey evidence that potentially could provide evidence of consumer reactions in the marketplace to the Sticker Campaign — “exactly the question that the trial judge is addressing in a [depreciation] case[; t]his evidence is not something which would be generally known to a trial judge, and thus unlike some other expert evidence, it would not run afoul of the second Mohan requirement that the evidence be necessary”: *Masterpiece*, above at para 93.

[117] In particular, the Plaintiffs did not provide any evidence from consumers or employees about the direct impact of the sticker claims, if any, on goodwill (i.e. “their habit of buying what they have bought before”): *Clairol*, above at 575; *Petline*, above at para 34. This was confirmed during the cross-examination of Dr. McNeish. She testified to the use of different methodologies, including in-depth consumer interviews, to test hypotheses (some of which were not borne out) in connection with studies and surveys she conducted and papers she authored or coauthored involving consumer behaviour that were referenced in her curriculum vitae. Dr. McNeish admitted she did not undertake any such studies or surveys regarding the Canadian battery market before preparing her expert report in this matter, however; her report was based largely on a literature review involving the academic research of others in other product areas (i.e. not including batteries). She also admitted that the way one builds knowledge is through repetitively repeating studies.

[118] In fact, there is no dispute that neither of the marketing experts engaged in primary data collection (i.e. the collection of data from the field, through survey or otherwise). Nor did either of these experts consider the import of the large retailer customers of both Energizer and Duracell, such as Walmart and Shoppers Drug Mart, versus the end consumer who purchases the batteries from the retailers.

[119] The downside of a lack of primary data about the consumer reaction to the At Issue Stickers is highlighted, in my view, in Energizer’s cross-examination of Duracell’s fact witness, Ramon Velutini. When asked, “What did Duracell understand the consumer to take from the reference to the ‘next leading competitive brand,’” Mr. Velutini answered, not surprisingly, that

“I do not know what they would take as that” and that he would be speculating. He later explained that “this was a specific claim of one of our product versus an Energizer product and the intent was to communicate it in the most truthful way.” He confirmed more than once that the Energizer AA battery was the intended comparator in the claim.

[120] Putting aside the issue of “truthfulness” of the claim until later in these Reasons, I take from Mr. Velutini’s testimony that Duracell intended the reference to “the next leading competitive brand” to mean an Energizer product. Whether the consumer actually understood the reference as such and the likely effect on goodwill, if any, is what the Court must consider absent any primary data that might have assisted the Court.

[121] Neither marketing expert truly opines, in my view, about the actual purchasing environment. One expert, Dr. McNeish, is more paper-based and hypothetical in approach, while the other, Dr. Kolsarici, based her opinion on photographs of sales racks. It is not clear from the photographs how close the photographer stood to the displays. More importantly, it cannot be understood from photographs of racks of one party’s batteries, how the average consumer would approach the display and perceive those batteries or any others nearby and make a hurried purchasing decision. The full real world context is missing from both marketing experts’ evidence, notwithstanding their expertise.

[122] As a consequence, and recognizing that actual, measurable negative impact is not the test, I am left applying my own common sense as a potential buyer of the goods, but leaving aside “my own idiosyncratic knowledge or temperament,” to the issue of whether the Defendants’

Sticker Campaign likely resulted in a depreciation of the goodwill attaching to Energizer's Trademarks, contrary to the *TMA s 22: Masterpiece*, above at para 92.

[123] Although I do not disagree necessarily with Energizer that a survey is not a requirement to succeed on a *TMA s 22* claim, the cases on which it relies in this regard (*Toys "R" US (Canada) Ltd. v Herbs "R" US Wellness Society*, 2020 FC 682 [*Toys "R" Us*] at para 59, and *Varzari*, above at para 48 where linkage was inferred in the absence of survey evidence), are distinguishable in my view for at least two reasons. First, neither respondent in either of these cases participated in the proceeding. Second, and more importantly, in issue was the respondent's use of the trademark or logo that the respondent adopted to distinguish their own goods or services. No such use is present in the case before me which revolves around Duracell's comparative advertising in the form of the At Issue Stickers. Neither *Toys "R" Us* nor *Varzari* is a case about comparative advertising.

[124] Interestingly, in the case of *Subway IP LLC v Budway, Cannabis & Wellness Store*, 2021 FC 583, on which Energizer also relied in its closing submissions, there was evidence of "social media users making the immediate connection between the BUDWAY store and Subway's business" (at para 42). No such evidence was presented to the Court in the case before me.

[125] I acknowledge that there could be instances where the requisite linkage can be formed subtly or subliminally: *Berrada*, above at paras 111-112, citing *Veuve Clicquot*, above at para 49. There is no convincing evidence here, in my view, that the average, hurried consumer was or

could have been persuaded to develop or change their buying habits or brand loyalty, whether subtly or subliminally, because of the At Issue Stickers.

[126] There is evidence, however, that these parties, who are sophisticated and represent the leading battery brands in Canada, periodically conduct or have conducted for them brand audits or surveys to keep on top of their respective market shares and the drivers of consumer purchasing decisions in their market. In other words, I am not persuaded that a survey to assist with the determination of the issues in this case would be a “unicorn.”

[127] As a final point before turning to the specific claims, Duracell argues that absent proof of lost sales (i.e. a measure of or proxy for depreciation), there can be no likely depreciation of goodwill: *Scott Technologies Inc. v 783825 Alberta Ltd. (Scott Safety Supply Services)*, 2015 FC 1336 [*Scott Technologies*] at para 82. In my view, this finding in the latter case must be viewed in context.

[128] While the parties in *Scott Technologies* had overlapping customer bases, they offered different goods/services. Further, there was “no real evidence of confusion” despite 20 years of coexistence in the market: *Scott Technologies*, at para 79. The Court described the circumstances at play in the case as those where the plaintiff lay in the weeds, allowing another to carry on and invest in and grow its business, and then sprung up and enlisted the aid of the court after unfairly adopting the very name, Scott Safety, the defendants had been using for 20 years: *Scott Technologies*, at para 84.

[129] In other words, the Court’s findings in *Scott Technologies* of no passing off, no infringement and no depreciation of goodwill by the defendant depended very much, in my view, on the particular circumstances including the plaintiff’s own conduct.

[130] Further, I am not convinced that absent proof of lost sales, there can be no “likely” depreciation of goodwill in every case, for several reasons. First, as noted above, *Veuve Clicquot* (paras 63-64) and *Varzari* (para 49) recognize that a trademark’s value can be lowered when different users bandy it about, or when their actions cause “blurring” or “dilution,” resulting in lesser distinctiveness. Second, and more importantly in my view, subsection 22(2) of the *TMA* contemplates that a court may decline to order the recovery of damages or profits in an action for depreciation of goodwill under subsection 22(1). It may be appropriate for a court to exercise such discretion where, for example, the likely depreciation of goodwill is more subtle or less obvious than actions involving passing off and infringement claims as well, or to avoid double recovery in cases where passing off and infringement claims also have been asserted and proven.

[131] Bearing the foregoing discussion in mind, I thus turn next to whether the Sticker Campaign, involving the At Issue Stickers, was likely to depreciate the value of the goodwill attaching to (a) ENERGIZER and ENERGIZER MAX, (b) “the bunny brand,” and (c) “the next leading competitive brand,” as claimed by Energizer.

(3) Analysis

(a) *ENERGIZER and ENERGIZER MAX*

[132] Although Dr. Kolsarici was cross-examined at trial about reliance on an article by Bereskin & Parr LLP (for the proposition that comparative advertising is fairly commonplace) published in the December/January 2012 *World Trademark Review*, I do not disagree with the following observation in the article: “Owing to the definition of ‘use’ in the act, if a competitor’s trademark is registered for goods, there is a risk attached to making comparative claims when using it on packaging or wrappers.” See *Clairol*, above at 569. The question for the Court to answer with ENERGIZER and ENERGIZER MAX in particular is whether that risk has been realized here. In my view it has, for the reasons below.

[133] There is no dispute that for a period of time from 2014 to 2015, a relatively small number of DURACELL HA and AA batteries were sold in Canada in packages bearing the Energizer HA Sticker and the Energizer MAX AA Sticker respectively in the context of comparative performance claims. These stickers differ from the other At Issue Stickers because they bear registered Energizer Trademarks, namely, ENERGIZER (registration numbers TMA157162 and TMA740338) and ENERGIZER MAX (registration number TMA580557). These trademarks thus were used by Duracell in the manner contemplated by the *TMA* s 4, although not for the purpose of distinguishing their own batteries; that is, a non-confusing use.

[134] That substantial goodwill attaches to the Energizer Trademarks is not in issue, in my view. According to Jeffrey Roth, Energizer is one of the world’s largest primary battery manufacturers, anchored by its globally recognized ENERGIZER brand. ENERGIZER batteries have been sold in Canada since at least 2010, and from 2014 to 2016, Energizer spent more than ██████████ in Canada for the purpose of marketing ENERGIZER batteries. I find in the

circumstances, that the trademark ENERGIZER is a well known, if not famous trademark, and by implication, ENERGIZER MAX, the dominant element of which is ENERGIZER, is as well. Duracell went so far as to acknowledge the fame of the Energizer Trademarks in oral closing submissions, and to accept that significant goodwill resides in them.

[135] I find the linkage factor the more difficult in this case for several reasons. I start with the premise that it is appropriate for the Court to consider how the parties' batteries would appear to an average consumer somewhat in a hurry, coming across the batteries in a retail or store setting: *Puma SE v Caterpillar Inc.*, 2023 FCA 4 at paras 53 and 55.

[136] I agree with Dr. Kolsarici that the “jumble” and “clutter” of different battery packages on display in a store militate against the hurried consumer focussing on more than the price, promotion, product location (i.e. aisle placement and display location), and brand name, with habit operating on some level especially for repeat consumers.

[137] As an example, the Plaintiffs' read-ins admitted at trial included the following photograph:



[138] The display shows DURACELL AA batteries packaged in quantities of 16 and 8. Only the AA 8 packages bear the Energizer MAX AA Sticker. All of the packages bear prominent stickers about the overall longevity of the batteries (i.e. 10 years, except for the 9 volt batteries in the bottom right corner of the image). Looking at the price of the AA 16 and AA 8 batteries in this photo, the AA 16 batteries retailed for \$14.47, while the AA 8 batteries retailed for \$8.47.

[139] Based solely on the number of batteries, the price of the AA 16 batteries represents a better deal (i.e. more batteries for less money), than the price of the AA 8 batteries (i.e. \$14.47 for 16 batteries versus $\$8.47 \times 2 = \16.94 for 16 batteries). There is no primary data or survey evidence, however, to assist the Court to understand what the average, hurried consumer would notice on encountering such a display and what factors would inform their purchasing decision when encountering this jumble of information, and more to the point, whether they would be influenced at all by the Energizer MAX AA Sticker or another similar sticker.

[140] While Dr. Kolsarici points to research that when consumers shop for low-involvement products, they typically do not examine product information or brand, even if I accept that batteries are low-involvement products, I do not accept here that brand is unimportant.

[141] From a common sense perspective, looking at the evidence showing the way in which battery packages are displayed in stores (see paragraphs 12 and 14 above, for example, in addition to the image in paragraph 137), the trademarks ENERGIZER and DURACELL are very prominent and hard to miss, in my view, both on the packages themselves and on any separate in-store displays. The average consumer who is both literate and numerate also might note, given the size of them, either the number 15 or 20 and the percentage sign, depending on the sticker. I believe, however, that at the point where they encounter the At Issue Sticker (or the “First Moment of Truth” or FMOT, as styled by Duracell’s predecessor) on the sales rack, it is more likely than not that they will not “pause to give the matter any detailed consideration or scrutiny”: *Veuve Clicquot*, above at para 20.

[142] That means in my view, particularly in the absence of any primary data about how consumers actually react to the stickers, a consumer in a hurry is unlikely to pause to look at the packaging long enough to notice the comparators and the qualifications. This finding does not end the Court's consideration of the *TMA* s 22(1), however.

[143] I further find that the Energizer HA Sticker and the Energizer MAX AA Sticker are examples of an owner's trademarks being bandied about resulting in lost control for the owner and lesser distinctiveness, as noted in *Veuve Clicquot* and *Varzari* above, in circumstances where jurisprudence does not permit their use by third parties absent consent, such as on third-party packaging in the case of goods. The purpose of putting the Energizer Trademarks on the packaging was to promote the sale of DURACELL batteries by suggesting to consumers that they would get a better result using Duracell's batteries in the hope of getting a part of the market enjoyed by Energizer: *Clairol*, above at 576. This is borne out in my view by Duracell's internal presentation, entitled DURACELL REACHING CONSUMERS IN NEW WAYS – Category Academy March 3rd 2015. This presentation indicates that a key benefit of strengthening longevity claims is closing more consumers in Duracell to grow the battery category by 5%.

[144] In addition, “[w]hen parties have done what is complained of for the express purpose of taking away custom enjoyed by competitors **and persist in it** I see no reason to doubt that they are succeeding in their purpose”: *Clairol*, above at 576 [emphasis added]. In my view, there is an increased likelihood of such success in the case of repeat consumers during the Sticker Campaign who would have had an opportunity to read the At Issue Sticker on a previously purchased battery package after purchase.

[145] I thus conclude in the circumstances that Energizer has shown likely depreciation of goodwill in its registered trademarks ENERGIZER and ENERGIZER MAX by Duracell’s Sticker Campaign in a manner contemplated by the *TMA* s 22(1).

(b) “*the bunny brand*”

[146] I do not disagree with Justice Brown’s finding that, “[o]n its facts *Veuve Clicquot* stands for the proposition that more than use of an actual registered trade-mark or minor misspellings are prohibited by subsection 22(1)[;] **use of part of a mark** in addition to the misspellings of part of a mark may also be prohibited”: *Energizer FC 2018*, above at para 56 [emphasis added]. In *Veuve Clicquot*, while the Defendant’s mark, CLIQUOT, was a misspelling of CLICQUOT, the word VEUVE or any variation was not part of the Defendant’s one-word mark.

[147] I am not persuaded, however, as urged by Energizer, that the following determination by Justice Brown (*Energizer FC 2018*, above at para 49) survived the Federal Court of Appeal’s scrutiny and findings, whether challenged specifically by Duracell or not: “...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 trade-mark of Energizer.” Justice Dawson could not have been clearer in my view when she states, “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”: *Energizer FCA 2020*, above at paras 44, 49. I thus find it was open to Energizer and Duracell to advance their respective positions on this issue at trial.

[148] I find that the description “the bunny brand” is capable of evoking an image of a bunny that functions as a brand or mark, that is Energizer’s iconic “spokes-character,” the ENERGIZER bunny (whether as depicted in registration number TMA399312 or TMA943350). To suggest, as the Defendants urge the Court, that only the use of a “mark” by a defendant will ground a claim under section 22 of the *TMA*, is to construe this provision too narrowly, in my view, for several reasons.

[149] First, the situation before me is distinguishable from that considered by the Federal Court of Appeal in *Venngo Inc. v Concierge Connection Inc. (Perkopolis)*, 2017 FCA 96 [*Venngo*]. There, Justice Gleason found that the defendants/respondents did not offend section 22 when they used the words MEMBER PERKS INCLUDE as “an introductory phrase, using common English words, to describe its own offerings to its own membership by noting that its perks included the items that appeared in the web links” (para 83). Justice Gleason therefore concluded that the words MEMBER PERKS in particular were not being used as a trademark at all.

[150] Rather, I find here that Duracell used the phrase “the bunny brand” as a short hand reference to Energizer’s famous ENERGIZER bunny trademark (whether as depicted in registration number TMA399312 or TMA943350), there being no evidence at trial of any other competitor in the battery field using a rabbit or bunny design as or in a trademark. Paraphrasing Justice Binnie’s observation in *Mattel* (at para 21) about how trademarks operate, in my view Duracell used the phrase “the bunny brand” as a shortcut to get the consumer where Duracell wanted the consumer to go in terms of the comparative advertising it used on the Bunny Brand HA Stickers. Because the reference was not comprised of the registered trademark itself, the only

issue in terms of linkage is whether “the bunny brand” was “something closely akin to it”:

Venngo, above at para 83.

[151] Further, while Duracell did not use the phrase “the bunny brand” for the purpose of distinguishing its own goods, there is no question in my mind that it was used in the manner contemplated in the *TMA* s 4(1). Specifically, the phrase was marked on the packages at the time of the transfer of the property in or possession of the applicable DURACELL batteries in the normal course of trade such that notice of the intended association (i.e. here, linkage to Energizer) was given to the consumer to whom the property or possession of the batteries was transferred.

[152] Second, on a plain reading of the provision, I find it targets activity that involves a defendant’s use of an owner’s registered trademark “in a manner” that is likely to depreciate the value of its goodwill. Apart from usage that is likely to depreciate, the words “in a manner” are not limited in any other way.

[153] Third, because the *TMA* s 6(5)(e) contemplates a likelihood of confusion occurring by reason of the ideas suggested as between two trademarks, I find that a manner of usage likely to depreciate, although it need not be confusing (*Veuve Clicquot*, above at para 53), similarly can revolve around the ideas suggested by the registered trademark and the “mark” used by the depreciator, i.e. here, a bunny that functions as a brand or mark.

[154] Despite examining the issue of depreciation of goodwill in the context of two word marks, the Supreme Court of Canada in *Veuve Clicquot* nonetheless focussed on the “distinguishing feature” of the appellant’s mark and the idea conveyed by it, noting that a misspelling was no defence. Further, “[t]he requirements of s. 22 have to be interpreted in light of its remedial purpose”: *Veuve Clicquot*, above at para 48. As discussed above, I am mindful that *Veuve Clicquot* involved not only the misspelling of the second word of the plaintiff’s trademark but also the omission of the first word VEUVE.

[155] That the phrase “the bunny brand” may be capable of evoking the trademark, ENERGIZER BUNNY & Design, does not answer fully the issue of linkage in my view. As with the Energizer HA Sticker and the Energizer MAX AA Sticker, I find on a balance of probabilities that the average hurried consumer is unlikely to pause long enough at the in-store battery rack to read the Bunny Brand HA Sticker and to note the reference to “the bunny brand” written in much smaller print than either the trademark DURACELL or the prominent 20% and the words LONGER LASTING. They also might notice the words “up to” given their proximity to the latter two elements of the sticker. That said, there is no primary data or survey evidence one way or the other.

[156] Further, to make the linkage advocated by Energizer requires that the consumer take an extra mental step or steps when confronted with indirect phrase “the bunny brand,” in contrast to the more direct trademarks, ENERGIZER and ENERGIZER MAX. First, the consumer would need to see the words “the bunny brand.” Second, the consumer would need to think of Energizer’s iconic spokes-character. Then the consumer would need to remember that the word

ENERGIZER is written on the bunny's drum, thereby completing the link to an Energizer Trademark, or simply recall that a pink, bespectacled bunny with large feet and wearing a drum with ENERGIZER on it is a spokes-character for, or trademark of, Energizer. Steps two and three might be combined for some consumers but there is no evidence in the form of primary data, such as a survey, to assist the Court in determining how the average hurried consumer, with an imperfect recollection, in fact would have reacted to the Bunny Brand HA Sticker.

[157] In the circumstances, I find that Duracell was not bandying about an Energizer Trademark as such. Absent any evidence of consumer reaction to the Bunny Brand HA Sticker, I am unable to find that Duracell likely depreciated the goodwill in the registered trademark ENERGIZER BUNNY & Design.

[158] Even if I have erred in reaching this conclusion, I further find that, in any event, as discussed below under the heading "C. Activities Permitted by Agreement?" the use of the phrase "the bunny brand" in this manner is permitted by agreement between the parties.

(c) *"the next leading competitive brand"*

[159] I am not persuaded that there is any likelihood of depreciation of goodwill in the Energizer Trademarks by reason of Duracell's use of the phrase "the next leading competitive brand" on the Next Leading Competitive Brand AA Sticker:



[160] There simply is no evidence before the Court from which it can be deduced or inferred that the average hurried consumer is going to notice much on this busy label, if anything, beyond the prominent 15%, the words LONGER LASTING or their French equivalent PLUS LONGTEMPS, and possibly “up to” or “durent jusqu’a” given their proximity to 15%. I believe that the chances of a consumer lighting upon the qualifier “*Next leading alkaline based on Nielsen sales data,” and taking the time to learn from such data that the description “the next leading competitive brand*” points to Energizer, at best are slim. Further, there is no evidence about how even the most determined consumer could or would access Nielsen sales data.

[161] Further, I agree with Duracell that the Energizer’s evidence does not prove that the “next leading competitive brand” comprises a distinctive aspect of, or may be mistaken for, an Energizer Trademark. The question is whether the consumer would link “the next leading competitive brand” to an Energizer Trademark, not whether the consumer knows who “the next leading competitive brand” is and is familiar with its trademarks. Paraphrasing former Justice Reed of this Court, it is at least arguable in my view that this phrase on the Next Leading Competitive Brand AA Sticker is directed at the goodwill of the business and not the goodwill

associated with an Energizer Trademark: *Eye Masters Ltd. v Ross King Holdings Ltd.* (T.D.), 1992 CanLII 14770 (FC), [1992] 3 FC 625 at 629 [*Eye Masters*].

[162] I also agree with Duracell that “the next leading competitive brand” is not an Energizer Trademark, nor, in my view, is it sufficiently similar to any of the Energizer Trademarks so as to evoke one of them to a hurried consumer. Put another way, I find that the casual observer would not recognize the phrase used by Duracell as a mark of Energizer, and thus, without a “link, connection or mental association in the consumer’s mind” with an Energizer Trademark, there can be no depreciation: *Veuve Clicquot*, above at paras 48-49.

[163] I add that Duracell’s reliance on *Interlego AG et al. v Irwin Toy Ltd. et al.*, 1985 CarswellNat 512 (FCTD), 3 CPR (3d) 476 [*Interlego*] is misplaced. In the context of an interlocutory injunction involving (mis)use of LEGO and DUPLO and depictions of Lego blocks on packaging and in catalogues, it is not surprising in my view that the Court did not address outright the wording “Works with leading brand” (and the French equivalent wording “Compatible avec la marque dominante”) and whether it should be overlabeled. I note that the impugned packaging also bore the words “Works with Lego,” and depicted blocks with the word “Lego” on connecting studs, thereby providing potential clarification on-package regarding the less specific phrase “Works with leading brand,” at least until the Court ordered overlabelling or removal of references to “Lego.”

[164] More to the point, “Works with leading brand” and “Compatible avec la marque dominante” were not the only “marks” or phrases on the packaging intended to evoke or to create

a link with the plaintiffs' products or marks, in contrast to the Next Leading Competitive Brand AA Sticker. Further, it is not clear, in my view, on the face of the decision itself in *Interlego*, whether the plaintiffs sought to enjoin the use of these phrases, pending trial, in connection with their interlocutory injunction application.

[165] Although it is tempting in the circumstances to characterize the Next Leading Competitive Brand AA Sticker as puffery, it nonetheless is necessary to consider the performance claim below in the context of the “false or misleading statements or descriptions” issue to which I turn next.

B. *False or Misleading Statements or Descriptions?*

[166] I find that Energizer has failed to establish that the claims on the At Issue Stickers are false or misleading or that Duracell did not have a fair and reasonable basis for the comparative performance claims on all the At Issue Stickers. I further find that claims are not materially misleading because it has not been established that Duracell made any increased sales attributable solely to the presence of the stickers, as discussed in connection with the Remedies analysis below.

[167] In addition to asserting likely depreciation of goodwill, Energizer avers that the claims on the At Issue Stickers are false and misleading, contrary to the subsections 7(a) and s 7(d) of the *TMA*, as well as section 52 of the *Competition Act*. These provisions are similar and complementary. Below is a summary of their constituent elements followed by an analysis of the applicable evidence and arguments before the Court.

(1) Subsection 7(a) of *TMA* - false or misleading statement

[168] Paragraph 7(a) of the *TMA* prohibits “false or misleading statement[s] tending to discredit the business, goods or services of a competitor.” The combined effect of the paragraph s 7(a) and subsection 53.2(1) of the *TMA* is a statutory cause of action for which injunctive, monetary and other relief can be obtained if a person is damaged by false or misleading statements of a competitor: *S. & S. Industries Inc. v Rowell*, 1966 CanLII 53 (SCC), [1966] SCR 419 [*Rowell*] at 424 (referencing then s 52 of the *TMA*, now subsection 53.2(1)); *Petline*, above at para 5. There is no express or implied requirement that the statements were made with knowledge that they are false or misleading or that they were made with malice, although the presence or absence of malice could be relevant to the assessment of damages: *Rowell*, above at 425.

[169] The necessary elements of this cause of action thus are:

1. a false and misleading statement;
2. tending to discredit the business, goods or services of a competitor; and
3. resulting damages, causally linked to the alleged wrongful activity, i.e. the false or misleading statements

(See *E. Mishan & Sons, Inc. v Supertek Canada Inc.*, 2016 FC 986 at paras 7, 30.)

[170] Further, the third prong requires some proof of damage, in contrast to the *TMA* s 7(b) or common law passing off which involves consideration of “actual or **potential** damages;” in other words, damages cannot be presumed: *Alliance Laundry Systems LLC v Whirlpool Canada LP*, 2019 FC 724 [*Alliance Laundry*] at paras 40-42 [emphasis added].

(2) Subsection 7(d) of *TMA* - false description in material respect

[171] Paragraph 7(d) of the *TMA* is aimed at the protection of consumers by curbing deceit in the offering of goods or services to the public. Specifically, this provision prohibits the making use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to, among other things, the character of the goods or services: *MacDonald et al v Vapor Canada Ltd.*, 1976 CanLII 181 (SCC), [1977] 2 SCR 134 at 148.

[172] Having regard to my findings above regarding depreciation of goodwill under the *TMA* s 22, there is no question in my mind that Duracell made use of comparative performance claims, that are caught by the broad wording “any description,” in association with goods by way of the At Issue Stickers on battery packages. This too in my view is a section 4 non-confusing use. I further am of the view that performance claims about the comparative longevity of batteries relate to the character of the goods. The analysis below thus is restricted to whether the comparative claims are false in a material respect and likely to mislead the public.

(3) Subsection 52(1) of *Competition Act* - false or misleading in material respect

[173] Subsection 52(1) of the *Competition Act* provides that “[n]o person shall, for the purpose of promoting ... the supply or use of a product ... knowingly or recklessly make a representation to the public that is false or misleading in a material respect.” The combination of subsection 52(1) and paragraph 36(1)(a) of the *Competition Act* creates a statutory cause of action, albeit limited, as Justice Brown noted in *Energizer FC 2018*, to proven loss or damage, and costs.

[174] In the case before me, I have no difficulty finding that Duracell used the At Issue Stickers for the purpose of promoting the supply or use of their batteries, and that the representations on

the stickers, that is the comparative performance claims, were made to the public. The questions for the Court to answer are whether Duracell knowingly or recklessly made such representations and whether they are false or misleading in a material respect.

[175] Except for the requirement of knowledge of, or recklessness as to falsity, the test regarding subsection 52(1) of the *Competition Act* mirrors the test under subsection 7(a) of the *TMA: Alliance Laundry*, above at para 79, citing *Direct Energy Marketing Limited v National Energy Corporation*, 2014 ONCA 105 at para 8. Further, I note that subsection 52(4) of the *Competition Act* provides that the general impression conveyed by a representation as well as its literal meaning shall be taken into account in determining whether or not the representation is false or misleading in a material respect.

[176] The following is a summary of the principles articulated by the Supreme Court of Nova Scotia and adopted by this Court applicable to a determination under section 52 of the *Competition Act* [citations omitted]:

- 1.** The general impression of the advertisement must be determined. In doing so, the nature of the particular portion of the public to whom it is directed must be considered.
- 2.** The literal meaning of the advertisement is to be considered as well.
- 3.** In determining if the advertisement is false or misleading in a material respect, extraneous evidence may be considered but not for the purpose of altering the general impression already arrived at.
- 4.** Misleading advertising must be misleading in a material respect. Materiality is defined in terms of the effect it would have upon a consumer's buying decision. It must be "so pertinent, germane or essential" that it would have an effect upon that decision. Mere "puffery" is not sufficient to constitute misleading advertising.
- 5.** Aggressive advertising is not circumscribed by the *Competition Act* unless it is an "untruthful disparagement" of the goods or services of a competitor.
- 6.** The Court should not interfere with competition in the workplace unless the advertisements are "clearly unfair."

7. Even advertisements which “push the bounds of what is fair” are not misleading in a material way.

8. In the civil context, the burden of proof on the plaintiff is still proof on the balance of probabilities but it is a heavier burden because of the seriousness of the allegations. There must be “substantial proof” of activity which is “a very serious public crime.”

(See *Distrimed Inc. v Dispill Inc.*, 2013 FC 1043 at para 262, citing *Maritime Travel Inc v Go Travel Direct.Com Inc* (2008), 66 CPR (4th) 61, 2008 NSSC 163 (CanLII) [*Maritime*] at para 39, aff'd 2009 NSCA 42.)

[177] In short, what is false or misleading is contextual: *Telus Communications Co. v Rogers Communications Inc.*, 2009 BCSC 1610 [*Telus*] at para 29; appeal dismissed 2009 BCCA 581.

[178] I add that the general impression is to be assessed from the perspective of a consumer to whom the representation is targeted, that is a credulous and technically inexperienced consumer of batteries in the sense that their lack of experience relates to the technical information in the comparative performance claims: *Canada (Commissioner of Competition) v Canada Tax Reviews Inc.*, 2021 FC 921 [*CTR*] at paras 76-85; *Canada (Competition Bureau) v Chatr Wireless Inc.*, 2013 ONSC 5315 [*Chatr*] at 131-132. I have formed this view because, although Chief Justice Crampton’s determinations in *CTR* (regarding the applicability of *Chatr* and *Richard v Time Inc.*, 2012 SCC 8, to the question of whose perspective is relevant) were made in the context of paragraph 74.01(1)(a) of the *Competition Act*, I find that the latter provision is substantially similar to subsection 52(1). This can be seen readily from the chart below, except that for conduct to be considered reviewable under paragraph 74.01(1)(a), it is not necessary that the representation also be made knowingly or recklessly as required in subsection 52(1):

Subsection 52(1)

No person shall, for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any business interest, by any means whatever, knowingly or recklessly make a representation to the public that is false or misleading in a material respect.

Paragraph 74.01(1)(a)

A person engages in reviewable conduct who, for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any business interest, by any means whatever,
 (a) makes a representation to the public that is false or misleading in a material respect;

[Emphasis added.]

[179] Further, this Court has recognized that “the purpose clause of the *Competition Act* (section 1.1) expressly provides that the protection of consumers is one of its underlying purposes, and this legislation has been recognized as a consumer protection legislation”: *Lin v Airbnb, Inc.*, 2019 FC 1563 at para 57.

[180] Put another way, therefore, the relevant perspective for the general impression is that of an ordinary, hurried consumer “who take[s] no more than ordinary care to observe that which is staring them in the face upon their first contact with an advertisement” and not the perspective of a careful and diligent consumer: *Richard*, above at paras 66-67, citing *Mattel*, above.

[181] Further, the applicable general impression is the one formed after the relevant consumer’s “initial contact with the **entire** advertisement, and it relates to both the layout of the advertisement and the meaning of the words used”: *Richard*, above at para 57 [emphasis added]. Dissection of the text (as advocated here by Dr. McNeish, for example) “strays from the determination of the general impression the entire advertisement conveys to a consumer”: *Richard*, above at para 60.

[182] In addition, the general impression created by the advertisement depends on non-exhaustive factors including, the understanding of those who have read it, “as presented through survey evidence;” the use of qualifiers, such as “up to;” the nature of the consumers; and the nature of the medium: *Purolator Courier Ltd. v United Parcel Service Canada Ltd.*, 1995 CanLII 7313 (ON SC) [*Purolator*] at para 43.

[183] I also note that the general impression test formulated in *Richard* indicates that it is similar to the test for trademark confusion articulated by the Supreme Court of Canada in *Veuve Clicquot*, above at para 20, and *Masterpiece*, above at para 41. That being the case, notwithstanding that the general impression is the one formed after the relevant consumer’s initial contact with the **entire** advertisement, I find that, as guided by the paragraph 20 in *Veuve Clicquot* and paragraphs 40-41 in *Masterpiece*, the average, hurried consumer “does not pause to give the matter any detailed consideration or scrutiny, nor to examine [the advertisement] closely.”

[184] Absent primary data or a survey about the general impression or understanding formed by the average consumer of the At Issue Stickers on the battery packaging at the time the consumer encountered them in the marketplace or retail setting, I find that the Court is left to its own devices to apply a common sense approach to the ensuing analysis, taking into account the battery testing evidence adduced by the parties.

[185] I pause to note that Energizer’s battery testing expert, Dr. Adams, only analyzed Duracell’s testing data (that included both DURACELL and ENERGIZER batteries) regarding

issues of source and age of the batteries, as well as their storage conditions prior to testing. He ran out of time to do similar analysis on Energizer's testing data. On cross-examination, he admitted or clarified that he was not given Energizer's testing data, nor did he ask for them.

(4) Analysis

[186] With the foregoing provisions and principles in mind, I start with a consideration of what the At Issue Stickers actually say and their general impression. As the Supreme Court of British Columbia noted: "...the first step is to examine both the literal meaning and the general impression based on the representations actually made in the advertisements, in order to fix the impression of the average consumer[;] ...the Court must then gauge whether that impression is false or misleading in a material respect, having regard to extraneous facts if necessary": *Telus*, above at para 32.

[187] The statutory requirement aside (i.e. subsection 52(4) of the *Competition Act*), I find that this approach makes sense in the context of provisions, like all those under consideration here, that have as their purpose, either directly or indirectly, the protection of consumers and traders from unfair competition.

[188] I start with the Energizer HA Sticker, that has no disclaimers, followed by the remaining At Issue Stickers, all of which have disclaimers.

(a) *Energizer HA Sticker*

[189] For ease of considering the literal meaning and the general impression of the Energizer HA Sticker, it is reproduced here:



[190] Duracell argues that for all intents and purposes “tending to discredit the business, goods or services of a competitor” (i.e. paragraph 7(a) of the *TMA*) is the same as the likelihood of depreciating goodwill. I disagree for at least three reasons.

[191] First, as Duracell asserted several times in written and oral submissions, and I agree based on a plain reading of the *TMA* s 22 versus paragraphs 7(a) and 7(d) of the *TMA* and subsection 52(1) of the *Competition Act*, the depreciation of goodwill must relate to the competitor’s trademark and not their business or product.

[192] Second, in respect of the *TMA* s 7(a) in particular, and as I previously have found, it is necessary for the competitor (i.e. Energizer in the case before me) to be identified in the allegedly untrue statement: *Immigration Consultants of Canada Regulatory Council v CICC The College of Immigration and Citizenship Consultants Corp.*, 2020 FC 1191 at para 73. Because Energizer is the first word of each Plaintiff’s corporate name, I am prepared to find that this element of the provision is satisfied in respect of the Energizer HA Sticker and the Energizer MAX AA Sticker. The “linkage” contemplated in the test for depreciation of goodwill, however,

is to the registered trademark (or a trademark closely akin to it) of the trademark owner (who may or may not be a competitor).

[193] Third, as Duracell argues based on *Richard*, above, the entirety of each At Issue Sticker is relevant for the assessment of whether they are false or misleading. I have found, however, in respect of the depreciation of goodwill analysis, it is unlikely that the average hurried consumer will see the entire sticker, or pause long enough to observe it carefully. The former has a bearing on the literal meaning of the At Issue Stickers which necessitates examining their entirety, while the latter in my view speaks more to the general impression the consumer may have formed of them, for which there was no evidence that any primary data were collected or any survey was conducted.

[194] Turning to the Energizer HA Sticker specifically, I note that it does not have any disclaimer (i.e. qualifiers or limitations), unlike the other At Issue Stickers which are considered separately below.

[195] The Energizer HA Sticker states, “15% LONGER LASTING vs. Energizer on size 10, 13 and 312” in English and “15% PLUS DURABLES vs les piles Energizer de format 10, 13, 312” in French [asterisks omitted]. In my view, the literal meaning of these statements is that DURACELL hearing aid batteries, sizes 10, 13 and 312, will last 15% longer than ENERGIZER hearing aid batteries of corresponding sizes.

[196] The lack of any disclaimer on the Energizer HA Sticker is an important factor to consider in assessing whether the claim is false or misleading under the *TMA* and the *Competition Act*. That said, the Plaintiffs' evidence and submissions have failed to convince me that the statements are in any way misleading or unfair. Rather, I find, that they have a reasonable basis grounded in the data presented by Duracell in that, fully considered, the data show Duracell's size 10, 13, and 312 hearing aid batteries [REDACTED] than corresponding Energizer hearing aid batteries. As explained below, I further find that the evidence does not establish any breach of the applicable provisions of the *TMA* and the *Competition Act*.

[197] Energizer asserts their examination of the testing data shows that the Energizer HA Sticker performance claim is untrue, under the ANSI 2009 and IEC 2011 standards. More specifically, Energizer argues that Dr. Adams' expert evidence shows that [REDACTED] [REDACTED]. His report further indicates that in [REDACTED] [REDACTED]. Notably, Dr. Adams did not consider testing for size 312.

[198] Duracell's evidence, however, is that their own testing, conducted in [REDACTED] to support the "proof of claim" [POC] for the hearing aid batteries [HA POC], [REDACTED] [REDACTED]. They assert that Dr. Adams did not address the results of the HA POC in his analysis, but rather sought to undermine them by focussing on issues such as the batteries' age and storage conditions (which in his opinion could impact power retention or longevity).

[199] Dr. Adams admitted at trial that “the point was looking for instances where the Duracell battery was not more than 15 percent longer lasting than the Energizer” which is consistent with the position that the claim must represent a guarantee that will be met all the time. While there were instances when the 15% threshold was not met, in my view this does not mean that, as a whole, the testing data, on which Duracell relied for the claim, established the claim was not accurate a sufficiently significant amount of the time.

[200] According to applicable jurisprudence, comparative advertising by its nature is one-sided and does not represent necessarily a full and balanced view; that said, there nonetheless must be a reasonable basis for the representation made: *Purolator*, above at para 67; *Maritime*, above at para 57. In the context of radio and television advertising, where UPS guaranteed “overnight delivery before 10:30 am, usually at rates up to 40% less than other couriers charge,” and evidence showing that “in approximately 16 per cent of the total permutations and combinations, UPS’s rates are at least 30 per cent lower [than PCL’s rates],” the court in *Purolator* was not persuaded that the impugned ads involved untruthful disparagement of a competitor’s goods or services in contravention of paragraph 52(1)(a) of the *Competition Act*: *Purolator*, above at paras 1-3, 30, 65, 67. In other words, there was a reasonable basis for the claim, notwithstanding that the UPS rates were shown to be at least 30% lower, but not 40% lower, only approximately 16% of the time.

[201] In light of the decision in *Purolator*, I do not accept Energizer’s argument that the battery consumer must obtain the stated benefit of the comparative claim 50% of the time, especially absent supporting jurisprudence to the contrary, even absent any disclaimers.

[202] Parties may “push the bounds of what is fair, they may be close to the line” but this does not mean that the statement on the Energizer HA Sticker is *per se* false. Nor in my view is the sticker misleading in a material way, especially given the lack of evidence demonstrating increased sales for Duracell attributable solely to the presence of the Energizer HA Sticker, when the totality of the evidence is considered: *Tele-Mobile Company, a Partnership v Bell Mobility Inc.*, 2006 BCSC 161 at para 63. The applicable battery testing data is discussed in greater detail below.

[203] As for the general impression created by the Energizer HA Sticker, I find that the average hurried consumer (bearing in mind this is someone who does not pause to give the matter any detailed consideration or scrutiny), if they pay any attention at all to the sticker for which there is no direct or survey evidence, is more likely than not to observe at a glance only 15% LONGER LASTING, and are just as likely to think it means the DURACELL hearing aid batteries last that much longer than previous versions of the same DURACELL batteries. This is borne out to some extent, in my view, by Energizer’s self-comparative sticker claim in evidence at trial to the following effect (in English), and as depicted below: “IMPROVED! UP TO 30% LONGER-LASTING THAN PREVIOUS ENERGIZER MAX IN DIGITAL CAMERAS” [Improved Sticker]. Dr. McNeish was shown a photograph of a battery package for ENERGIZER MAX +POWERSEAL AA batteries bearing the Improved Sticker shown below which she identified as something she had seen before and on which she was cross-examined.



[204] In my view, Energizer’s own use of a claim structured in this way on its Improved Sticker raises an unanswered question of why it would do so when it asserts inconsistently in this action (based on Dr. McNeish’s expert evidence and cross-examination testimony) that consumers do not read the words “up to” and that consumers would expect such a claim to be interpreted as a guarantee that all improved batteries will last at least 30% longer than previous Energizer MAX batteries in digital cameras.

- (b) *Bunny Brand HA Sticker, Energizer MAX AA Sticker, and Next Leading Competitive Brand AA Sticker*

[205] This brings me next to the remaining At Issue Stickers which are reproduced below for ease of considering their literal meaning and the general impressions they create:

Bunny Brand HA Sticker



Energizer MAX AA Sticker



Next Leading Competitive Brand AA Sticker



[206] The Bunny Brand HA Sticker states, “Up to 20% LONGER LASTING vs. the bunny brand on size 10, 13 and 312” in English and “Durent jusqu’à 20% PLUS DURABLES vs les piles 10, 13, 312 de la marque du lapin” in French [asterisks omitted]. In my view, the literal meaning of these statements is that DURACELL hearing aid batteries, sizes 10, 13 and 312, will last 20% or some lower percentage longer than Energizer’s hearing aid batteries of corresponding sizes, given the Defendants’ admission during examination for discovery that the words “the bunny brand” were intended to refer indirectly to Energizer.

[207] The Energizer MAX AA Sticker states, “UP TO 15% LONGER LASTING VS. ENERGIZER MAX AA size. Results vary by device and usage patterns” in English only. In my view, the literal meaning of these statements is that DURACELL AA batteries will last 15% or some lower percentage longer than ENERGIZER MAX AA batteries, and how long they actually last will depend on the device in which the battery is used and the consumer’s manner (including frequency or length) of use of the device.

[208] Similarly, the Next Leading Competitive Brand AA Sticker states, “up to 15% LONGER LASTING vs. the next leading competitive brand. Next leading alkaline based on Nielsen sales data. AA size. Results vary by device and usage patterns” in English and “durent jusqu’a 15% PLUS DURABLES vs les piles de l’autre marque concurrente la plus populaire. L’autre pile alcaline AA la plus populaire selon les données sur les ventes de Nielsen. Les résultats varient selon le type d’appareil et la fréquence d’utilisation” in French. In my view, the literal meaning of these statements is that DURACELL AA batteries will last 15% or some lower percentage longer than Energizer’s AA batteries, given the Defendants’ admission during examination for discovery that the words “the next leading competitive brand” and “based on Nielsen sales data” were intended to refer to Energizer. Further, how long the DURACELL AA batteries actually last will depend on the device in which the battery is used and the consumer’s manner of use of the device (although the words “la fréquence d’utilisation” appear to focus more specifically on the frequency of use of the device).

[209] I note that the Energizer MAX HA Sticker does not contain the disclaimer “Results vary by device and usage patterns.” This makes sense given that this sticker was used only on packages for hearing aid batteries, that is batteries intended for use in one type of device – hearing aids.

[210] Contrary to Energizer’s argument, I am not persuaded that battery consumers who were inclined to read these stickers would not understand the disclaimers, with the exception of the reference to Nielsen sales data because it would require research or investigation to understand, and I have not been shown that the ordinary consumer would undertake such inquiry.

[211] Otherwise, the average hurried consumer is not a “moron in a hurry” nor “totally naive,” but rather this hypothetical consumer is someone with average intelligence, acting with ordinary caution and owed a certain amount of credit: *Mattel*, above at paras 56-57; *Purolator*, above at para 58. Even Dr. McNeish opined that the average consumer is literate and numerate, although contradictorily posited that consumers would not understand “up to” and “results vary by device” and would find these phrases unusual.

[212] Further, this is not a case where the disclaimers in issue are elsewhere on the battery packages. In my view, they form part of the primary representations: *Purolator*, above at para 56. Notwithstanding their smaller type, I place less importance on the use of asterisked disclaimers in the context of the Energizer MAX AA Sticker and the Next Leading Competitive Brand AA Sticker. They are compact stickers and the information can be gleaned at a glance for the consumer inclined to read the whole sticker, after having picked up the battery package from the store shelf or battery display. In other words, the medium for communicating the information has a bearing, in my view, about how the message would be perceived: *Purolator*, above at para 61. I emphasize again that there is no primary data or survey evidence, however, to illuminate whether the average consumer would be inclined to read the whole, or any part, of the At Issue Stickers, nor am I prepared to infer that they would do so based on the manner in which the batteries are sold at retail stores in evidence in this action.

[213] In addition, the At Issue Stickers present a different context than, for example, shelf displays (i.e. “shelf talkers”) or television commercials that are somewhat separated from the packaging for the batteries. In other words, the proximity of the stickered information on the

packaging played a significant role in the acceptability of similarly formatted stickers. This is in contrast to shelf displays and a television commercial considered by the National Advertising Division [NAD] of the Council of Better Business Bureaus, Inc. in the United States of America following complaints by Energizer regarding the comparative performance claims by Procter & Gamble on package stickers, shelf displays and a television commercial. As mentioned earlier, only packaging stickers are at issue in the trial here.

[214] In sum, I find the literal claims are presented in a clear manner. They represent that the batteries will last “up to” the stated longevity – meaning it could be anywhere from one (or at least more than zero) to 15% or 20% longer lasting than the stated comparator (i.e. “the bunny brand,” ENERGIZER MAX or “the next leading competitive brand”), and further, that the actual longevity will depend on the device in which the batteries are used and the manner in which the device is used. For those consumers who will stop to read the stickers, I do not accept the argument that they would not read these disclaimers, nor understand them, given the evidence from Energizer’s marketing expert that the average consumer is both literate and numerate, and given that all the information is in one place on a sticker.

[215] As for the general impressions created by the Bunny Brand HA Sticker, the Energizer MAX AA Sticker and the Next Leading Competitive Brand AA Sticker, I believe that they would have been consistent with the impressions formed for the Energizer HA Sticker. That is, if a hurried consumer paid any attention at all to the stickers, then at a glance, without pausing to give the matter careful consideration or scrutiny, they were just as likely to think that the claims were self-comparisons to previous versions of the applicable DURACELL batteries, having

regard to the prominence of the percentage and the words LONGER LASTING, as well as the proximity of “up to” to both these elements.

[216] Turning to the battery testing evidence, I find that Energizer’s evidence and argument focus on whether the longevity exceeds the stated percentages. Based on a plain reading of the At Issue Stickers, this is not what they actually, or more to the point what they literally, claim. For this reason among others explained below, I prefer the expert evidence of Dr. Whitacre whose focus was the “consumer experience,” in the sense of the relative battery performance that a consumer would encounter upon purchasing and using batteries, without the limitation present in Dr. Adams’ analysis of the battery testing evidence (i.e. whether they exceed the percentages shown on the At Issue Stickers).

[217] I agree with Duracell that the claims at issue in this litigation do not reference the ANSI/IEC standards (which, according to Dr. Whitacre, are voluntary); there is no evidence to support that ordinary consumers know these standards; and it is reasonable to consider all of the available data when determining how one manufacturer’s batteries compare to those of another, which I find Dr. Whitacre did, in contrast to Dr. Adams’ mandate, that included grouping tests by the calendar year in which they were conducted, which resulted in him not taking into account some of the test data produced by the parties. I note that in response to this grouping, Dr. Whitacre reviewed the data he was provided by year to address Dr. Adams’ comments.

[218] As another example, I accept Dr. Whitacre’s opinion that the average battery consumer likely does not purchase batteries within 60 days (i.e. as per ANSI and IEC testing protocols)

after they are manufactured and may not use them all until they are even older from the time when they are purchased. If measuring longevity in the eyes of the consumer, it therefore is better to use batteries obtained from the market. Dr. Adams agreed with this proposition in cross-examination. Though by no means binding in the action before this Court, I note and concur with the NAD's observation that "sourcing batteries for testing from the open market allows testing results to better reflect the performance of batteries that consumers would purchase and use in the real world."

[219] I also accept that obtaining batteries from the marketplace could involve variables such as storage conditions (prior to sale, such as humidity or temperature changes) and age, which were significant concerns for Dr. Adams. There is no evidence before the Court, however, that any average consumer purchases batteries immediately upon manufacture directly from the manufacturer or how they would be stored by the manufacturer, before or during shipment, or in the marketplace once delivered, nor am I persuaded, without further expert analysis, that these variables appreciably impacted the test results in evidence. This is particularly so, in my view, in light of the evidence that Duracell subjected some of its factory-sourced batteries to artificial aging processes to be more like the Energizer comparators in age, which was not considered by Dr. Adams, nor is there evidence that Dr. Adams analyzed available data to confirm lower performance because of such variables.

[220] Further, Dr. Whitacre's evidence is that battery degradation takes place slowly after the first three months from manufacturing. Dr. Adams admitted in cross-examination that in the testing data he was given to review for thousands of Energizer and Duracell AA and hearing aid

batteries, the companies sourced the batteries from retail stores that had to source the batteries from distributors. In other words, they were not shipped from the manufacturer to the test facilities, and he concluded that “probably most of them were over a hundred days.” This testimony confirms, as Duracell argues and I agree, that neither side in this dispute necessarily constrained themselves precisely to the ANSI/IEC protocols, whether historical, current or prospective, in all test scenarios.

[221] Dr. Whitacre also opined that the same design of batteries or battery construction will yield average test results that differ randomly from test to test.

[222] Considering the totality of the AA test data, I find that Dr. Whitacre’s analysis of the Duracell battery tests conducted for the POC and for 2014-2017 support the performance claims. Annex “B” reproduces charts from Dr. Whitacre’s report summarizing his analyses of the test data for the POC as well as the years 2014, 2015, 2016 and 2017.

[223] I further find that Dr. Whitacre’s analysis of the Energizer battery tests conducted from 2014-2017 shows that Duracell batteries outlasted Energizer batteries, with regard to relevant constructions of batteries sold in Canada, in a significant number of the tests conducted. His evidence also shows that [REDACTED] [REDACTED]. To the extent that Energizer argues performance data for digital cameras skew the overall AA test data, I note Dr. Whitacre’s observation in response (relying on the same document as Dr. Adams), that the test for digital cameras represents a

312 batteries each [REDACTED]
[REDACTED].

[227] As an example, in late 2014 Duracell used an independent testing company, Intertek, to perform comparative testing on Duracell and Energizer HA 10, 13 and 312 batteries obtained from the marketplace. The IEC tests used by Intertek showed that [REDACTED]
[REDACTED]. These results were consistent with the POC testing conducted earlier that year.

[228] As a further example, Energizer testing for 2014-2015 analyzed by Dr. Whitacre shows that [REDACTED]
[REDACTED]
[REDACTED]. Using additional information contained in Energizer's data, [REDACTED]
[REDACTED]
[REDACTED].

[229] Taking into account the totality of the HA battery testing evidence before the Court and the parties' submissions, I am not convinced that either of Duracell's HA claims is not reasonably supported by the data.

[230] In light of the foregoing analyses, I thus conclude that there is a reasonable basis for the claims on the Bunny Brand HA Sticker (as well as the Energizer HA Sticker), the Energizer MAX AA Sticker and the Next Leading Competitive Brand AA Sticker. Consequently, I find

that the claims are not false or misleading in a material respect, especially given the lack of evidence demonstrating increased sales for Duracell, or conversely lost sales for Energizer, attributable to the presence of the At Issue Stickers (as discussed in greater detail below in the Remedies analysis), and that they do not contravene paragraphs 7(a) and 7(d) of the *TMA* and subsection 52(1) of the *Competition Act*.

[231] I add that, in my view, a reasonable basis to support a performance claim is one that conveys or reflects to the consumer an advantage or benefit that is reasonably attainable in the circumstances, which will depend on the facts in each case. Further, the presence of disclaimers such as “up to” and “results vary by device and usage patterns,” may temper consumer expectations in that regard, again in the circumstances.

C. *Activities Permitted by Agreement?*

[232] In so far as Duracell’s use of the phrase “the bunny brand” is concerned, I find that the short answer to this question is yes, as I explain below.

[233] [REDACTED]
[REDACTED]
[REDACTED]. [REDACTED]
[REDACTED]. One of the provisions of the earlier agreements stipulates that “neither party will use the other’s bunny, or a bunny confusingly similar thereto, in comparative advertising unless the advertising party makes an unambiguous and truthful claim

that the advertiser's brand possesses service-life superiority." [REDACTED]

[REDACTED].

[234] Although I have determined that Duracell's use of the phrase "the bunny brand" on the Bunny Brand HA Sticker is not contrary to the *TMA* s 22, I find that this phrase falls within the wording of the above contractual provision, in that were it used in the Canadian battery marketplace for the purpose of distinguishing Duracell batteries from Energizer batteries, it likely would be considered confusingly similar with Energizer's registered trademarks RABBIT & Design and ENERGIZER BUNNY & Design, registration numbers TMA399312 and TMA943350 respectively, as contemplated by the *TMA* s 6(2). Neither party has suggested otherwise in their submissions regarding the agreement.

[235] I bear in mind, however, that this action is not about trademark infringement or passing off. I make the above finding only in the context of interpreting the applicable contractual provision, which the Federal Court of Appeal confirms is within the purview of this Court: *Salt Canada Inc. v Baker*, 2020 FCA 127 (CanLII), [2020] 4 FCR 279 at paras 24, 40.

[236] Further, contrary to Energizer's position, I am satisfied that the Bunny Brand HA Sticker is a form of advertising, and thus, is not exempt from this provision. I note Energizer's marketing expert, Dr. McNeish characterizes packaging as the "salesman on the shelf" and an essential part of the selling strategy that includes communication and persuasion as two of three major purposes. In my view, stickers on packaging can fulfill at least two functions that are not inconsistent – point-of-sale display material and advertising (whether comparative or self).

[237] The claim on the Bunny Brand HA Sticker asserts service-life superiority of Duracell's hearing aid batteries over those of Energizer. The only remaining issue in respect of the claim is whether it is “unambiguous and truthful.” In my view, this sticker is clear on its face and, thus, unambiguous:



[238] That leaves for consideration whether the sticker is “truthful.” I note the Ontario Court (General Division), as it then was, previously has found that “truthful” in the context of this very agreement means “in a commercially reasonable sense”: *Eveready Canada v Duracell Canada Inc.* (1995), 64 C.P.R. (3d) 348 at 352. Having regard to my determinations under the previous heading, and with this meaning in mind, I find that the sticker is truthful.

[239] I thus conclude that the form of comparative claim on the Bunny Brand HA Sticker is permitted [REDACTED].

[240] I come to this conclusion despite my finding above that the phrase “the bunny brand” on the Bunny Brand HA Sticker is not contrary to the *TMA* s 22. In the context of the *TMA* s 22, as explained earlier in these Reasons, a plaintiff must meet the four-part, conjunctive test described in *Veuve Clicquot*. As I already determined, “the bunny brand” is capable of evoking an image of Energizer’s iconic “spoke-character,” the ENERGIZER bunny (whether as depicted in

registration number TMA399312 or TMA943350), and further, Duracell used the phrase “the bunny brand” as a short cut to the ENERGIZER bunny. There is no dispute that these Energizer Trademarks enjoy a significant degree of goodwill. I have found, however, that the Plaintiffs here failed to meet the third part of the test, namely, establishing a linkage between the use of the impugned phrase and an effect on the goodwill. In my view, the phrase “the bunny brand” requires that the consumer take an extra mental step or steps, and that there is a lack of evidence in the form of primary data, such as a survey, to assist the Court in determining how the average hurried consumer, with an imperfect recollection, in fact would have reacted to the Bunny Brand HA Sticker.

[241] As the Supreme Court guides in *Veuve Clicquot* (para 15), “...the onus of proof to establish the likelihood of such depreciation rested on the appellant. Despite the undoubted fame of the mark, the likelihood of depreciation was for the appellant to prove, not for the respondents to disprove, or **for the court to presume.**” [Emphasis added.]

[242] The four-part test is conjunctive; that the first two elements are satisfied does not mean the likely effect would be to depreciate the value of the mark’s goodwill. As a result, I am of the view that even though the Bunny Brand HA Sticker was not contrary to the *TMA* s 22, “the bunny brand” nonetheless can be considered confusingly similar [REDACTED].

D. Remedies?

[243] I am not persuaded that Energizer has suffered lost sales attributable to Duracell’s use of the Energizer HA Sticker and the Energizer MAX AA Sticker, or any of the At Issue Stickers for

that matter. If anything, the opposite occurred during the Sticker Campaign, according to the evidence before the Court. I also am not convinced, contrary to Energizer's submissions, that the Sticker Campaign alone, or at all, was responsible for slowing the growth in sales that Energizer otherwise would have enjoyed during that period.

[244] That said, in my view the evidence establishes that the Sticker Campaign was aimed at increasing Duracell's market share, when it already was the market leader, at the expense of the next leading competitor, Energizer. The packages bearing the Energizer HA Sticker and the Energizer MAX AA Sticker were not intended to be released into the Canadian market, according to Ramon Velutini, while Brad Elliott's evidence is that these stickers were attached to packages shipped to Canada as a result of an unintended operational error discovered by Duracell itself.

[245] The evidence is, however, that Duracell had no quality controls in place at the time regarding the stickering process. While Duracell stopped manufacturing these packages (i.e. bearing the Energizer HA Sticker and the Energizer MAX AA Sticker) promptly after the error was discovered, there is no evidence Duracell made efforts to remove the already released packages from the Canadian marketplace. The fact that Energizer initiated this action against Duracell shortly after sending their demand letters contributed in part, in my view, to the lack of subsequent cooperation in this regard. In the end, a total of 864 packages with the Energizer MAX AA Sticker were shipped to Canada, according to the evidence of Brad Elliott.

[246] For the more detailed reasons below, I conclude that Energizer is entitled to a permanent injunction restraining Duracell from using the Energizer Trademarks, and the Energizer HA Sticker and the Energizer MAX AA Sticker, on battery packages, and to damages for Duracell's "bandying about" of the registered trademarks ENERGIZER and ENERGIZER MAX, to the likely detriment of the goodwill attaching to them, and as a deterrent: *Clairol*, above at 577. Relying on the *TMA* s 22(2), I decline to give Energizer the option of electing an accounting of profits as such in the circumstances.

[247] Although I have found Dr. Kolsarici's DID analysis inadmissible, her description of it is telling. In her expert report, she describes using "DID to estimate the impact of the stickered marketing campaigns ... by comparing changes in sales volume between the pre- and post-campaign periods." In particular, the technique facilitates implicit "control for variables that are not observed in the data such as Duracell and Energizer's other marketing activities (e.g. TV, print, digital advertising, pricing) as well as industry conditions such as growth of the battery category." She concludes that these "variables are likely contributing to sales volume changes." Nowhere in this description, however, does she mention the factors of brand recognition and brand loyalty. The parties' main brands, ENERGIZER and DURACELL figure prominently on the packaging and on in-store displays for their respective battery products.

[248] The expert report considered by this Court in *Eye Masters* above, as described at pages 634-635, appears to be similar or a precursor to the DID analysis conducted by Dr. Kolsarici. The Court in *Eye Masters* found the approach "very theoretical" and queried how it would show that A's relevant advertising (or change in advertising) solely caused B's sales loss. The Court

also wondered how the other variables that might have affected the parties' sales could be isolated, and concluded (at page 635) that the factors indicated in the expert report "would need to be identified and their effect discounted." In my view, Dr. Kosarici's explanation of DID and the regression equation she used did not go this far.

[249] Further, contrary to Energizer's position, there is no evidence here to support that 1 (one) lost sale equals 1 (one) sale gained by Duracell (i.e. a 100% capture rate) based solely on the At Issue Stickers that appear on the packaging of Duracell batteries. Both parties' battery packaging and in-store displays, in cases where there are such displays, are dominated by their respective trademarks or house brands, namely, ENERGIZER on the one hand and DURACELL on the other. In fact, Mr. Davidson testified in examination in chief on his reply expert report that the market share approach (i.e. the historical capture rate) was a more accurate reflection of the sales Energizer would have achieved but for Duracell's use of the At Issue Stickers (assuming, which in my view has not been proven, that the At Issue Stickers were responsible for any decline in Energizer's sales or, as argued at trial, slowed the growth of sales that Energizer otherwise would have experienced).

[250] I find, however, that there is no direct evidence the Sticker Campaign disrupted Energizer's historical capture rate. For example, Mr. Davidson conceded in cross-examination that Duracell's market share did not change from 2013, the year prior to the Sticker Campaign, to 2014, the year when Duracell launched the Sticker Campaign.

[251] Mr. Davidson asserts though that the Sticker Campaign had the effect of slowing if not stopping the decline of Duracell's relevant AA battery sales. (The thrust of his reply report was Duracell's AA battery sales, as opposed to HA battery sales.) He admitted in cross-examination, however, that he was unaware that ██████ ceased purchasing from Duracell in 2019 (which, I find, resulted in a significant decline in sales that year, over the previous two years). He looked at declines in 2017, 2018 and 2019, and weighted them but, noting that the numbers "are what they are," he did not investigate them, nor whether there was a cause. To put the loss of ██████ as a customer in context, Mr. Harington testified that in ██████ Duracell only sold to ██████ customers and that almost ██████ of its battery sales were made to ██████, with ██████ accounting for ██████ of sales.

[252] While Mr. Davidson's analyses include data provided by both Energizer and Duracell, I find his conclusions are based largely on Duracell's sales information. I find this surprising given that Duracell's evidence shows Energizer's market share had increased during the time of the Sticker Campaign: *Effem Foods Ltd. v H.J. Heinz Co. of Canada Ltd.*, (1997) 75 C.P.R. (3d) 331, 1997 CarswellNat 1353 at para 4. My surprise was compounded by Kelley Vacca's evidence regarding the collection of marketplace data by Energizer.

[253] Ms. Vacca's evidence included sales tracking data obtained from Nielsen for Energizer and Duracell batteries, broken down by certain sizes and categories of batteries, and data obtained from TNS (Taylor Nelson Sofres) relating to battery consumption by device (based on consumer recall of their device ownership and usage). Ms. Vacca testified in cross-examination that such data permits Energizer to measure performance and sales but not brand equity. She

confirmed, however that these firms compile data that allow Energizer to assess its brand equity and customer loyalty, as well as that of competitors. They also have received ad testing data, as well as eye tracking data for packaging purposes from these or other similar companies, in other words data regarding the impact of marketing campaigns of not only Energizer but its competitors, none of which was produced here.

[254] Further, I find that Mr. Davidson's expert evidence is based on unproven and unsupportable assumptions that Duracell would not have sold the stickered packages, but for the stickers, and had the packages not been stickered, the sales would have gone to Energizer. Stated a different way, there is no evidence that the sales of the At Issue Packages did anything other than take the place of non-stickered battery packages, or that any incremental sales of DURACELL batteries occurred because of the stickers. This is evident, in my view, based on Mr. Harington's sur-reply report which shows the number of battery packages (involving only the sizes of At Issue Packages) sold in the years leading up to the Sticker Campaign (when there were no stickered packages), as well as during and after the campaign (i.e. January 2012 to December 2019) detailing year over year changes, on a month by month, as well as half yearly bases.

[255] Mr. Harington's report responds to Mr. Davidson's report. Mr. Harington asserts that, from an economic and accounting perspective, an accounting of profits is calculated by multiplying the incremental profit to Duracell multiplied by the incremental units sold by Duracell (involving Duracell's sales of each type of At Issue Batteries in At Issue Packages displaying the At Issue Stickers). Further, from an economic and accounting perspective,

damages (that is, Energizer's lost profits on sales it otherwise would have made but for Duracell's sales of the At Issue Batteries in the At Issue Packages bearing the At Issue Stickers) are calculated by the incremental profit to Energizer per unit (for each type of the At Issue Batteries in the At Issue Packages bearing the At Issue Stickers) multiplied by the incremental units Energizer would have sold had Duracell not used the At Issue Stickers.

[256] Mr. Harington contends that Mr. Davidson failed to determine or analyze the incremental units sold by Duracell and the incremental units that Energizer would have sold, and thus, Mr. Davidson failed to consider whether any of the profits or damages is linked causally to the challenged activities. In other words, Mr. Davidson failed to consider, or the extent to which, the sales volumes generated any incremental profits as a result of using the At Issue Stickers on the At Issue Packages by exceeding Duracell's historical sales volumes and trends.

[257] Mr. Harington opines that there is no basis for concluding there were any incremental unit sales of Duracell's AA batteries or hearing aid batteries (sizes 10, 13 and 312) in the At Issue Packages with the At Issue Stickers during the At Issue Period.

[258] Leaving aside that Mr. Davidson's reply report does not consider Duracell's HA battery sales, in my view Energizer treats the stickered packages as essentially a new product offering or as a new market entrant. The historical capture rate represents an effort to re-distribute profits on those units back to Energizer, or to calculate damages for assumed lost sales of those units. As Mr. Davidson stated in cross-examination, "I'm taking [market] share away from Duracell and moving it to Energizer, that's clear." Further, Mr. Davidson admitted that he was not instructed

to engage in a causation analysis for profits but his understanding is that he was asked to quantify an accounting of profits in respect of the entirety or 100% of the at issue sales. He also essentially agreed with Duracell's counsel that had he been asked to do a causation analysis, he would not have found it reasonable to say that 100% of those profits are casually attributable to the labels.

[259] All of Energizer's evidence is based on the assumption, without evidence such as a survey, that the only focus of the average, hurried consumer would be the At Issue Sticker and not for example, the dominant use of the house brand DURACELL.

[260] Paraphrasing the Supreme Court of Canada, I find that Duracell's profits were precisely what they would have been had they sold their HA and AA batteries without the Energizer HA Sticker and the Energizer MAX AA Sticker respectively: *Monsanto Canada Inc. v Schmeiser*, 2004 SCC 34 (CanLII), [2004] 1 SCR 902 at paras 103-104. Energizer has failed to demonstrate causation regarding the presence of the stickers and profits Duracell earned on the sale of stickered battery packages. I am not persuaded that the latter represent increased sales above what Duracell would have sold in the absence of these stickers. "Without a clearly proven effect on the market, there can ... be no apportionment": *Teledyne Industries Inc. v Lido Industrial Products Ltd.* (1982), 68 CPR (2d) 204 (FC), 1982 CarswellNat 16 at 214.

[261] I thus conclude that this is an apt case for the application of the *TMA* s 22(2) and, hence, I decline to give Energizer the option of electing an accounting of profits as such. I find, however, as mentioned above that they are entitled to a permanent injunction restraining Duracell from

using the Energizer Trademarks, and the Energizer HA Sticker and the Energizer MAX AA Sticker, on battery packages, and to damages for Duracell’s “bandying about” of the registered trademarks ENERGIZER and ENERGIZER MAX to the likely detriment of the goodwill attaching to them, and as a deterrent.

[262] The Court here faces a challenge in assessing damages for a harm that, in my view, has not occasioned any demonstrable loss in the form of market share. I am mindful, however, of jurisprudence to the effect that difficulty in assessing the amount of the loss is no reason for not awarding damages, even substantial damages where warranted: *Boutique Jacob Inc. v Pantainer Ltd.*, 2006 FC 217 at para 53, citing *Wood v Grand Valley Railway Company* [(1913), 1913 CanLII 26 (ON CA), 30 O.L.R. 44], at pp. 49-50; *Kraft Canada Inc. v Euro Excellence Inc.*, 2006 FC 453 at para 39.

[263] I note that Mr. Davidson’s evidence includes an estimation of Energizer’s “lost profits” (including prejudgment interest) on sales made by Duracell of At Issue Packages that Energizer asserts they otherwise would have made but for the alleged misuse of Energizer’s trademarks. His estimates include scenarios involving a 100% capture rate versus an historical capture rate, and both for the periods of August 2014 to January 2016 and August 2014 to August 2017. Regarding the Energizer HA Sticker and the Energizer MAX AA Sticker, it is unnecessary to determine which time period applies to which sticker because the estimated loss is the same regardless, that is ██████ for the 100% capture rate and ██████ for the historical capture rate for both stickers during both periods of time. Based on the above discussion, the historical capture rate is the more appropriate rate in my view.

[264] Mr. Davidson's evidence also includes an estimation of Duracell's profits (including prejudgment interest) on sales made by Duracell of At Issue Packages (i.e. packages bearing Energizer HA Stickers and Energizer MAX AA Stickers). His estimates involve two scenarios, one excluding overhead and the other including overhead, and similarly both for the periods of August 2014 to January 2016 and August 2014 to August 2017. Again the estimates are the same regardless of the applicable time period, that is ██████ where overhead is included, and ██████, where overhead is excluded, for both stickers during both periods of time.

[265] Although I have found that Energizer is not entitled to an accounting of profits, I nonetheless find that the amount of \$179,000 represents an equitable amount of damages taking into account the need to deter the bandying about of the Energizer Trademarks ENERGIZER, registration numbers TMA157162 and TMA740338, and ENERGIZER MAX, registration number TMA580557, in circumstances where, as mentioned above, jurisprudence does not permit their use by third parties absent consent, such as on third-party packaging in the case of goods. Further, while I accept that Duracell did not intend to distribute battery packages bearing the Energizer HA Sticker and the Energizer MAX AA Sticker in Canada, Duracell's evidence is that they did not have controls in place at the time to prevent what transpired in this action. The lack of controls is a significant factor that I have taken into account in the damages determination.

[266] Energizer also claims punitive damages which I find are not warranted here. Punitive damages may be awarded in exceptional cases of high-handed, malicious, arbitrary or highly reprehensible misconduct that represents a marked departure from ordinary standards of decent

behaviour: *Bell Helicopter Textron Canada Limitée v Eurocopter, société par actions simplifiée*, 2013 FCA 219 [*Eurocopter*] at para 163, citing *Hill v Church of Scientology of Toronto*, 1995 CanLII 59 (SCC), [1995] 2 SCR 1130 at para 196; *Whiten v Pilot Insurance Co.*, 2002 SCC 18, [2002] 1 SCR 595 [*Whiten*] at para 36.

[267] Justice Binnie described in *Whiten* (at para 94) applicable considerations with respect to the determination of punitive damages, which I summarize as follows:

- (a) they are very much the exception rather than the rule;
- (b) they are imposed only if there has been high-handed, malicious, arbitrary or highly reprehensible misconduct that departs to a marked degree from ordinary standards of decent behaviour;
- (c) they are to be assessed in an amount reasonably proportionate to such factors as the harm caused, the degree of misconduct, the relative vulnerability of the plaintiff and any advantage or profit gained by the defendant, having regard to any other fines or penalties suffered by the defendant for the misconduct in question;
- (d) they are generally given only where the misconduct otherwise would be unpunished or where other penalties are or are likely to be inadequate to achieve the objectives of retribution, deterrence and denunciation;
- (e) their purpose is not to compensate the plaintiff, but to give the defendant a just retribution, to deter the defendant and others from similar misconduct in the future, and to mark the community's collective condemnation of what has happened;
- (f) they are awarded only where compensatory damages are insufficient to accomplish these objectives, and are consequently to be given in an amount that is no greater than necessary to rationally accomplish their purpose;
- (g) moderate awards of punitive damages are generally sufficient since they inevitably carry a stigma in the broader community which serves their purpose; and
- (h) the plaintiff will receive punitive damages as a "windfall" in addition to compensatory damages.

[268] The level of blameworthiness of a defendant's conduct may be influenced by many factors, which include (a) whether the misconduct was planned or deliberate; (b) the intent and motive of

the defendant; (c) whether the defendant persisted in the outrageous conduct over a lengthy period of time; (d) whether the defendant concealed or attempted to cover up its misconduct; (e) the defendant's awareness that what it was doing was wrong; (f) whether the defendant profited from its misconduct; and (g) whether the interest violated by the misconduct was known to be deeply personal to the plaintiff: *Whiten*, above at para 113. As the Federal Court of Appeal observes, "[t]his is a high threshold which considerably limits the circumstances in which punitive damages may be awarded": *Eurocopter*, above at para 184.

[269] Energizer's submissions on punitive damages do not convince me that Duracell's behaviour in this matter rose to the level of "high-handed, malicious, arbitrary or highly reprehensible misconduct." Further, some of Energizer's submissions on this issue are more suitable and better directed to costs, in my view.

VIII. Conclusion

[270] Based on all the foregoing, I conclude that Duracell's use of Energizer's registered trademarks ENERGIZER and ENERGIZER MAX in comparative advertising on packaging for the very products listed in the registrations contravenes the *TMA* s 22. I thus allow the action, in part, awarding Energizer a permanent injunction restraining Duracell from using the Energizer Trademarks, and the Energizer HA Sticker and the Energizer MAX AA Sticker, on battery packages. In addition, I award Energizer damages in the amount of \$179,000 for Duracell's having "bandied about" the registered trademarks ENERGIZER and ENERGIZER MAX, to the likely detriment of the goodwill attaching to them because of lost control, and as a deterrent. I also decline to award Energizer punitive damages.

[271] I further conclude that Duracell has not made any false or misleading representations or statements, contrary to paragraphs 7(a) and 7(d) of the *TMA* and subsection 52(1) of the *Competition Act*. I thus dismiss the remainder of Energizer's action.

IX. Confidentiality

[272] Some of the evidence before the Court is subject to a protective order. The Judgment and Reasons were issued, initially to the parties only, as a "Confidential Version." Within 14 days from the date of this Judgment and Reasons, the parties shall consult each other and submit either (a) an agreed proposal for redactions, or (b) if they cannot agree, then their own proposed redactions. Failing either step being taken in the stipulated timeframe, this version of the Judgment and Reasons will be placed on the public file after the lapse of the 14 days.

X. Costs

[273] The parties requested additional time to make submissions regarding costs. Within 14 days from the date of this Judgment and Reasons, the parties also shall consult each other about costs and either (a) inform the Court that they have reached an agreement on costs, or (b) if they cannot agree, then they shall serve and file their own costs submissions not exceeding 5 pages and accompanied by a bill of costs. Failing either step being taken in the stipulated timeframe, no costs will be awarded in light of the split outcome.

JUDGMENT in T-1591-15**THIS COURT'S JUDGMENT is that:**

1. The Plaintiffs' action is allowed in part.
2. The Court declares that the Defendants' use of the registered trademarks ENERGIZER, registration numbers TMA157162 and TMA740338, and ENERGIZER MAX, registration number TMA580557, on battery packages in the form of comparative performance claims on the Energizer HA Sticker and the Energizer MAX AA Sticker, contravened section 22 of the *Trademarks Act*.
3. The Defendants, The Gillette Company, Duracell Canada, Inc., Duracell U.S. Operations Inc., and Proctor & Gamble Inc., and each of their officers, directors, servants, representatives, agents, employees, related business entities, and all others over whom they exercise control, are permanently restrained from, either directly or indirectly, using the Energizer Trademarks, and the Energizer HA Sticker and the Energizer MAX AA Sticker, on battery packages.
4. The Plaintiffs are awarded damages in the amount of \$179,000, including prejudgment interest, payable by the Defendants.
5. The Plaintiffs also are awarded post judgment interest at the rate of 5% per year on all amounts owed by the Defendants pursuant to this Judgment and Reasons, and any Supplemental Judgment and Reasons or Costs Order.
6. The remainder of the Plaintiffs' action is dismissed, including the claims based on paragraphs 7(a) and 7(d) of the *Trademarks Act* and subsection 52(1) of the *Competition Act*.

7. Within 14 days from the date of this Judgment and Reasons, the parties shall consult each other and submit either (a) an agreed proposal for redactions, or (b) if they cannot agree, then their own proposed redactions. Failing either step being taken in the stipulated timeframe, this version of the Judgment and Reasons will be placed on the public file after the lapse of the 14 days.
8. Within 14 days from the date of this Judgment and Reasons, the parties also shall consult each other about costs and either (a) inform the Court that they have reached an agreement on costs, or (b) if they cannot agree, then they shall serve and file their own costs submissions not exceeding 5 pages and accompanied by a bill of costs. Failing either step being taken in the stipulated timeframe, no costs will be awarded in light of the split outcome.

"Janet M. Fuhrer"

Judge

Annex “A” – Applicable Legislative Provisions

Trademarks Act (R.S.C., 1985, c. T-13)
Loi sur les marques de commerce (L.R.C. (1985), ch. T-13)

| | |
|---|--|
| <p>Unfair Competition and Prohibited Signs Prohibitions</p> <p>7 No person shall</p> <p>(a) make a false or misleading statement tending to discredit the business, goods or services of a competitor;</p> <p>...</p> <p>(d) make use, in association with goods or services, of any description that is false in a material respect and likely to mislead the public as to</p> <p>(i) the character, quality, quantity or composition,</p> <p>(ii) the geographical origin, or</p> <p>(iii) the mode of the manufacture, production or performance of the goods or services.</p> | <p>Concurrence déloyale et signes interdits Interdictions</p> <p>7 Nul ne peut :</p> <p>a) faire une déclaration fautive ou trompeuse tendant à discréditer l’entreprise, les produits ou les services d’un concurrent;</p> <p>...</p> <p>d) employer, en liaison avec des produits ou services, une désignation qui est fautive sous un rapport essentiel et de nature à tromper le public en ce qui regarde :</p> <p>(i) soit leurs caractéristiques, leur qualité, quantité ou composition,</p> <p>(ii) soit leur origine géographique,</p> <p>(iii) soit leur mode de fabrication, de production ou d’exécution.</p> |
| <p>Validity and Effect of Registration Depreciation of goodwill</p> <p>22 (1) No person shall use a trademark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.</p> <p>Action</p> <p>(2) In any action in respect of a use of a trademark contrary to subsection (1), the court may decline to order the recovery of damages or profits and may permit the defendant to continue to sell goods bearing the trademark that were in the defendant’s possession or under their control at the time notice was given to them that the owner of the registered trademark complained of the use of the trademark.</p> | <p>Validité et effet de l’enregistrement Dépréciation de l’achalandage</p> <p>22 (1) Nul ne peut employer une marque de commerce déposée par une autre personne d’une manière susceptible d’entraîner la diminution de la valeur de l’achalandage attaché à cette marque de commerce.</p> <p>Action à cet égard</p> <p>(2) Dans toute action concernant un emploi contraire au paragraphe (1), le tribunal peut refuser d’ordonner le recouvrement de dommages-intérêts ou de profits, et permettre au défendeur de continuer à vendre tout produit portant cette marque de commerce qui était en sa possession ou sous son contrôle lorsque avis lui a été donné que le propriétaire de la marque de commerce déposée se plaignait de cet emploi.</p> |
| <p>Legal Proceedings</p> | <p>Procédures judiciaires</p> |

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| <p>Power of court to grant relief</p> <p>53.2 (1) If a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits, for punitive damages and for the destruction or other disposition of any offending goods, packaging, labels and advertising material and of any equipment used to produce the goods, packaging, labels or advertising material.</p> | <p>Pouvoir du tribunal d'accorder une réparation</p> <p>53.2 (1) Lorsqu'il est convaincu, sur demande de toute personne intéressée, qu'un acte a été accompli contrairement à la présente loi, le tribunal peut rendre les ordonnances qu'il juge indiquées, notamment pour réparation par voie d'injonction ou par recouvrement de dommages-intérêts ou de profits, pour l'imposition de dommages punitifs, ou encore pour la disposition par destruction ou autrement des produits, emballages, étiquettes et matériel publicitaire contrevenant à la présente loi et de tout équipement employé pour produire ceux-ci.</p> |
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Competition Act (R.S.C., 1985, c. C-34)
Loi sur la concurrence (L.R.C. (1985), ch. C-34)

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| <p>Special Remedies Recovery of damages</p> <p>36 (1) Any person who has suffered loss or damage as a result of</p> <p style="padding-left: 2em;">(a) conduct that is contrary to any provision of Part VI, or</p> <p>...</p> <p>may, in any court of competent jurisdiction, sue for and recover from the person who engaged in the conduct or failed to comply with the order 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 to him of any investigation in connection with the matter and of proceedings under this section.</p> | <p>Recours spéciaux Recouvrement de dommages-intérêts</p> <p>36 (1) Toute personne qui a subi une perte ou des dommages par suite :</p> <p style="padding-left: 2em;">a) soit d'un comportement allant à l'encontre d'une disposition de la partie VI;</p> <p>...</p> <p>peut, devant tout tribunal compétent, réclamer et recouvrer de la personne qui a eu un tel comportement ou n'a pas obtempéré à l'ordonnance une somme égale au montant de la perte ou des dommages qu'elle est reconnue avoir subis, ainsi que toute somme supplémentaire que le tribunal peut fixer et qui n'excède pas le coût total, pour elle, de toute enquête relativement à l'affaire et des procédures engagées en vertu du présent article.</p> |
| <p>Offences in Relation to Competition False or misleading representations</p> <p>52 (1) No person shall, for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any</p> | <p>Infractions relatives à la concurrence Indications fausses ou trompeuses</p> <p>52 (1) Nul ne peut, de quelque manière que ce soit, aux fins de promouvoir directement ou indirectement soit la fourniture ou l'utilisation d'un produit, soit des intérêts</p> |

business interest, by any means whatever, knowingly or recklessly make a representation to the public that is false or misleading in a material respect.

Proof of certain matters not required

(1.1) For greater certainty, in establishing that subsection (1) was contravened, it is not necessary to prove that

- (a)** any person was deceived or misled;
- (b)** any member of the public to whom the representation was made was within Canada; or
- (c)** the representation was made in a place to which the public had access.

Permitted representations

(1.2) For greater certainty, in this section and in sections 52.01, 52.1, 74.01, 74.011 and 74.02, the making or sending of a representation includes permitting a representation to be made or sent.

Representations accompanying products

(2) For the purposes of this section, a representation that is

- (a)** expressed on an article offered or displayed for sale or its wrapper or container,
- (b)** expressed on anything attached to, inserted in or accompanying an article offered or displayed for sale, its wrapper or container, or anything on which the article is mounted for display or sale,
- (c)** expressed on an in-store or other point-of-purchase display,
- (d)** made in the course of in-store or door-to-door selling to a person as ultimate user, or by communicating orally by any means

commerciaux quelconques, donner au public, sciemment ou sans se soucier des conséquences, des indications fausses ou trompeuses sur un point important.

Preuve non nécessaire

(1.1) Il est entendu qu'il n'est pas nécessaire, afin d'établir qu'il y a eu infraction au paragraphe (1), de prouver :

- a)** qu'une personne a été trompée ou induite en erreur;
- b)** qu'une personne faisant partie du public à qui les indications ont été données se trouvait au Canada;
- c)** que les indications ont été données à un endroit auquel le public avait accès.

Indications

(1.2) Il est entendu que, pour l'application du présent article et des articles 52.01, 52.1, 74.01, 74.011 et 74.02, le fait de permettre que des indications soient données ou envoyées est assimilé au fait de donner ou d'envoyer des indications.

Indications accompagnant un produit

(2) Pour l'application du présent article, sauf le paragraphe (2.1), sont réputées n'être données au public que par la personne de qui elles proviennent les indications qui, selon le cas :

- a)** apparaissent sur un article mis en vente ou exposé pour la vente, ou sur son emballage;
- b)** apparaissent soit sur quelque chose qui est fixé à un article mis en vente ou exposé pour la vente ou à son emballage ou qui y est inséré ou joint, soit sur quelque chose qui sert de support à l'article pour l'étalage ou la vente;
- c)** apparaissent à un étalage d'un magasin ou d'un autre point de vente;
- d)** sont données, au cours d'opérations de vente en magasin, par démarchage ou par communication orale faite par tout moyen

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| <p>of telecommunication to a person as ultimate user, or (e) contained in or on anything that is sold, sent, delivered, transmitted or made available in any other manner to a member of the public, is deemed to be made to the public by and only by the person who causes the representation to be so expressed, made or contained, subject to subsection (2.1).</p> <p>General impression to be considered</p> <p>(4) In a prosecution for a contravention of this section, the general impression conveyed by a representation as well as its literal meaning shall be taken into account in determining whether or not the representation is false or misleading in a material respect.</p> <p>Deceptive Marketing Practices</p> <p>Reviewable Matters Misrepresentations to public</p> <p>74.01 (1) A person engages in reviewable conduct who, for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any business interest, by any means whatever,</p> <p>(a) makes a representation to the public that is false or misleading in a material respect;</p> | <p>de télécommunication, à un usager éventuel; e) se trouvent dans ou sur quelque chose qui est vendu, envoyé, livré ou transmis au public ou mis à sa disposition de quelque manière que ce soit.</p> <p>Il faut tenir compte de l'impression générale</p> <p>(4) Dans toute poursuite intentée en vertu du présent article, pour déterminer si les indications sont fausses ou trompeuses sur un point important il faut tenir compte de l'impression générale qu'elles donnent ainsi que de leur sens littéral.</p> <p>Pratiques commerciales trompeuses</p> <p>Comportement susceptible d'examen Indications trompeuses</p> <p>74.01 (1) Est susceptible d'examen le comportement de quiconque donne au public, de quelque manière que ce soit, aux fins de promouvoir directement ou indirectement soit la fourniture ou l'usage d'un produit, soit des intérêts commerciaux quelconques :</p> <p>a) ou bien des indications fausses ou trompeuses sur un point important;</p> |
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Federal Courts Rules (SOR/98-106)
Règles des Cours fédérales (DORS/98-106)

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| <p>Expert Witnesses Right to name expert</p> <p>52.1 (1) A party to a proceeding may name an expert witness whether or not an assessor has been called on under rule 52.</p> <p>Expert's affidavit or statement</p> | <p>Témoins experts Témoins experts</p> <p>52.1 (1) Une partie à une instance peut désigner un témoin expert même si les services d'un assesseur ont été retenus en application de la règle 52.</p> <p>Affidavit ou déclaration d'un expert</p> |
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52.2 (1) An affidavit or statement of an expert witness shall

- (a) set out in full the proposed evidence of the expert;
- (b) set out the expert's qualifications and the areas in respect of which it is proposed that he or she be qualified as an expert;
- (c) be accompanied by a certificate in Form 52.2 signed by the expert acknowledging that the expert has read the Code of Conduct for Expert Witnesses set out in the schedule and agrees to be bound by it; and
- (d) in the case of a statement, be in writing, signed by the expert and accompanied by a solicitor's certificate.

Limit on number of experts

52.4 (1) A party intending to call more than five expert witnesses in a proceeding shall seek leave of the Court in accordance with section 7 of the *Canada Evidence Act*.

52.2 (1) L'affidavit ou la déclaration du témoin expert doit :

- a) reproduire entièrement sa déposition;
- b) indiquer ses titres de compétence et les domaines d'expertise sur lesquels il entend être reconnu comme expert;
- c) être accompagné d'un certificat, selon la formule 52.2, signé par lui, reconnaissant qu'il a lu le Code de déontologie régissant les témoins experts établi à l'annexe et qu'il accepte de s'y conformer;
- d) s'agissant de la déclaration, être présentée par écrit, signée par l'expert et certifiée par un avocat.

Limite du nombre d'experts

52.4 (1) La partie qui compte produire plus de cinq témoins experts dans une instance en demande l'autorisation à la Cour conformément à l'article 7 de la *Loi sur la preuve au Canada*.

Annex “B” – Summary of Dr. Whitacre’s Analysis of Comparative AA Testing – Duracell Tests*

* “Ave” is short for “Average” and “SD” is short for “Standard Deviation”

Proof of Claim:

| Test | Energizer | | Duracell | | Relative Performance | |
|----------------|-----------|----|----------|----|----------------------|---|
| | Ave | SD | Ave | SD | % Longer (Ave) | % of the time Duracell will exceed 15% Longer Lasting |
| Digital Camera | | | | | | |
| Photoflash | | | | | | |
| | | | | | | |
| Toothbrush | | | | | | |
| CD | | | | | | |
| Audio | | | | | | |
| Flashlight | | | | | | |
| Toy | | | | | | |
| Remote | | | | | | |
| Radio/Clock | | | | | | |

2014:

| Test | Energizer | | Duracell | | Relative Performance | |
|----------------|-----------|----|----------|----|----------------------|---|
| | Ave | SD | Ave | SD | % Longer (Ave) | % of the time Duracell will exceed 15% Longer Lasting |
| Digital Camera | | | | | | |
| Photoflash | | | | | | |
| Toothbrush | | | | | | |
| CD | | | | | | |
| Audio | | | | | | |
| Flashlight | | | | | | |
| Toy | | | | | | |
| Remote | | | | | | |
| Radio/Clock | | | | | | |

2015:

| Test | Energizer | | Duracell | | Relative Performance | |
|---------------------|-----------|----|----------|----|----------------------|---|
| | Ave | SD | Ave | SD | % Longer (Ave) | % of the time Duracell will exceed 15% Longer Lasting |
| Digital Camera | | | | | | |
| Personal Groomer | | | | | | |
| CD | | | | | | |
| Audio | | | | | | |
| Remote/Radio/C lock | | | | | | |
| Flashlight | | | | | | |
| Toy | | | | | | |

2016:

| Test | Energizer | | Duracell | | Relative Performance | |
|---------------------|-----------|----|----------|----|----------------------|---|
| | Ave | SD | Ave | SD | % Longer (Ave) | % of the time Duracell will exceed 15% Longer Lasting |
| Digital Camera | | | | | | |
| Personal Groomer | | | | | | |
| CD | | | | | | |
| Audio | | | | | | |
| Remote/Radio/C lock | | | | | | |
| Flashlight | | | | | | |
| Toy | | | | | | |

2017:

| Test | Energizer | | Duracell | | Relative Performance | |
|----------------------|-----------|----|----------|----|----------------------|---|
| | Ave | SD | Ave | SD | % Longer (Ave) | % of the time Duracell will exceed 15% Longer Lasting |
| Digital Camera | | | | | | |
| Personal Groomer | | | | | | |
| CD | | | | | | |
| Audio | | | | | | |
| Remote/Radio/Control | | | | | | |
| Flashlight | | | | | | |
| Toy | | | | | | |

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1591-15

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: HELD VIA VIDEOCONFERENCE

DATE OF HEARING: JANUARY 10-13, 17-21 AND FEBRUARY 1, 2022

JUDGMENT AND REASONS: FUHRER J.

CONFIDENTIAL JUDGMENT AND REASONS ISSUED: JUNE 7, 2023

JUDGMENT AND REASONS (PUBLIC VERSION) ISSUED: JULY 6, 2023

APPEARANCES:

Carol Hitchman
Warren Springings
Nathaniel Dillonsmith
Nick Kawar
Mingquan Zhang

FOR THE PLAINTIFFS

Andrew Brodtkin
Daniel Cappe
Ben Hackett
Kirby Cohen
Richard Naiberg

FOR THE DEFENDANTS

SOLICITORS OF RECORD:

Springs IP
Toronto, Ontario

Goodmans LLP
Toronto, Ontario

FOR THE PLAINTIFFS

FOR THE DEFENDANTS