

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

N° : 500-17-098048-179

DATE : NOVEMBER 12, 2020

BY THE HONOURABLE DAVID R. COLLIER, J.S.C.

**THE MINISTRY OF ENERGY, COMMERCE AND INDUSTRY
OF THE REPUBLIC OF CYPRUS**

Plaintiff

v.

3878422 CANADA INC.

and

LA MAISON ALEXIS DE PORTNEUF INC.

and

SAPUTO PRODUITS LAITIERS CANADA S.E.N.C.

Defendants

JUDGMENT

I. OVERVIEW

[1] The Ministry of Energy, Commerce and Industry of the Republic of Cyprus (“the Ministry”) regulates the production in that country of a cheese known as “Haloumi” or “Halloumi”. This cheese is an important export product for Cyprus.

[2] The defendant La Maison Alexis de Portneuf Inc. (“MAPI”) sells cheese in Canada bearing the word HALOUMI on its packages. This cheese is manufactured by the defendant Saputo Produits Laitiers Canada S.E.N.C. (“Saputo Produits Laitiers”).

[3] In the present action, the Ministry alleges that the defendants’ use of HALOUMI on their packaging violates the terms of two contracts concluded in 1999 and 2004 between the Ministry and companies related to the defendants. The Ministry seeks a declaration that the defendants have breached these contracts, and it requests a permanent injunction preventing the defendants from making further use of HALOUMI on their packaging.¹

[4] For the following reasons, the Court concludes that the Ministry’s action is without merit.

II. CONTEXT

[5] As part of its mission to promote the export of Halloumi cheese from Cyprus, in 1997 the Ministry applied to register HALLOUMI as a trademark in Canada.

[6] At the same time, the Ministry brought legal action to prevent Canadian cheese producers from using HALLOUMI or similar trademarks. In 1999, the Ministry sued Fromagerie Cayer Inc., a Québec-based producer, over its use of the HALOMI trademark. This resulted in a settlement, whereby Cayer agreed (i) to transfer its registered HALOMI trademark to the Ministry for \$140,000, (ii) not to oppose the Ministry’s trademark application for HALLOUMI, and (iii) not to sell cheese products “in association with the trademark HALOMI or with any other trademark confusingly similar with HALLOUMI or HALOMI”.

[7] In 2000 and 2001 Cayer merged its business with those of other cheese producers and became part of Les Fromages Saputo Limitée (“Fromages Saputo”).

[8] In 2004, Fromages Saputo filed an opposition to the Ministry’s trademark application for HALLOUMI. The Ministry argued that Fromages Saputo, as Cayer’s successor, was bound by the 1999 agreement not to oppose the application. This led to a second settlement. Under the terms of the 2004 agreement, Fromages Saputo confirmed it was bound by the 1999 agreement and acknowledged the Ministry’s right to

¹ At trial, the Ministry dropped its claim in damages against the defendants.

the HALOMI trademark. Echoing the terms of the 1999 agreement, Fromages Saputo agreed not to sell cheese “in association with the trademark HALOMI or with any other trademark confusingly similar with HALLOUMI or HALOMI”.

[9] In 2005, Fromages Saputo changed its name to 3878422 Canada Inc. (“3878 Canada”), one of the present defendants.

[10] In 2005, 3878 Canada transferred its production facility to the defendant Saputo Produits Laitiers. Since 2013, Saputo Produits Laitiers manufactures a cheese product, which is sold under license by its related company, the defendant MAPI, in packaging marked HALOUMI. This is the conduct the Ministry seeks to stop.

[11] The Ministry argues that under the 1999 and 2004 agreements, 3878 Canada cannot use HALOUMI in association with its goods or services. The Ministry further alleges that Saputo Produits Laitiers and MAPI are related to 3878 Canada, since all three companies are owned and controlled by Saputo Inc. Given the close corporate relationship, the Ministry argues that Saputo Produits Laitiers and MAPI are presumed to know of 3878 Canada’s agreement not to use the HALOMI trademark, or any trademark similar to HALLOUMI or HALOMI. The Ministry contends that Saputo Produits Laitiers and MAPI’s use of HALOUMI on their packaging constitutes an unlawful interference with 1999 and 2004 agreements and justifies the issuance of a permanent injunction.

III. ANALYSIS

[12] It is unnecessary to address the unlawful interference argument unless the Ministry can first show a breach of the 1999 and 2004 agreements. In the Court’s opinion, there has been no such breach. These agreements require 3878 Canada not to use certain trademarks. Since the word HALOUMI is not used on MAPI’s packaging as a trademark, there is no violation of the 1999 and 2004 agreements.

[13] The Ministry’s action is based on a provision found in both the 1999 and 2004 agreements,² whereby Cayer and Fromagerie Saputo undertook to refrain:

“[...] from using,³ offering for sale, selling, distributing, importing, exporting, advertising, promoting or displaying any goods or services in association with the trade-mark HALOMI or with any other trade-mark confusingly similar with HALLOUMI or HALOMI; [...]

[14] This clause does not stipulate that 3878 Canada shall not use the word HALOUMI on its products. It provides that 3878 Canada shall not use the trademark HALOMI on its products, or any other trademark confusingly similar with HALLOUMI or

² Exhibit P-3, 1999 Agreement, art. 5(a); Exhibit P-4, 2004 Agreement, art. 2e).

³ The 1999 agreement, exhibit P-3, says “from further using”.

HALOMI. Accordingly, there is no contractual breach unless 3878 Canada (or the defendants, according to the Ministry's legal theory) make use of HALOUMI as a trademark on their products.⁴

[15] A "trademark" is defined in section 2 of the *Trademarks Act*:⁵

trademark means

(a) a sign or combination of signs that is used or proposed to be used by a person for the purpose of distinguishing or so as to distinguish their goods or services from those of others, [...]

[16] In the Court's view, the defendants are correct to argue that HALOUMI is not used on MAPI's packaging so as to distinguish its goods from those of others. HALOUMI is not used as a trademark, but rather as a description of a kind of cheese, in the same manner that the words cheddar, mozzarella and brie describe types of cheese.

[17] When the 1999 and 2004 agreements were concluded the Ministry had a pending application before the Canadian Trademark Office to register HALLOUMI as a trademark. It was the Ministry's contention that it owned the trademark because the word HALLOUMI was distinctive in Canada of the cheese produced under the Ministry's supervision in Cyprus.⁶

[18] The Ministry's attempt to register HALLOUMI as a trademark was unsuccessful. In 2008, the Registrar of Trademarks determined that HALLOUMI was not registerable as a trademark. He pointed to evidence showing that for several years the words HALLOOM, HALOUMI and HALLOUM had been used by cheese producers in Canada to designate a type of cheese. The Registrar concluded that the closely-related word HALLOUMI could therefore not be distinctive of a particular trader and registered as a trademark.

[19] The Ministry applied for the judicial review of the Registrar's decision to the Federal Court, and ultimately appealed the matter to the Federal Court of Appeal. In both instances, the Registrar's decision was upheld.⁷ Writing for the Federal Court of Appeal, Justice Robert Mainville⁸ concluded:

⁴ It is not contested that HALOUMI is confusingly similar with HALLOUMI.

⁵ R.S.C., 1985, c T-13.

⁶ The Ministry applied to register HALLOUMI as a "certification mark", a trademark that distinguishes a good or service according to a defined standard, including its origin. See *Trademarks Act*, s 2 "certification mark" and "trademark".

⁷ *The Ministry of Commerce and Industry of the Republic of Cyprus v Les Producteurs Laitiers du Canada et al.*, 2010 FC 719; *République de Chypre (Industrie et Commerce) c International Cheese Council of Canada*, 2011 FCA 201.

⁸ Now a judge of the Québec Court of Appeal.

[24] La conclusion du registraire voulant « qu'il ressort de la preuve qu'en raison d'une pratique commerciale authentique, la marque ou d'autres termes semblables sont devenus reconnus au Canada comme désignant une sorte de fromage » (voir sa décision à la page 9), repose donc sur une analyse quant à moi correcte de la nature et de la portée de la preuve requise afin de soutenir une opposition fondée sur l'article 10 de la Loi.

[20] Section 10 of the *Trademarks Act*, referred to by Justice Mainville, and underpinning the Registrar's decision, provides that where a sign (in this case HALLOUMI) "has by ordinary and *bona fide* commercial usage become recognized in Canada as designating a kind [...] of any goods [...] no person shall adopt it as a trademark" in association with similar goods in a way that is likely to mislead the public.

[21] The Federal Court of Appeal released its decision in June 2011. Two years later, in 2013, MAPI began using the word HALOUMI on its packaging. Its decision was in response its competitors' use of similar words on their packaging.⁹

[22] When HALOUMI first appeared on MAPI's packaging in 2013 the law in this country was settled that HALOUMI, or similar words, could not be used as a trademark. Consequently, the Court cannot conclude that the defendants use HALOUMI as a trademark on their products in violation of the 1999 and 2004 agreements.

FOR THESE REASONS, THE COURT :

[23] **DISMISSES** the action;

[24] **THE WHOLE**, with costs.

Signature numérique de David
R. Collier
Date : 2020.11.12 11:50:00
-05'00'

David R. Collier

DAVID R. COLLIER, J.S.C.

Mtre Jean-Sébastien Dupont
Mtre Stéphanie Girard
SMART & BIGGAR
Counsel for plaintiff

⁹ For examples of such use, see exhibits D-3 and D-10.

Mtre Rémi Leprévost
Mtre Patrick Girard
STIKEMAN ELLIOTT
Counsel for defendants

Hearing dates : November 4 and 5, 2020