NOVA SCOTIA COURT OF APPEAL

Citation: *Martin v. Hapi Feet Promotions Inc.*, 2005 NSCA 83

Date: 20050511
Docket: CA 237290
Registry: Halifax

Between:

Barbara Martin and Grayec Management Incorporated

Appellants

v.

Hapi Feet Promotions Inc., Frank J. Leahy and Dawn Penelope Attis, Executrix of the Estate of Don Messer

Respondents

Judges:	MacDonald, C.J.N.S.; Freeman and Oland, JJ.A.
Appeal Heard:	March 29, 2005, in Halifax, Nova Scotia
Held:	Leave to appeal granted but appeal dismissed, as per reasons for judgment of Oland, J.A.; MacDonald, C.J.N.S. and Freeman, J.A. concurring.
Counsel:	Daniela Bassan, for the appellants Lyle Sutherland and Christoper Forbes, for the respondents

Reasons for judgment:

Background

[1] The late Don Messer and his fiddle music are remembered by many Canadians. For over two decades ending in 1969, the television program "Don Messer's Jubilee" was broadcast in the Maritimes and then across the country. Mr. Messer passed away in 1973.

[2] In February of 2004 the respondents Dawn Attis, the executrix of his Estate, Frank J. Leahy who has Mrs. Attis' permission to use the Don Messer name for promotional purposes, and Hapi Feet Promotions Inc. which registered the trademarks "Don Messer" and "Don Messer's Violin" brought an action against the appellants Barbara Martin and Grayec Management Incorporated. Since 1995 Grayec (of which Martin is President) has produced a show first entitled "Memories of a Don Messer Jubilee" and after 1999 "Memories of a Don Messer Jubilee Performed by the Heritage Allstar Band," in Nova Scotia and in Canada. Among other things the action alleges trademark infringement, passing off and impairment of the exclusive right of the Messer Estate to market and to control the commercial value and exploitation of the late Don Messer's personality. A Defence and Counterclaim and then a Defence to the Counterclaim followed.

[3] In the fall of 2004 the respondents applied for an interlocutory injunction to enjoin the appellants from using the words "Don Messer" and his image and likeness in promotional and other material and for the cancellation of certain scheduled performances. Their application was heard on November 3, 2004. In his oral decision delivered two days later LeBlanc, J. sitting in Chambers granted a partial interlocutory injunction against the appellants. He allowed their performances that were scheduled to begin that very day and to run to December 15, 2004 to proceed, but enjoined them from using the name "Don Messer" and terms such as "Don Messer's Jubilee" in any form, including in any promotional materials and performances. He also directed the following announcement to the audience prior to the commencement of each show: "The following show is not authorized by the family or Estate of the late Don Messer." His written decision (*Hapi Feet Promotions Inc. et al. v. Martin et al.*, 2004 NSSC 254) and order issued on December 6, 2004. Neither mentioned an undertaking in damages from the respondents.

Issues

[4] The appellants seek leave to appeal the decision and order of the Chambers judge and that their appeal be allowed so as to dissolve that partial interlocutory injunction. Their appeal raises the following issues:

(a) Whether the Chambers judge erred in law and principle by granting the respondents interlocutory injunctive relief without requiring them to give an undertaking in damages in the event that it is determined at trial that an injunction ought not to have been granted;

(b) Whether the failure to require such an undertaking resulted in a patent injustice for the appellants in that same event;

(c) Whether he erred in law and principle by misinterpreting and misapplying the test for interlocutory injunctive relief and, in particular, by failing to find that the balance of convenience favoured the appellants with regard to all aspects of the injunction application; and

(d) Whether he erred in law and principle by issuing an order for an interlocutory injunction, the scope of which exceeded the scope of his written decision.

Standard of Review

[5] Bateman, J.A. for this court described the standard of review from an interlocutory injunction in *AMEC E&C Services Ltd. v. Whitman Benn and Associates Ltd.* [2003], 219 N.S.R. (2d) 126 (C.A.) at § 3 as follows:

> The standard of review on an appeal from an interlocutory injunction was addressed by this Court in **Industrial Union of Marine and Shipbuilding Workers of Canada, Local 1 (CAW/MWF Local 1) et al. v. Tardif et al.,** [2002] N.S.J. No. 188; 203 N.S.R. (2d) 362; 635 A.P.R. 362 (C.A.). Cromwell, J.A., writing for the Court, stated:
>
> > [43] The order under appeal is both interlocutory and discretionary. It is not disputed by the parties that this Court may only intervene if persuaded that wrong principles of law have been applied, there are clearly erroneous findings of fact or if failure to intervene would give rise to a patent injustice: see for example **Gateway Realty Ltd. v. Arton Holdings Ltd. and LaHave**

Developments Ltd. (1990), 96 N.S.R. (2d) 82; 253 A.P.R. 82 (C.A.), at paras. 10 - 13.

[6] An appellant who appeals interlocutory and discretionary order carries a heavy onus: *Minkoff v. Poole and Lambert* (1991), 101 N.S.R. (2d) 143 at § 9.

Error as to Requirement of Undertaking in Damages

[7] The appellants submit that an undertaking to the court to pay damages in the event a successful applicant for an interlocutory injunction should ultimately fail at trial is an essential condition of granting an injunction. They maintain that the Chambers judge's failure to require this of the respondents is fatal in the circumstances of this case. Where their first two grounds of appeal concern the absence of an undertaking in the order, I will deal with them together.

[8] The rational for an undertaking as to damages was set out in *Hoffmann-la Roche & Co. A.G. et al v. Secretary of State for Trade and Industry*, [1975] A.C. 295 (HL) at p. 361 where Lord Diplock stated:

> . . . at the time of the application it is not possible for the court to be absolutely certain that the plaintiff will succeed at the trial in establishing his legal right to restrain the defendant from doing what he is threatening to do. If he should fail to do so the defendant may have suffered loss as a result of having been prevented from doing it while the interim injunction was in force; . . .
>
> It is to mitigate this risk that the court refuses to grant an interim injunction unless the plaintiff is willing to furnish an undertaking by himself or by some other willing and responsible person "to abide by any order the court may make as to damages in case the court shall hereafter be of opinion that the defendant shall have sustained any damages by reason of this order '(sc., the interim injunction)' which the plaintiff ought to pay".
>
> The court has no power to compel an applicant for an interim injunction to furnish an undertaking as to damages. All it can do is to refuse the application if he declines to do so. The undertaking is not given to the defendant but to the court itself. Non-performance of it is contempt of court, not breach of contract, and attracts the remedies available for contempts, but the court exacts the undertaking for the defendant's benefit.

[9] That an undertaking in damages is usually required is widely accepted. In *Lac la Biche (Town) v. Alberta*, [1993] A.J. No. 263, the Alberta Court of Appeal stated at § 28:

> Usually plaintiffs offer undertakings as to damages, and courts exact them, in order to minimize the risk to the defendant from wrongly granting an interlocutory injunction. By declining to give the undertaking as to damages, a plaintiff tilts the balance of convenience against himself. He comes to court for interlocutory relief because he does not want to run the risk that the court will move too slowly, but he wants to put all the risk onto the defendant and will shoulder none of it.

> In *Algonquin Mercantile Corp. v. Dart Industries Canada Ltd.,* [1987] F.C.J. No. 540, the Federal Court of Appeal at § 18 described a plaintiff's undertaking in damages as both a "price" and "condition" of granting an interlocutory injunction. In *Purdy v. Fulton Insurance Agencies Ltd.* (1990), 100 N.S.R. (2d) 341 at § 31, this court recognized the general rule. According to Robert Sharpe, *Injunctions and Specific Performance*, 2nd ed., looseleaf (Aurora, Ont.: Canada Law Book, 1992), the court has a discretion to relieve the plaintiff from the obligation to give an undertaking in special circumstances.

[10] In the affidavits they filed in support of their application for an interlocutory injunction, the respondents did not offer any undertaking as to damages. The transcript shows that the Chambers judge raised the matter of an undertaking with Mr. Sutherland, counsel for the respondents, and with Mr. Kenyon, counsel for the appellants. It is also apparent that the respondents did not refuse or decline to give an undertaking; on the contrary it was clear that one would be provided if required by the order.

> THE COURT Yes. [Inaudible] I'm not even this far, but is there another thinking [sic] by the plaintiff to be responsible for damages and where is that?
>
> MR. SUTHERLAND **We haven't offered it, My Lord, but we are certainly prepared to do that if that's the case.**

THE COURT Yeah, but who would do that? I mean, who would do that? Who would -- would your firm do that or would it be --
MR. SUTHERLAND It would be HapiFeet Productions would be the person who owns the right. Mr. Leahy.
THE COURT How do I know that they have [inaudible] for honouring [inaudible] they were to give this order?
MR. SUTHERLAND Oh, I think the practice that I –
THE COURT And maybe because it's [inaudible] as far as I know, it would just -- I don't know what [inaudible] financial status of the corporation is.
MR. SUTHERLAND Well, I think the undertakings are equal either way, though, My Lord. I mean, Greyec Management has provided an undertaking. It's the same thing. It's not Mr. Kenyon of course and --

THE COURT [Inaudible] given the fact that there may be potential, if I were to grant the order [inaudible]
MR. SUTHERLAND Uh-huh.
THE COURT [Inaudible] but maybe there may be the potential damage awards to [inaudible] there may be a substantial award of damages against the plaintiff for having stopped all of these concerts, and all of what I call the ramifications of third parties as well, and my question is how do I control that?
MR. SUTHERLAND I mean, two thoughts on that, My Lord. I'm not sure in any piece of litigation you really ever have that comfort. And I don't mean to undermine -- I know that it's an important thing having real remedies and real places where people can get to, but we don't have any undertaking. We can go through three years of trial with Ms. Martin and Greyec and apparently it could be financially devastating. Her company's on the brink all the time, so we could be -- you know, we could have the same problem. That's just sort of a -- it's kind of an equal risk in litigation. I'm not sure I can provide much assurance on that. **I can certainly undertake is there a common condition of injunction orders and certainly we can make that a condition in the order, but I'm not sure I can make it any better than it is.**
I mean, even if I were to get it personally from Mr. Leahy and from the estate, who's to say any of these people have assets?
. . .

> MR. KENYON **If there were to be an undertaking of some sort of [inaudible] we would want at minimum an undertaking from each of the defendants -- each of the plaintiffs, including personal undertaking of Frank Leahy, not just** --
> THE COURT But [inaudible] also a party.
> MR. KENYON He is a party to this action. So all of the plaintiffs. (Emphasis added)

[11] In Barbara Martin's affidavit, Grayec undertook to keep an account of all tickets and CD's sold in association with its Nova Scotia tour until the final disposition of the action. The Chambers judge ordered the appellants to keep an accounting of all revenues and sales related to the November and December 2004 shows so that, should damages be awarded to the respondents at trial, they might be more easily calculated.

[12] In neither his decision nor his order did the Chambers judge refer specifically to an undertaking in damages from the respondents. They submit that it can be inferred from § 20 of his decision that he decided an undertaking would not be required in this case. There the Chambers judge stated that he had considered all the cases submitted by the parties and noted among others, *AMEC E&C Services Ltd. v. Whitman Benn and Associates Ltd.*, [2003] N.S.J. No. 173 (S.C.) and *Salé v. Barr*, [2003] A.J. No. 595 (Q.B.). The former involved an action for passing off concerning the name of a business and the latter involved an action for appropriation of personalities and passing off. In those cases the successful applicants were not required to post any written undertaking to pay damages arising out of the interim injunction. The respondents argue that his setting out those citations means that the Chambers judge here decided that this was a case where no undertaking as to damages should be required.

[13] With respect, without more, I would be unable to agree. Neither that decision by the Chambers judge in *Whitman Benn* nor the subsequent decision of this court on appeal addressed the matter of an undertaking in damages. In *Salé* , supra the judge at § 33(d) of his decision expressly stated that the posting of a written undertaking would not be required. Here the decision makes no mention whatsoever of the undertaking. Moreover, the case references upon which the respondents rely appear in the decision under the heading "The Law" and follow a reiteration of the legal test for an injunction. Standing alone, in my view his naming those cases and at that point in his decision is insufficient to support an inference that the

Chambers judge considered and disposed of the issue of an undertaking in damages.

[14] However the record provides additional support for that inference. As shown in the extract quoted earlier, the Chambers judge was clearly aware of the requirement for an undertaking in damages. It was he who raised it with counsel. He knew from the discussion that ensued that although an undertaking in damages had not been offered in the respondents' affidavits, one was available to the court. The respondents neither refused nor declined to give such an undertaking. The appellants did not press for one, and merely indicated that if some sort of undertaking were to be obtained it should be taken from each respondent.

[15] Moreover the Chambers judge granted only partial relief. It would be fair to say that much of the focus at the hearing was upon whether or not the shows which were imminent – the first of them was to open that day – would be cancelled. When the judge decided not to grant that aspect of the injunction application and to allow their shows to go on, he required the appellants to give an undertaking to account. This indicates his continuing awareness of undertakings in such applications. I observe as well that *Civil Procedure Rule* 43.01(4) provides that "An application for an interim or interlocutory injunction may be granted, refused or otherwise dealt with by the court on such terms as are just." (Emphasis Added). Unlike that in several other jurisdictions (see, for example, Ontario Rule 40.03, British Columbia Supreme Court Rule 45(6), Manitoba Queen's Bench Rule 40.03 and Federal Court Rule 373(2)), our *Rules* do not expressly stipulate an undertaking in damages. Nothing stated here takes away the general principle that an undertaking in damages is usually required when an interim injunction is granted.

[16] Taking all of the circumstances in this particular matter into account, I am of the view that the Chambers judge did not fail to consider whether an undertaking in damages was appropriate, but rather decided not to order the respondents to provide one in this case.

[17] Alternatively, I would dismiss these grounds of appeal on the basis that the appellants are seeking to raise a new issue on appeal. They made no request for an undertaking before the Chambers judge. There was little information before him in regard to an undertaking. This is a situation where additional material and further submission might well have been made by both parties had that issue been raised upon the application and consequently it would be

unfair to permit the appellant to raise a new issue on appeal. See *S-Marque Inc. v. Homburg Industries Ltd.* (1999), 176 N.S.R.(2d) 218 (C.A.) at § 27.

Error as to Proper Test and Balance of Convenience

[18] The Chambers judge correctly identified the test for interlocutory injunctions, citing *R.J.R.-MacDonald Inc. v. Canada (A.G.)*, [1994] 1 S.C.R. 311. In regard to the first two branches of the tripartite test, he determined that there was a serious issue to be tried and that both the appellants and the respondents were likely to suffer irreparable harm. He then continued:

> ¶ 24 On the third branch, the balance of convenience, however, I am not convinced that the plaintiff should succeed. There are competing claims of irreparable harm. The defendants' performances have been booked for some time. I accept their argument that they would suffer significant losses if these shows are not allowed to proceed. I accept as well that there would be monetary losses to third parties, including venue operators, and harm to the defendants reputation should the upcoming shows not go forward. Further, I believe that there is a public interest in seeing a scheduled performance proceed.
>
> ¶ 25 I am not convinced that the current position of the plaintiffs would be substantially altered if the injunction is not granted. However, I am satisfied that the defendants' position would be seriously impacted, both in terms of financial losses and damaged reputation, in ways that may not be compensable in damages.
>
> ¶ 26 I emphasize that my conclusion that the balance of convenience favours the defendants extends only to their ability to go ahead with the performances. This does not encompass the use of the name Don Messer or related terms such as "Don Messer's Jubilee".
>
> ¶ 27 For these reasons, the defendants are enjoined from using the name Don Messer, the terms "Don Messer's Jubilee", "Don Messer's Christmas" or similar terms, in any form, including in any and all promotional materials and any immediate ticket sales and entertainment performances. Thus, the defendants can proceed under a name such as "Memories of the Jubilee by the Heritage Allstar Band", as they proposed.

[19] According to the appellants, the Chambers judge erred in determining that the balance of convenience favoured the granting of an injunction. Among

other things, they emphasized that a plaintiff's undertaking in damages (or absence thereof) is material in assessing the balance of convenience.

[20] It is clear from his decision that the Chambers judge favoured the appellants in almost all respects. He did not enjoin them from producing the November and December 2004 shows and required only an undertaking from the corporate appellant to account. The Chambers judge's determination as to the balance of convenience is not to be lightly disturbed. I cannot agree that Grayec's undertaking "tipped" the balance of convenience in the appellant's favour. I have not been persuaded that this court has reason to intervene with his interlocutory and discretionary decision.

Scope of Order Beyond Scope of Decision

[21] The appellants submit that § 1 of the order dated December 6, 2004 which enjoins them is broader than § 27 of the written decision bearing the same date and thus the Chambers judge erred in law and principle. Assuming this could be an error (a point I need not decide here), I cannot agree that the order exceeds the scope of the decision as suggested.

[22] The operative portions read as follows:

Written Decision dated Dec. 6, 2004 (para. 27)	**Order dated Dec. 6, 2004 (para. 1)**
For these reasons, the defendants are enjoined from using the name Don Messer, the terms "Don Messer's Jubilee", "Don Messer's Christmas" or similar terms, in any form, including in any and all promotional materials and any immediate ticket sales and entertainment performances. Thus, the defendants can proceed under a name such as "Memories of the Jubilee by the Heritage Allstar Band", as they proposed.	That the Defendants, or either of them, shall be enjoined from using in any form the words "Don Messer" and the image and likeness of the late Don Messer, whether alone or in conjunction with the images and likenesses of others, with respect to any of the following: promotional materials, including but not limited to advertisements in print and other media; internet websites associated with the commercial activities of the Defendants or either of them; packaging of pre-recorded musical and entertainment performances produced and/or sold by the Defendants or either of them; and any publicity of any kind associated with the commercial activities of the Defendants or either of them.

[23] It is clear from the application materials and the record before us that not only the name “Don Messer” but his image and likeness were sought to be enjoined. Moreover, in my respectful view, the words “in any form, including any and all promotional materials” are sufficient to include “any publicity of any kind.”

Disposition

[24] I would grant leave but dismiss the appeal. Costs fixed at $1,500. together with disbursements as agreed or taxed will be in the cause.

Oland, J.A.

Concurred in:

MacDonald, C.J.N.S.

Freeman, J.A.