

ASSESSING THE ADEQUACY OF PLEADINGS IN ISOLATION—A THING OF THE PAST, FEDERAL COURT OF APPEAL RULES

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A recent decision of the Federal Court of Appeal dealt with issues relating to the adequacy of pleadings and the sufficiency of evidence within the framework of opposition proceedings. The Court held that filed evidence may serve to cure whatever inadequacies may exist in pleadings (*Novopharm Limited vs. Astrazeneca AB and The Registrar of Trade-marks A-418-09, A 419-01, October 15th, 2002, Rothstein, J.A.*).

The facts

The Respondent Astrazeneca AB (“Astra”) applied to register two trade-marks in association with tablets containing felodipine, a pharmaceutical preparation for use in treating hypertension. One of Astra’s applications was for pink, round and biconvex tablets and the other was for red-brown round and biconvex tablets. The Appellant, Novopharm opposed these applications on the grounds that Astra’s trade-marks were not distinctive in that they did not distinguish, nor were adapted to distinguish Astra’s tablets from those of other pharmaceutical companies with similar colours.

The Registrar’s decision

The Registrar rejected Novopharm’s oppositions on two grounds: (i) its Statements of Opposition were insufficiently detailed to enable Astra to respond to the former’s assertions that Astra’s trade-marks were not distinctive, (ii) its evidence in relation to the sales and the use of

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pharmaceutical tablets which have a colour and shape combination resembling Astra's applied for trade-marks was insufficient.

In relation to the opposition regarding the red-brown tablets, Astra advanced in its written argument that Novopharm's Statement of Opposition had not indicated any specific pharmaceutical products which were similar to those of Astra's, that it relied upon in support of its non-distinctiveness argument, i.e. no mention was made of their active ingredients, their shape or when, where and in what quantity red-brown tablets were used by the three other pharmaceutical companies listed in Novopharm's Statement of Opposition.

The Registrar agreed with Astra's position and concluded that Astra should not have been burdened with investigating what products are sold by third parties in an attempt to discover which red-brown tablets the opponent was possibly referring to.

In relation to the opposition regarding the pink tablets, Novopharm's Statement of Opposition was similar to the one in the case of the red-brown tablets except that it had listed 26 pharmaceutical producers. Astra's written argument was almost identical to its argument in the red-brown case.

Once again, the Registrar sided with Astra and held that it should not have been burdened with investigating what products are sold by third parties in an attempt to discover which pink tablets Novopharm was possibly referring to.

The Appeal to the Federal Court of Canada

In considering Novopharm's appeal, the Trial Judge stated that she was to review the Registrar's decision on a standard of *reasonableness simpliciter*. Based on this standard, the Trial Judge found that the Registrar's decision rejecting Novopharm's oppositions was not unreasonable for the Registrar required compliance with the statutory requirement for detailed pleadings. In effect, paragraph 38(3)(a) of the *Trade-marks Act* provides that a statement of opposition must be set out in sufficient detail to enable a trade-mark applicant to reply to it. The Court therefore dismissed Novopharm's appeal.

Since its conclusion in relation to the Registrar's first ground for refusal disposed of the appeal, the Court did not go on to consider the Registrar's secondary ground for refusal in relation to the insufficiency of Novopharm's evidence, even though it had filed significant new evidence before the Trial Division.

The Federal Court of Appeal Decision

The issues on appeal were threefold: (i) did the Trial Judge err in confirming the Registrar's decision to reject its oppositions on the primary ground that Novopharm's Statements of Opposition were insufficiently detailed? (ii) if the Trial Judge did err, did she also err in not reviewing and not overturning the Registrar's secondary motive for rejecting Novopharm's oppositions, namely the insufficiency of the evidence and lastly (iii) if the Trial Judge erred in upholding the Registrar's decision, how were the merits of the case to be dealt with?

Adequacy of the pleadings

In reviewing the evidence filed before the Registrar, the Court of Appeal noted that Novopharm's affiants were cross-examined by Astra about the tablets similar to those in association with Astra's which were available in the market place. Moreover, Astra's affiant admitted in cross-examination that he was aware of specific pink and red-brown tablets in the market place. As such, the Court of Appeal opined that Astra was fully able to know and respond to the products that Novopharm was relying upon in support of its non-distinctiveness ground of opposition.

The Court concluded that in respect to Novopharm's primary ground of opposition, the Registrar erred by not taking into account the evidence filed before him since same cured any insufficiency in the pleadings. The Court of Appeal also held that the Trial Judge should have reached the same conclusion without having to consider the additional evidence filed by Novopharm before the Trial Division on the issue of the adequacy of the pleadings.

Sufficiency of the evidence

Novopharm's evidence before the Registrar demonstrated that other pink and red-brown pills were in the Canadian market place. On appeal before the Trial Division, Novopharm's evidence was more specific in that qualitative evidence about the names, manufacturers and uses of the tablets were provided. Also, quantitative evidence relating to the annual sales of specific pink and red-brown tablets were provided.

Since this additional evidence would have affected the Registrar's decision, the Court of Appeal held that the Trial Judge erred in not going on to

consider the Registrar's secondary basis for rejecting Novopharm's opposition. The Court of Appeal was of the view that whatever deficiency there may have been in the evidence before the Registrar, was cured by the additional evidence Novopharm filed before the Trial Division.

Disposing of the merits

In regard to the third element of Novopharm's appeal, the Court of Appeal remanded the matter to the Trial Division for determination on the merits particularly in light of the fact that the merits of the opposition matters had not been considered by neither the Registrar nor the Trial Division.

Conclusion

The Court of Appeal's decision sheds light on those who may seek to challenge the adequacy of a party's pleadings *after* evidence is filed. Legal practitioners should bear in mind that once evidence is filed, one cannot go back and assess the pleadings as if that evidence was not filed since under such circumstances, it may cure whatever inadequacy may have been in the pleadings. As stated by the Court, "the time to assess the adequacy of the pleadings in isolation has past".

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