



COURT RULES ON APPROPRIATE FORUM FOR CHALLENGING EXISTING REGISTRATION

STELLA SYRIANOS^{*}
LEGER ROBIC RICHARD, LLP
LAWYERS, PATENT & TRADEMARK AGENTS

In a very recent decision, the Federal Court of Appeal ruled that rightly or wrongly, when a trade-mark is registered, an appeal under Section 56 of the *Trade-marks Act* is an inappropriate remedy for a party seeking to set aside an existing registration [*Sadhu Singh Hamdard Trust v. The Registrar of Trade-marks and Ajit Newspaper Advertising, Marketing and Communications, Inc.* 2007 FCA 355 (Docket A-93-06) November 2nd, 2007].

The Facts

The Court of Appeal was faced with a set of facts that made the case before it unique: the Appellant sought to exercise its right of appeal under Section 56 of the *Trade-marks Act* after the Respondent's mark had been registered. The particular set of circumstances that resulted in the Appellant having to challenge a registration it initially intended to oppose is summed up as follows.

On January 20, 2004, the Respondent filed an application for the registration of its trade-mark, AJIT WEEKLY Design. On November 10, 2004, it was advertised. The statutory delay to oppose the application expired two months later, on January 10, 2005. On December 23, 2005, the Appellant wrote to the Registrar seeking a three month extension to file a Statement of Opposition, thereby bringing the next delay to oppose to April 10, 2005.

There was no dispute as to the letter being received by the Registrar but it was never acknowledged and whether by inadvertence or for some other reason, the extension request was overlooked. As a result, on January 28, 2005, the Registrar issued a Notice of Allowance advising the Respondent its mark had been allowed to registration and on March 3, 2005, its trade-mark was registered.

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^{*} Lawyer, Stella Syrianos is a member of LEGER ROBIC RICHARD, LLP., a multidisciplinary firm of lawyers, and patent and trademark agents. Publication 142.205.

LEGER ROBIC RICHARD, L.L.P.
1001 Square-Victoria - Bloc E - 8th floor
Montreal (Quebec) Canada H2Z 2B7
Tel.: (514) 987-6242 Fax: (514) 845-7874
www.robic.ca info@robic.ca

In the meantime, the Appellant's agent had not followed-up to see what had become of its request for an extension of time to oppose. Unaware that it had not been considered by the Registrar, on March 31, 2005, the Appellant's agent filed a Statement of Opposition, only to learn that the trade-mark had been registered.

Initially, the Appellant sought to challenge the registration by means of an application for judicial review on the ground of lack of procedural fairness. However, it chose to abandon that application which was discontinued on June 7, 2005. Subsequently, on September 27th, 2005, the Appellant brought a motion (which was the subject of the present appeal before the Federal Court of Appeal), seeking an extension of time to file a Notice of Appeal pursuant to section 56 of the *Trade-marks Act*. This Section gives Canada's Federal Court jurisdiction to hear appeals from any final decisions of the Registrar.

Amongst the relief sought by the Appellant was an order directing the opposition against the AJIT WEEKLY Design trade-mark to proceed in accordance with the Statement of Opposition filed with the Registrar and dated March 31, 2005 as well as, in the alternative, an order that subject registration be struck out because, at the date it was registered, it did not accurately express or define the existing rights of the Respondent.

Federal Court decision

The motion for an extension of time to file a Notice of Appeal was dismissed as the Court ruled that the Appellant had misconceived its remedy. The motions judge found that there was no decision of the Registrar to challenge because Appellant's request to file an extension of time to oppose was not refused by the Registrar, it had simply gone unanswered. Therefore, where there is no decision, the right to appeal is not triggered and as a result, the appropriate remedy was to challenge the registration by way of an expungement proceeding pursuant to section 57 of the *Trade-marks Act*. This Section gives Canada's Federal Court exclusive jurisdiction in deciding whether a registered trade-mark should be expunged:

The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

The motions judge was also critical of the Appellant's failure to verify the status of its request for an extension of time with the Registrar as its January 10th, 2005 deadline approached, choosing instead to do nothing given the Appellant considered it "a routine request of the sort that is invariably granted by the Registrar".

Federal Court of Appeal decision

The Appellant seemed to rely heavily on a decision of the Federal Court in *Ault Foods Ltd. v. Canada (Registrar of Trade-Marks)* (1991), 36 C.P.R. (3d) 499 (affirmed by the Federal Court of Appeal, (1992), 45 C.P.R. (3d) 479) in support of its position that the Court had the jurisdiction to intervene in its favour even after the registration of Respondent's trade-mark.

The facts in *Ault Foods* were similar to the facts in the present case only insofar as the Registrar had not taken into account a request for an extension of time to file a statement of opposition and had issued a notice of allowance to registration. However, unlike the present case, the mark in *Ault Foods* had not been registered. At the time of the *Ault Foods* decision, the scheme of the *Trade-Marks Act* prevented the Registrar from acting upon such requests if the application had already been allowed to registration. Under what the Court in *Ault Foods* deemed to be "appropriate" circumstances, it concluded that by way of judicial review, Section 18 of the *Federal Court Act* allowed the Court to quash the notice of allowance and direct the Registrar to consider the extension of time request.

However, the Federal Court of Appeal had difficulty with Appellant's reliance on the *Ault Foods* case because subsequent to that decision, the Act was amended to provide an alternate remedy that was not available to the opponent at the time : the Registrar is permitted to set aside a notice of allowance to registration at any time before issuing a certificate of registration in cases where she has not considered a previously filed request for an extension of time to file a statement of opposition. Therefore, an opponent whose extension was overlooked may bring the issue to the Registrar's attention prior to the issuance of the certificate of registration. This is one of the reasons why the Court dismissed the appeal. The existence of an adequate alternate remedy justified the Federal Court's refusal to exercise its jurisdiction.

The other reason conveyed by the Court is that an opposition proceeding is not the appropriate forum for questioning a registration and that this is consistent with the scheme of the *Act* which provides a specific forum and specific grounds for challenging an existing registration (Section 57 of the *Act*).

Failure to monitor the request for an extension of time to oppose

The Appellant also defended itself regarding its responsibility for the course of events that had befallen it. Appellant's counsel took the position that it is common practice in the trade-marks field to file requests for extensions of time to oppose and that such requests are granted by the Registrar as a matter of course. Furthermore, Appellant's counsel rejected the suggestion it was bound to monitor whether or not its request for an extension of time was granted. To the contrary, according to Appellant's counsel,

the burden was on the Registrar to act in accordance with the law and the Appellant was under no obligation to verify the granting of such an extension request.

For its part, the Respondent argued that the Appellant cannot assume that a request for an extension of time to oppose a trade-mark application invariably results in its grant. The Court did not address these issues other than to state “With the exercise of a little diligence, a party whose request for an extension of time has not been considered can bring the matter to the registrar’s attention prior to the issuance of a registration and have its request for an extension considered on its merits. The appellant cannot fail to take advantage of a summary remedy under the Act and then argue that the registrar’s oversight has caused it to be put to the trouble and expense of a more onerous proceeding.”

Conclusion

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his case merits the serious attention of every trade-mark practitioner who routinely files requests for extensions of time to oppose trade-mark applications. Aside from appropriate forum issues, what is more important to retain from this case is that the exercise of a little diligence could go a long way. Verifying the status of a request for an extension of time to oppose could prevent an opponent from finding itself in the unenviable position of having to challenge a registered trade-mark via judicial proceedings that it initially intended to challenge through administrative channels.

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