



## NO NEW GROUND OF OPPOSITION MAY BE ADDED ON APPEAL FROM REGISTRAR'S DECISION, FEDERAL COURT RULES IN *SUN WORLD* CASE

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In a decision that highlights the importance of putting forward before the Registrar of Trade-marks all the grounds of opposition an opponent wants to argue, Canada's Federal Court recently confirmed that new grounds of opposition may not be raised for the first time on appeal (*Sun World International Inc. v. Parmalat Dairy & Bakery Inc.*, 2007 FC 641 (F.C. Aronovitch prothonotary, June 20, 2007)).

Section 56 of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter: the "Act") governs appeals taken against decisions of the Registrar of Trade-marks, including those rendered in opposition proceedings, *i.e.* proceedings before a trade-mark is registered, under Section 38 of the Act. Subsection 56(5) thus provides:

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

If the Act clearly allows the filing of additional evidence before the Court (which then has more latitude to review the Registrar's decision, in light of the evidence the Registrar did not have the chance to consider), does this opportunity to change the factual record before the Court enable the latter to consider additional grounds of opposition to those first argued before the Registrar? Such was the question put to the Federal Court in the context of Parmalat Dairy & Bakery Inc.'s opposition to the trade-mark BLACK DIAMOND filed by Sun World International Inc. in association with fresh fruits and vegetables, later narrowed to "plums". Parmalat Dairy & Bakery Inc. argued before the Registrar two grounds of opposition, namely that Sun World International Inc. had not established the use of its trade-mark and had also not demonstrated that there would be no reasonable likelihood of confusion between its applied for trade-mark and Parmalat Dairy & Bakery Inc.'s own trade-mark for cheese.

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Further to Sun World International Inc.'s appeal and the filing by the latter of additional evidence as allowed by subsection 56(5) of the Act, Parmalat Dairy & Bakery Inc. presented a motion to add before the Court a new ground of opposition based on Section 22 of the Act. The Court therefore had to consider subsection 38(2) of the Act that describes the various grounds of opposition:

(2) A statement of opposition may be based on any of the following grounds:

- (a) that the application does not conform to the requirements of section 30;
- (b) that the trade-mark is not registrable;
- (c) that the applicant is not the person entitled to registration of the trade-mark; or
- (d) that the trade-mark is not distinctive.

The Court further noted that subsection 22(1) of the Act deals with likelihood of depreciation:

- (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

Although likelihood of depreciation is not a ground of opposition, Parmalat Dairy & Bakery Inc. argued that depreciation could be tied to a ground of opposition based on section 30 of the Act (which outlines various procedural requirements when filing a trade-mark application, including a declaration that the applicant is entitled to use the trade-mark); accordingly, in the opponent's view, at the date of filing of the application, Sun World International Inc. could not have been satisfied that it was entitled to use its applied for trade-mark because such use would be unlawful as depreciating the value of the goodwill attaching to Parmalat Dairy & Bakery Inc.'s trade-mark, contrary to Section 22 of the Act.

In discussing the merits of Parmalat Dairy & Bakery Inc.'s motion to add a new ground of opposition, prothonotary Aronovitch reviewed jurisprudence of the Federal Court on the issue and concluded that while fresh evidence may be adduced under Section 56 and that an appeal does not necessarily proceed on the basis of the record as it stood before the Registrar, any new evidence can only go to issues raised before the Registrar. Thus, the issues on appeal are framed by and remain limited to those raised before the Registrar. One exception to this general proposition would be a new ground on a pure question of law but only in reference to evidence already present before the Registrar (*Labatt Brewing Co. v. Benson & Hedges (Canada) Ltd.* (1996), 67 C.P.R. (3d) 258 at paras. 7-8 (F.C.T.D.)).

Moreover, the Court declined to exercise its jurisdiction to permit an amendment to a "document" filed before it ("document" being understood as an originating document, or a document required to be filed pursuant to the *Federal Courts Rules*, in a Federal

Court proceeding). However, the Court's jurisdiction to allow the amendment of such "document" does not include a statement of opposition, which is an originating document that is required to be filed and, indeed, can only be filed in the Canadian Trade-marks Office for the purposes of an opposition proceeding. It is not an originating document to be filed before the Federal Court.

The Court's decision serves as a timely reminder that opponents wishing to oppose a trade-mark published for opposition purposes in the *Trade-marks Journal* should make sure to put their best foot forward before the Registrar and detail accordingly all the grounds of opposition that are deemed relevant; otherwise, any amendment sought on appeal to introduce a new ground of opposition will be refused on the basis of the above reasons.



