



## FEDERAL COURT OF CANADA ALLOWS JUDICIAL REVIEW OF INTERLOCUTORY RULING REFUSING LEAVE TO ADD A NEW GROUND OF OPPOSITION

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In a recent judgment, Canada's Federal Court allowed a judicial review of the Registrar's refusal to grant leave to the Applicant to amend its statement of opposition to include an additional ground of opposition relating to the Respondent's satisfaction of its entitlement to use its mark (section 30 (i) of the *Trade-marks Act*) in combination with another provision in the Canadian Trade-Marks Act concerning the depreciation of the goodwill attached to an opponent's registered trade-mark (section 22 of the *Trade-marks Act*). (*Parmalat Canada Inc. v. Sysco Corporation*, 2008 FC 1104 (CanLII), October 2, 2008)

### ***The facts***

On May 3<sup>rd</sup>, 2002, the Respondent ("Sysco") filed an application to register the trade-mark BLACK DIAMOND in association with various products including cutlery, chef's apparel such as caps and aprons, as well as cooking pots and frying pans distributed to food service providers for use in serving food, based on use and registration in the United States.

On May 4<sup>th</sup>, 2004, the Applicant ("Parmalat") filed a Statement of Opposition, based on several grounds including confusion with Parmalat's family of BLACK DIAMOND trade-marks registered for cheese and related products. Parmalat obtained several extensions of time, on consent, to file its evidence pending resolution of settlement discussions between the parties.

On July 25<sup>th</sup>, 2007, on the basis of comments made in the Supreme Court of Canada decision of June 2, 2006 regarding the VEUVE CLICQUOT trade-mark (*Veuve Clicquot Ponsardin, Maison Fondée en 1772 v. Boutiques Cliquot Ltée*, 2006 SCC 23 (CanLII), [2006] 1 S.C.R 824), which had discussed section 22 of the *Trade-marks Act* (hereafter: the "Act") dealing with depreciation of goodwill, Parmalat requested

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leave to file an amended statement of opposition seeking to include an additional ground of opposition based upon section 30(i) in combination with section 22 of the Act. In essence, the added ground of opposition raised an allegation that Sysco could not, at the date of filing of its application, have been satisfied that it was entitled to use the trade-mark BLACK DIAMOND given its awareness of Parmalat's confusingly similar BLACK DIAMOND trade-marks and that such use was and is likely to have the effect of depreciating the value of the goodwill attaching to the registered trade-mark BLACK DIAMOND owned by Parmalat, contrary to section 22 of the Act.

### ***The Registrar's decision***

On December 6<sup>th</sup>, 2007, Parmalat's request was dismissed by the Trade-marks Opposition Board (hereafter: the "TMOB") who stated that in the scheme of administrative opposition proceedings, the Registrar is not empowered to inquire on issues of depreciation of goodwill which a matter solely to be determined by the Courts. The TMOB also ruled that section 22 of the Act is not a proper ground of opposition under the Act.

Parmalat sought to set aside the TMOB's decision of December 6<sup>th</sup>, 2007 by filing a judicial review application before the Federal Court of Canada. Section 18.1 of the *Federal Court Act* provides for an application for judicial review in respect of federal administrative tribunals, such as the TMOB. Parmalat filed its application because under section 40 of the *Trade-mark Regulations* (hereafter: the "Regulations"), Parmalat needed leave from the TMOB in order to amend its statement of opposition for the purpose of adding a new ground of opposition.

### ***Issues to be determined***

Parmalat's judicial review application raised the following issues:

1. The tribunal's decision being interlocutory should the Federal Court decide this judicial review application considering the settled jurisprudence that interlocutory decisions should not be reviewed on appeal or on judicial review unless there exists exceptional circumstances?
2. If the decision is to be reviewed, what is the appropriate standard of review?
3. Did the tribunal commit any reviewable errors?

### ***Review of interlocutory decisions***

Barring special circumstances, it is settled law in Canada that interlocutory rulings should not be reviewed on appeal or in judicial review proceedings. Similarly, there is usually no basis for judicial review on an interlocutory decision when some other

remedy exists at the end of the proceedings.

The Federal Court held that in the context of opposition proceedings to register trade-marks, there exists special circumstances warranting immediate judicial review of a decision refusing to grant leave to add a new ground of opposition given that at the end of the opposition proceeding which is an appeal to the Federal Court under section 56 of the Act, the Federal Court would have no jurisdiction to deal with an issue not found in the statement of opposition. As such, there exists no adequate remedy other than the course of action taken by Parmalat by way of judicial review.

### ***Applicable standard of review***

Parmalat argued that the TMOB refused its request to grant leave to amend its statement of opposition based on legal grounds rather than in the exercise of its discretion under section 40 of the Regulations and therefore committed several legal errors. Above all, Parmalat argued the TMOB misapprehended the nature of the issue before it by ruling on whether section 22 of the Act can be pleaded as a ground of opposition rather than deciding whether or not it should grant leave to Parmalat to amend its statement of opposition on proper principles for the grant of such leave set out in two Practice Notices relating to proceedings before the TMOB dated August 19<sup>th</sup>, 1996 and October 1, 2007. These Notices identify the following factors to be taken into consideration: (a) the stage of the proceedings; (b) timing; (c) importance; and (d) prejudice.

Sysco argued that the TMOB's decision was made in the exercise of its wide discretion under section 40 of the Regulations and it had not overlooked an important matter.

Based on the parties' submissions, the Federal Court ruled that the applicable standard of review was correctness and not reasonableness as it concluded that the TMOB did not render its decision in the exercise of its discretion under section 40 of the Regulations. The Court underlined that in its decision, the TMOB made no reference to the factors mentioned in the Practice Notices. Instead, the TMOB rejected Parmalat's request because in its view, as a matter of law, it had no authority to entertain issues of depreciation of goodwill and as a result ruled that section 22 of the Act was not a proper ground of opposition. The Court held that this decision based on absence of jurisdiction is reviewable of a correctness standard.

### ***Reviewable error***

The Federal Court decided that its intervention was warranted insofar as the TMOB misstated the issue before it. It agreed with Parmalat's counsel who underlined that Parmalat never argued the notion that section 22 of the Act could by itself sustain an

independent ground of opposition. Hence, the Court referred the matter back to the Trade-Marks Opposition Board for reconsideration by a different member taking into account the reasons set forth by the Federal Court.

### **Conclusion**

The Court's decision serves as a reminder to trade-mark practitioners that amendments to statements of opposition fall within the jurisdiction of the Registrar. Moreover, in the case of a refusal to amend, the appropriate remedy to contest the Registrar's decision is by way of judicial review and not on appeal. Indeed, a statement of opposition is an originating document that can only be filed in the Canadian Trade-marks Office and is not a document to be filed before the Federal Court for which amendments to such document would fall within the jurisdiction of the Federal Court (see *Sun World International Inc. v. Parmalat Dairy & Bakery Inc.*, 2007 FC 641 (F.C. Aronovitch prothonotary, June 20, 2007). More importantly, this decision may have opened the door to multiple future debates as to whether or not section 22 of the Act coupled with section 30(i) of the Act is a valid ground of opposition.



