



FEDERAL COURT OF APPEAL RULES TRADE-MARK INFRINGEMENT CASES MAY PROCEED BY WAY OF APPLICATION OR ACTION

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The Federal Court of Appeal recently reversed a judgement of the Federal Court of Canada, ruling that a trade-mark infringement and passing-off proceeding under the Canadian Trade-Marks Act (R.S.C. 1985, c. T-13) may be commenced by way of an action or an application. [*BBM Canada v. Research In Motion Limited*, 2011 FCA 151, May 5, 2011, Layden-Stevenson, Dawson, Sharlow JJ.A.]

The Facts

The Appellant BBM Canada (“BBM Canada”) legal proceedings for injunctive relief and damages against the Respondent Research In Motion Limited (“RIM”) by filing a Notice of Application with the Federal Court of Canada, alleging infringement, passing-off and depreciation of goodwill of its trade-mark. The Respondent filed a motion to dismiss the Notice of Application, alleging that the application should be dismissed, without prejudice to BBM Canada’s right to file a fresh action on the same grounds as the application. RIM’s position was that the Court had no jurisdiction to entertain BBM’s request for relief as the proceedings should have been brought by way of action instead of by application.

The Federal Court Judgement

The Federal Court issued an Order in which it acknowledged that the parties had come to an agreement regarding the conversion of the application into an action. The Court later issued reasons for judgement, after being informed that RIM’s intention to appeal the Order. In its reasons for judgement, the Court stated that unless there is a specific provision in an act for proceedings to be commenced by way of an application,

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the proceeding should be initiated by way of action. The Canadian *Trade-Marks Act* has no such specific provision for infringement, depreciation of goodwill and passing-off proceedings, such as those initiated by BBM Canada. The Federal Court Judge therefore ordered that the matter proceed by way of action.

The Federal Court of Appeal Judgement

The Court of Appeal began by ruling that the matter should be reviewed on a standard of correctness, as the Federal Court Judge's Order turned on a pure question of law. The Court of Appeal was therefore free to substitute its opinion to that of the trial judge.

The Court of Appeal then turned to the analysis of scheme of the *Trade-Marks Act* and of the *Federal Courts Rules* (SOR/98-106) which determine how various proceedings are initiated before the Courts, namely by action, application or appeal.

Rule 300 *Federal Courts Rules* sets out the various circumstances in which a matter may be brought by way of application, namely proceedings "required or permitted" to be brought by way of application by an Act of the Canadian Parliament. The relevant provision of the *Trade-Marks Act* in order to determine what is "required or permitted" under the scheme of this Act to initiate legal proceedings for acts of infringement, passing-off and depreciation of goodwill, as alleged by BBM Canada is section 53.2 of the *Trade-Marks Act*, which reads as follows:

53.2 Where a court is satisfied, on application of any interested person, that any act has been done contrary to this Act, the court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of injunction and the recovery of damages or profits and for the destruction, exportation or other disposition of any offending wares, packages, labels and advertising material and of any dies used in connection therewith.

(emphasis added)

The Court of Appeal found that section 53.2 of the *Trade-Marks Act* is silent as to how proceedings are to be initiated. Of course, the Court noted that the word "application" appears in the text of section 53.2 of the *Trade-Marks Act*, but that in such context, the meaning of the word "application" refers to a formal legal request, as opposed to the "Application" procedural vehicle that serves to launch such a formal legal request. The Court of Appeal therefore had to determine how to interpret the Canadian Parliament's intention in light of its silence as to procedure within the scheme of the *Trade-Marks Act*. The Federal Court of Appeal writes:

[27] How is such silence to be interpreted? By its silence did Parliament intend that proceedings claiming relief as a result of actions contrary to the Act were permitted to be brought either by application or action? Alternatively, by its silence did Parliament intend that such

proceedings could only be brought by way of action? The interpretation to be selected is the one that meets the overriding purpose of the statute.

*[28] The Act serves two purposes: to protect consumers and to facilitate the effective branding of goods (see *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 (CanLII), 2006 SCC 22, [2006] 1 S.C.R. 772 at paragraphs 21 to 23). The purpose of that portion of the Act that follows under the heading “Legal Proceedings” is to provide legal redress for violations of the Act. In my view, the purpose of the Act in general, and the “Legal Proceedings” section in particular, is best met by an interpretation that promotes access to the courts that is as expeditious and proportionate as possible. To facilitate expeditious and proportionate access to justice, section 53.2 of the Act should be interpreted as permitting proceedings to be brought either by application or by action. This would allow access in an appropriate case to the more summary application process. Nothing in the wording of the Act precludes this interpretation.*

Having found that BBM Canada’s Notice of Application was a proper procedural vehicle to initiate proceedings against RIM, the Court of Appeal also addressed RIM’s argument that the matter was too complex to be resolved under the simple rules applicable to applications. The Court dismissed this argument, ruling firstly that not all trade-mark matters are so complex as to preclude them from being adjudicated under the simple rules relating to applications, and secondly that nothing would prevent a party from challenging the appropriateness of proceeding by way of application in more complex matters.

The Federal Court of Appeal therefore granted BBM Canada’s appeal and set aside the judgement of the Federal Court, reserving RIM’s right to challenge the appropriateness of proceeding by way of application in this particular case.

Conclusion

Although this particular case turned on the interpretation by the Federal Court of Appeal of very technical procedural rules, it nonetheless serves as an important reminder for counsel to determine and chose the appropriate procedural vehicle to initiate proceedings for their clients in order to avoid wasting time, effort and money to re-file documents which are improper. In addition, choosing an inadequate procedure may lead to irremediable loss of rights for litigants.

This decision of the Federal Court of Appeal is therefore good news as there is now confirmation that the simple and streamlined rules relating to applications can now be used by litigants seeking relief for acts of trade-mark infringement, depreciation of goodwill and passing-off before the Federal Court of Canada.

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