Federal Court  Cour fédérale

Date: 20160622

Docket: T-144-15

Citation: 2016 FC 704

Ottawa, Ontario, June 22, 2016

PRESENT: The Honourable Madam Justice Roussel

BETWEEN:

CANADA BREAD COMPANY, LIMITED

Applicant

and

LA TORTILLA FACTORY

Respondent

JUDGMENT AND REASONS

[1] This is an appeal pursuant to section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [TMA] of a decision of the Trade-marks Opposition Board [Board] dated November 26, 2014, by which the Board rejected the oppositions filed by the Applicant, Canada Bread Company, Limited, in respect of two trade-mark applications made by the Respondent, La Tortilla Factory: application no. 1,485,346 for the trade-mark SMART & DELICIOUS WRAPS, and application no. 1,485,347 for the trade-mark SMART & DELICIOUS TORTILLAS, both in association with "tortillas and sandwich wraps".

[2] For the reasons that follow, I consider the matter before me to be moot and therefore, the appeal shall be dismissed.

I. The facts

[3] The Applicant is a corporation with a principle place of business in Etobicoke, Ontario. It operates in the industry of bakery and pastry. The Respondent is a United States based company operating in the field of tortillas and related food products manufacturing.

[4] On June 16, 2010, the Respondent filed application no. 1,485,346 for the registration of the trade-mark SMART & DELICIOUS WRAPS, and application no. 1,485,347, for the trade-mark SMART & DELICIOUS TORTILLAS. The Respondent claimed each trade-mark on the dual basis of its use in Canada since August 2006 and its registration and use in the United States.

[5] On March 9, 2011, the two trade-mark applications were advertised in the Trade-marks Journal (vol. 58, Issue 2941).

[6] On May 5, 2011, the Applicant filed Statements of Opposition under section 38 of the TMA with respect to both trade-mark applications. The grounds of the oppositions were as follows:

a) The trade-mark applications did not comply with the provisions of paragraph 30(*b*) of the TMA since the Respondent had not used the trade-marks in association with the services described in the applications as of the alleged date of first use;

b) The trade-mark applications did not comply with the requirements of paragraph 30(*d*) of the TMA because the Respondent had not used the alleged trade-marks in the United States in association with each of the general classes of wares or services described in the applications;

c) The trade-mark applications did not conform with the requirements of paragraph 30(*i*) of the TMA because the Respondent could not have been satisfied that it was entitled to use the alleged trade-marks in Canada in association with the wares described in the trade-mark applications having regard to the Applicant's SMART family of trade-marks;

d) The trade-marks are not registrable pursuant to paragraph 12(1)(*d*) of the TMA because they are confusing with the Applicant's trade-marks SMART & Design (TMA no. 708,753) and DEMPSTER'S SMART (TMA no. 761,257);

e) The Respondent is not the person entitled to registration of the trade-marks pursuant to paragraphs 16(1)(*a*) and 16(1)(*b*) of the TMA because at the alleged date of first use of the alleged trade-marks in Canada, the alleged trade-marks were confusing with the Applicant's SMART family of trade-marks that had been previously used or filed by the Applicant in Canada;

f) Having regard to the provisions of section 2 of the TMA, the trade-marks were not adapted to distinguish the wares of the Respondent from the wares of the Applicant because of the Applicant's SMART family of trade-marks.

[7] On September 22, 2011, the Respondent served the Applicant with counterstatements to both Statements of Opposition.

[8] The Statements of Opposition were amended on July 18, 2012, for the purpose of including a separate paragraph 12(1)(*d*) ground of opposition alleging confusion with the Applicant's registered trade-mark SMART (TMA no. 827, 840). The amended Statements of Opposition were accepted on September 18, 2012. The Respondent did not seek leave to amend its counterstatements further to the amended Statements of Opposition.

[9] Following the service of each party's evidence, the cross-examination of one affiant, the responses to undertakings and the exchange of written arguments, the hearing on the oppositions took place on March 11, 2014. The Respondent did not appear.

[10] On November 26, 2014, the Board rendered its decision rejecting the oppositions pursuant to subsection 38(8) of the TMA.

[11] By notice of application dated February 2, 2015, the Applicant appealed the decision of the Board to this Court pursuant to section 56 of the TMA. The Respondent filed its notice of appearance on February 12, 2015.

[12] On May 21, 2015, the Respondent sent a letter to the Court and to the Applicant which included copies of two letters dated April 29, 2015, sent to the Registrar of Trade-marks [Registrar], indicating that the Respondent had withdrawn their trade-mark applications nos. 1,485,346 (SMART & DELICIOUS WRAPS) and 1,485,347 (SMART & DELICIOUS TORTILLAS), without prejudice. In its letter to the Court and to the Applicant, the Respondent advised that it took the position that the matter before this Court had been rendered moot by reason of the withdrawal of the trade-mark applications. The Respondent also advised that it took no position on the appeal.

[13] The Applicant filed it record on June 9, 2015 and a requisition for hearing on August 4, 2015. The Applicant also filed new evidence, as permitted by subsection 56(5) of the TMA. The hearing of the appeal was set for December 15, 2015.

[14] On December 7, 2015, a conference call was held with counsel for the parties to discuss whether this matter would still be proceeding in light of the Respondent's position. Following the conference call, a direction was issued by the Court on December 8, 2015, advising the parties that the Court wished to hear submissions on the issue of mootness at the beginning of the hearing.

[15] On the day of the hearing, the Respondent did not appear. The Court heard submissions by the Applicant on the issue of mootness, as well as on the merits of the appeal, and subsequently reserved its judgment.

II. Issues

[16] The matter before the Court raises the following issues:

A. Is the appeal moot?

B. If so, should this Court exercise its discretion and hear the appeal notwithstanding its mootness?

III. Analysis

A. *Is the appeal moot?*

[17] The Applicant submitted that the appeal was not moot on the basis that the Registrar could not give effect to the withdrawal of the trade-mark applications. He argued that, unlike the provisions in the TMA relating to the abandonment or deemed abandonment of a trade-mark application (sections 36 and subsection 40(3) of the TMA), there are no statutory provisions in the TMA which provide for the withdrawal of a trade-mark application once it has been filed with the Registrar. According to the Applicant, once a trade-mark application has been filed, it has to run its course and eventually, in the absence of any further actions by an applicant, it will be deemed abandoned.

[18] The Applicant also took issue with the inscription of the Registrar on the Canadian Intellectual Property Office website that the trade-mark applications had been "voluntarily abandoned" and argued that the inscription should have read "on appeal".

[19] The Applicant additionally argued that once the decision of the Board was issued and that an appeal was brought to this Court, the Registrar was *functus officio* and only this Court had the authority to give effect to the withdrawal of the trade-mark applications, either by way of a motion to strike the appeal or upon argument at the appeal on the issue of mootness. He also advanced the argument that the Respondent could also have consented to one of the conclusions sought by the Applicant on appeal.

[20] The leading authority on the issue of mootness is *Borowski v Canada (Attorney General),* [1989] 1 SCR 342, 57 DLR (4h) 231 [*Borowski*]. At paragraphs 15 to 16, the Supreme Court of Canada outlined a two-step analysis for determining whether an issue is moot. The first step consists of determining whether there remains a live controversy between the parties. If the controversy no longer exists, the issue will be considered moot. Second, if the issue is moot, the Court must decide whether it should exercise its discretion to hear the case in any event. The following three (3) factors are relevant to the exercise of this Court's discretion: 1) the existence of an adversarial relationship between the parties; 2) concern for judicial economy; and 3) awareness of the Court's proper law-making function (*Borowski*, at paras 31, 34 and 40).

[21] In *Dura Undercushions Ltd. v BSAF Corp.*, (1998) 154 FTR 233 (FC) [*Dura*], this Court found that an applicant's appeal of a decision of the Registrar of Trade-marks rejecting the opposition of the applicant was moot as the respondent had abandoned its underlying trade-mark application and therefore there was no live controversy. This Court found that the Registrar's decision was not determinative of future rights or prejudicial, irrespective of the Applicant's argument that the Registrar's decision would have negative consequences and serve as a

dangerous precedent. Moreover, the Court noted that the Registrar will consider any future trade-mark applications and oppositions on their particular merits (*Dura,* at para 20).

[22] More recently, in *Engineers Canada v MMI-IPCO, LLC*, 2015 FC 839 [*Engineers*], Justice Brown upheld *Dura*'s conclusion that where there is no longer an application for the trade-mark that gave rise to the litigation, there is no longer any source of dispute and the appeal is moot. Additionally, Justice Brown determined that there is no material difference between the withdrawal of a trade-mark application and the abandonment of a trade-mark application; both render an appeal moot (*Engineers,* at para 23). Justice Brown also highlighted that if the Respondent or another party engage in infringing behaviour, then the Applicant could simply bring a trade-mark infringement action, or file another opposition to a new application that would be evaluated by the Registrar on its merits (*Engineers,* at para 25).

[23] In the present appeal, the applications for the registration of the trade-marks, which form the basis of the appeal, have been withdrawn. There is no longer any source of dispute, nor has it been demonstrated to this Court's satisfaction that the rights of either party will be affected by the outcome of this appeal. Like other members of this Court found in *Dura* and more recently in *Engineers*, I find that there is no live controversy between the Applicant and the Respondent.

[24] Moreover, I am not persuaded by the Applicant's argument that the Registrar does not have the authority to accept the withdrawal of the trade-mark applications as it is not provided for in the TMA. The Applicant submitted that the TMA only provides for the abandonment or deemed abandonment of an application when an applicant is in default of prosecuting his

application (section 36, subsection 40(3) of the TMA) or fails to file a counterstatement within the prescribed time period (subsection 38(7.2) of the TMA), and that only an opposition can be withdrawn (subsection 38(7.1) of the TMA). To accept the Applicant's argument would mean that an application could never be withdrawn from the registration process notwithstanding the intentions of the parties. This would not only create uncertainty regarding the status of ongoing applications but also with respect to past applications which have been withdrawn or abandoned by the applicants and which appear in the Register as "abandoned voluntary".

[25] With respect to whether this Court should exercise it discretion and determine the appeal despite its mootness, I find that the first factor of the *Borowski* analysis does not support the exercise of discretion given that there is no ongoing adversarial context, as demonstrated by the fact that the Respondent took no position on the appeal, did not file any written submissions and did not appear at the hearing of this matter. In terms of judicial economy and the Court's proper law-making function, in the absence of written or oral submissions by the Respondent, the incomplete record before the Court does not support the exercise of discretion in the circumstances. Like my colleagues in *Dura* and *Engineers*, I am also of the view that it would be undesirable for this Court to adjudicate the merits of the appeal in the absence of an adversarial context and without the benefit of representations from the Respondent.

[26] For all of the above reasons, the appeal shall be dismissed for mootness and the Court shall decline to exercise its discretion. For the sake of clarity, these reasons do not and should not be construed in such a manner that a decision has been made on either the merits of this appeal or of the Board's decision.

[27] The Applicant requested that costs be awarded in its favour even if the appeal was found to be moot. Costs are generally awarded to the successful party. However, in the present case, the Respondent did not make any written submissions or appear at the hearing. Given these circumstances, I am exercising my discretion and have determined that costs will not be awarded to either party.

JUDGMENT

THIS COURT'S JUDGMENT is that the appeal is dismissed for mootness. There shall be no order as to costs.

"Sylvie E. Roussel"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-144-15
STYLE OF CAUSE:	CANADA BREAD COMPANY LIMITED v LA TORTILLA FACTORY
PLACE OF HEARING:	MONTRÉAL, QUEBEC
DATE OF HEARING:	DECEMBER 15, 2015
JUDGMENT AND REASONS:	ROUSSEL J.
DATED:	JUNE 22, 2016

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