#### Date: 20100719

Docket: T-1947-09

Citation: 2010 FC 755

Montréal, Quebec, July 19, 2010

**PRESENT:** The Honourable Mr. Justice Martineau

**BETWEEN:** 

#### DART AEROSPACE LTD.

Applicant

and

#### JACQUES DUVAL

Respondent

#### **REASONS FOR JUDGMENT AND JUDGMENT**

[1] The applicant, Dart Aerospace Ltd. (Dart) filed the present application for judicial review of a decision rendered on October 27, 2009, by an adjudicator appointed pursuant to section 242 of the *Canada Labour Code*, R.S.C. 1985, c. L-2, as amended (the Code) with regard to a complaint of unjust dismissal brought by the respondent, Mr. Duval.

[2] Dart is not seeking review of the adjudicator's conclusion that it unjustly dismissed the respondent; rather, Dart submits that the adjudicator erred in finding that he had jurisdiction to determine the complaint since, according to Dart, it does not operate a federal work, undertaking or

business and is not operating in connection with a federal work, undertaking or business as required by the Code.

- [3] The respondent has not made any submissions with regard to the application.
- [4] For the reasons that follow, the judicial review is granted.

# I. BACKGROUND

[5] The provisions governing unjust dismissal can be found in Part III, Division XIV of the Code. According to section 167 of the Code, Part III applies to, *inter alia*, employment in or in connection with any federal work, undertaking or business:

corporation established to perform any function or duty on behalf of the Government of Canada other than a department as defined in the *Financial Administration Act*; and (*e*) to or in respect of any Canadian carrier, as defined in section 2 of the *Telecommunications Act*, that is an agent of Her Majesty in right of a province.

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Loi sur la gestion des finances publiques; e) à une entreprise canadienne, au sens de la Loi sur les télécommunications, qui est mandataire de Sa Majesté du chef d'une province.

...

[6] Section 2 of the Act defines "federal work, undertaking or business":

<ul> <li>2. In this Act,</li> <li>"federal work, undertaking or business" means any work, undertaking or business that is within the legislative authority of Parliament, including, without restricting the generality of the foregoing,</li> <li>(e) aerodromes, aircraft or a line of air transportation</li> </ul>	2. Les définitions qui suivent s'appliquent à la présente loi. « entreprises fédérales » Les installations, ouvrages, entreprises ou secteurs d'activité qui relèvent de la compétence législative du Parlement, notamment : 
( <i>e</i> ) aerodromes, aircraft or a line of air transportation,	 e) les aéroports, aéronefs ou lignes de transport aérien;

[7] Dart is a company based primarily out of Hawkesbury, Ontario that develops, manufactures and sells accessories for helicopters. Dart does not have any airport locations, and none of its employees operate out of airports. It is certified by Transport Canada, but governed by Ontario occupational health and safety requirements. It is owned by Eagle Copters Ltd. (Eagle), which is based in Calgary, Alberta and which purchases, sells, maintains and leases helicopters to operators.

...

Dart employs 59 people at their manufacturing facility in Hawkesbury and another four people at the Eagle office in Calgary.

[8] The general categories of helicopter accessories produced by Dart include: landing gears (of various types), "Bearpaws" and "Ultrapaws" (types of safety accessories), cargo expansions, vertical reference operations, safety equipment and interior as well as exterior accessories.

[9] Dart sells 85% of their products to Dart Helicopter Services (Dart Helicopter), which is a distribution company based out of the United States that, in turn, sells the parts it purchases from Dart (and other manufacturers) to operators or "completion centres" that complete helicopters for their future use. Of Dart's remaining products, approximately 10% is sold directly to Eurocopter and the remaining products are sold to a number of other entities, which include Transport Canada and the Department of National Defence.

[10] Dart does not install its products; nor does it repair its products either on or off helicopters. Rather, the products are installed by certified mechanics who work for the operators. Dart does not service or operate helicopters either, and none of its employees are certified by Transport Canada.

[11] At the outset of the adjudication hearing convened to determine the allegation of unjust dismissal, Dart made a preliminary objection to the jurisdiction of the adjudicator to hear the matter on the ground that Dart is not a federal work, undertaking or business and is not connected with a federal work, undertaking or business. Consequently, the adjudicator did not have the jurisdiction to

determine the complaint. Before the adjudicator, Mr. Beckett, the General Manager of Dart, testified on behalf of Dart.

## II. THE DECISION

[12] In determining that he did have the jurisdiction to hear the matter, the adjudicator canvassed the jurisprudence and concluded:

... Paragraph 2(e) is the only paragraph in section 2, other than the introductory paragraph, which could conceivably apply in the case at hand... "aircraft" is a federal work, undertaking or business according to section 2 of the <u>Code</u>. The French version of that provision may add further insight. The definition in French of the equivalent wording for a "federal work, undertaking or business" includes "secteurs d'activité" within the legislative authority of Parliament. The words "secteurs d'activité" mean areas or sectors of activity. The word "aircraft" found in paragraph 2(e) of the <u>Code</u> (and "aéronefs", which means aircraft in the French version) can perhaps be better understood as an area of activity, rather than a work, undertaking or business. In any case, it is clear from the wording of the English and French versions of section 2 that "aircraft" is a work, undertaking, business or area of activity that is federal in nature.

"Aircraft" is clearly the most appropriate federal undertaking or area of activity to consider in this case because Dart Aerospace's work revolves around helicopter parts and accessories and a helicopter is a type of aircraft.

Is the business and work of Dart Aerospace Ltd. vital, essential or integral to the federal undertaking (or federal area of activity) of aircraft? As the Supreme Court of Canada held in <u>Telecom 1</u> case, *ibid*, the question of whether an undertaking is a federal one depends upon the nature of its operation and in order to determine the nature of that operation, one must look at the normal or habitual activities of the business. An examination of the evidence leads me to a determination that the normal business activities of Dart Aerospace Ltd. are essential and integral to the federal undertaking, or federal area of activity, of aircraft. Mr. Beckett testified that the company develops, manufactures and sells accessories for helicopters. The 8-page document which he produced listing various products designed, certified and manufactured by Dart Aerospace establishes, in my view, that the company designs and produces many parts and components which can be characterized as essential to the proper functioning of the type of helicopter for which they were designed and as an integral part of any helicopter...

In my judgment, components such as torquemeters, vertical reference windows and doors, battery racks, escape ladders and safety enhancement kits are essential to the proper functioning of helicopters. A traffic advisory system would be essential for a traffic copter. Components such as [sic] helicopter windows, avionics consoles, landing gear, seats and engine mounts are integral parts of any helicopter. Flying is not the only necessity for helicopters. They must be controllable, safe, capable of landing properly and capable of fulfilling certain specialized functions, such as fighting forest fires or monitoring traffic. The work of Dart Aerospace Ltd. in designing, manufacturing and selling the above-noted helicopter components is essential and integral to the federal undertaking of aircraft. The term "integral" means necessary to the completeness of the whole. Helicopter windows, doors avionics consoles, landing gears and seats are necessary for the completeness of the whole aircraft.

In the <u>CAW-Canada</u> case, *supra*, it was held at paragraph 13 that the courts may find federal jurisdiction in labour and employment relations on two grounds: where the employer is itself engaged in a core federal undertaking, such as a bank or postal service, or where the employer's undertaking, while not a federal one on a stand-alone basis, is vital, essential or integral to a core federal undertaking. The tribunal in <u>CAW-Canada</u> outlined at paragraph 15 the four factors set out in <u>Telecom 1</u> to be considered in applying the "integral relationship" test.

The first of these factors is the "general nature of the employer's operation as a going concern". The general nature of Dart Aerospace's operation is to design, manufacture and sell helicopter components, many of which I have determined to be essential and integral to the proper functioning of helicopters. This work is a routine and normal part of the Employer's operation.

The second factor is the "nature of the corporate relationship between the employer and the core federal undertaking". In the present case, this factor cannot be assessed because the federal undertaking is "aircraft", which is an area of activity, not a corporate entity. It was held at paragraph 32 of the <u>CAW-Canada</u> case, *ibid*, that "the cases are clear that corporate links are not essential to a finding of integral relationship: see <u>Northern Telecom Ltd....</u>"

The third factor is the "importance of the work done by the employer for the core federal undertaking, compared to other customers". Again, it is difficult to apply this factor in the present case because the federal undertaking of "aircraft" is not one of Dart Aerospace's customers. Suffice it to say that the federal area of activity of "aircraft" is the *only* area of activity, or undertaking, of the Employer. All of Dart Aerospace's products are for aircraft.

The fourth factor is the "physical and operational connection between the employer and the core federal undertaking". Regarding the physical connection, although it is true that Dart employees do not have physical contact with aircraft, there is a physical connection between the company and "aircraft" in that the parts and components produced by the company physically affect the helicopters receiving the parts and affect the helicopters' performance. Components such as bubble windows, extended height landing gear, skidtubes, emergency escape ladders and seats are good examples of this. There cannot be the same "operational" connection between a company and an area of activity such as "aircraft" as there is between a company and another corporate entity such as the Canada Post Corporation. The connection between Dart Aerospace and aircraft is that the components made and sold by Dart are, in many cases, essential and integral to the operation and functioning of the helicopters which receive components. This connection demonstrates, in my judgment, that although Dart Aerospace is not a federal undertaking on a stand-alone basis, its business is essential and integral to the federal undertaking of aircraft. Therefore, its labour and employment relations come under federal jurisdiction.

In the result, for the reasons outlined above, it is my determination that [Dart's]... operations ... are sufficiently essential and integral to the federal undertaking of aircraft that its employees can be said to be engaged in that federal undertaking...

#### III. ANALYSIS

[13] Before getting into the reasons for the disposition of this application, it is of note that in bringing this application for judicial review, Dart did not request a copy of the material that was before the adjudicator or considered by him in making his determination (see section 317 of the *Federal Courts Rules*, SOR/98-106). In fact, Dart did not file any materials before the Court other than the adjudicator's decision and its written memorandum.

[14] In Northern Telecom v. Communications Workers, [1980] 1 S.C.R. 115 (Northern Telecom),Justice Dickson (as he then was), noted that a proper evidentiary record before the Court is essential

for the determination of such cases concerning the applicability of the Code. This is so for two reasons: first, because in determining whether the operations of an entity form an integral part of a federal undertaking, the Court must take a "functional, practical [analysis] about the factual character of the ongoing undertaking" (*Northern Telecom*, above, at paragraph 46 citing *Arrow Transfer Co.*, [1974] B.C.L.R.B.D. No. 4 (QL)) or put another way, to ascertain the nature of the operations of the employer, "one must look at the normal or habitual activities of the business as those of 'a going concern' without regard for exceptional or casual factors" (*Quebec (Minimum Wage Commission) v. Construction Montcalm Inc.*, [1979] 1 S.C.R. 754 (*Montcalm*)). In so doing, the Court requires a fairly complete set of factual findings (*Northern Telecom*, above, at paragraph 46). Second, given that the determination of the applicability of the Code in these circumstances concerns an important question of constitutional jurisdiction, the Court requires a set of "constitutional facts" on which to base its conclusion (*Northern Telecom*, above, at paragraph 47).

[15] In *Northern Telecom*, the circumstances were such that the Court was not prepared to answer the jurisdictional question without the relevant facts. While I wholly endorse the comments made in *Northern Telecom*, I believe that the adjudicator in the case at bar made significant errors in law that are obvious on the face of the decision and which warrant intervention by this Court. For the reasons that follow, the adjudicator's decision should be set side.

[16] Jurisdiction over labour relations is a constitutional question. Exclusive provincial competence over labour relations is very much the rule. As an exception, Parliament may take jurisdiction over labour relations if it is shown that they are an integral part of Parliament's

jurisdiction over a federal subject as defined under section 91 of the *Constitution Act, 1867* (U.K.), 30 & 31 Victoria, c. 3 (the Constitution) (*Northern Telecom*, above, at paragraph 31; *Consolidated Fastfrate Inc. v. Western Canada Council of Teamsters*, 2009 SCC 53 (*Fastfrate*)).

[17] In reviewing whether the adjudicator properly accepted jurisdiction to determine a complaint under the Code, the case law is clear that the Court must determine whether the adjudicator correctly applied constitutional principles; only factual findings of the adjudicator, independent of the constitutional analysis warrant deference (*Fastfrate*, above, at paragraph 26).

[18] This is consistent with the Supreme Court of Canada's decision in *Dunsmuir v. New Brunswick*, 2008 SCC 9 at paragraphs 58 and 59 (*Dunsmuir*), which provided that constitutional questions regarding the division of powers between Parliament and the provinces, just like true questions of jurisdiction or *vires*, are to be reviewed on a standard of correctness.

[19] Correctness requires the reviewing Court to undertake its own analysis with regard to the question under review, it will not show deference to the decision maker, but rather, the Court will decide whether it agrees with his or her determination (*Dunsmuir*, above, at paragraph 50).

[20] There are two circumstances under which a court may find federal jurisdiction: (1) where the employer in question is itself engaged in a core federal work or undertaking that falls within section 91 of the Constitution, and (2) where the employer's undertaking, while not federal on its own, is vital, essential or integral to a core federal work or undertaking (*CAW-Canada, Locals 112*)

& 673 v. Ontario (Superintendent of Financial Services) (2007), 64 C.C.P.B. 44 at paragraph 13 (Financial Services Tribunal) (*CAW*)). This rule is very much embodied in the Code, which provides in section 167 (among others, i.e. section 108) that it only applies to employment (or similarly, employees and their employers) in, or in connection with the operation of a <u>federal</u> work, undertaking or business.

[21] What constitutes a federal work, undertaking or business is set out by way of a nonexhaustive enumeration in section 2 of the Code. This provision lists the federal heads of power that can be found within section 91 and subsection 92(10) of the Constitution in addition to those, which like "aerodromes, aircraft or a line of air transportation", are the result of jurisprudence (*Re Regulation and Control of Aeronautics*, [1932] A.C. 304 (P.C.)).

[22] As cited above, the adjudicator states that the federal work, undertaking or business applicable to the case at bar is "aircraft" as provided by paragraph 2(e) of the Act. In coming to this conclusion, the adjudicator seems to suggest a fourth possible ground, namely that of a federal "area of activity" which better encompasses the notion of "aircrafts". In the words of the adjudicator, "it is clear from the wording of the English and French versions of section 2 of the Code that "aircraft" is a work, undertaking, business or <u>area of activity</u> that is federal in nature" (my emphasis).

[23] According to the adjudicator, this fourth ground is derived from the French translation of "federal work, undertaking or business", namely "les installations, ouvrages, entreprises ou <u>secteurs d'activité</u> qui relèvent de la compétence législative du Parlement" (my emphasis).

[24] When conducting statutory interpretation, it is widely accepted that "the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament" (*Rizzo & Rizzo Shoes Ltd.* (*Re*), [1998] 1 S.C.R. 27 at paragraph 21 (*Rizzo*)). It is trite law that the English and the French language versions of federal statutes are equally authoritative. However, "where the meaning of the words in the two official versions differs, the task is to find a meaning common to both versions that is consistent with the context of the legislation and the intent of Parliament" *Schreiber v. Canada* (*Attorney General*), 2002 SCC 62 at paragraph 54 (*Schreiber*).

[25] The French definition of "federal work, undertaking or business" reads as follows: "les installations, ouvrages, entreprises ou secteurs d'activité qui relèvent de la compétence législative du Parlement". It is clear upon reading the translations of the terms "installations" and "ouvrages" that they correspond to the English terms "work" and "undertaking" respectively. According to *Le Petit Robert*, 1992, "entreprises" is defined as "opérations de commerce" or "commercial dealings" (my translation). As indicated by the adjudicator, "secteurs d'activité" translates into "areas of activity". By necessary implication, and as is evident from the way the provision is written in French (with "entreprises" and "secteurs d'activité" grouped together), the use of the phrase "secteurs d'activité" is to be read in conjunction with "entreprises".

[26] This is consistent with the interpretation given to "business" in the English version. In *Re Treaty Three Police Service* (2005), CIRB No. 338 at paragraph 9, the English term "business" was

read broadly to include not only the mainstream definition of commercial activity, but alternate meanings such as "occupations, trades and professions", in addition to "enterprises, undertakings or pursuits". For the purposes of that case, "business" was read to include policing. Drawing upon the broader interpretation provided to the term "business", it would be consistent with the principles of bilingual statutory interpretation to read "secteurs d'activité" as encompassing the alternate meanings of business, or its French equivalent "entreprises", such as occupations, trades, pursuits etc.

[27] In determining that an aircraft was an "area of activity" within the meaning of section 2 of the Code, the adjudicator erroneously expanded the scope of the provision. That said, the fatal error in the case at bar, is the adjudicator's conclusion that the applicant operates in connection with a federal work, undertaking or business.

[28] It bears reiteration that federal jurisdiction over labour relations is very much the exception.

[29] As noted by the applicant, there is no federal work, undertaking or business engaged on the facts of the case at bar. Helicopters in and of themselves are not inherently within the federal jurisdiction, as the adjudicator seemed to find. Furthermore, it is clear that Dart is not engaged in the operation of helicopters, nor are Dart's operations integral to the operation of helicopters. This is evident, without even considering the integral relationship test as set out by Justice Dickson (as he then was) in *Northern Telecom*, above, at paragraph 38.

[30] As noted above, in determining whether a federal subject has been engaged, the nature of the employer's operations must be considered, and in doing so, "one must look at the normal or habitual activities of the business as those of 'a going concern' without regard for exceptional or casual factors" (*Montcalm*, above); this is primarily a factual consideration.

[31] According to the adjudicator, the general nature of the employer's operation is the design and manufacture of helicopter accessories. Put more simply, Dart is a manufacturer. This is not disputed. However, the adjudicator goes further and finds that the "normal business activities of Dart Aerospace Ltd. are essential and integral to the federal undertaking, or federal area of activity, of aircraft." This conclusion misunderstands the nature of Dart's operations.

[32] While it is important to reiterate that the Court is not privy to the evidence submitted before the adjudicator, this conclusion of the adjudicator (that Dart's parts are essential to the operation of helicopters) is not supported by his own findings of fact. Earlier in his decision, the adjudicator, in summarizing the evidence before him, states that "[i]t was Mr. Beckett's evidence that Dart Aerospace develops, manufactures and sells accessories for helicopters which allow the helicopters to generate revenue more efficiently". Later he further notes that "Mr. Beckett stated that the products made by [Dart] are all add-ons and not essential to the flight of the helicopters." No where does the adjudicator point to contrary evidence, or any flaws in Mr. Beckett's evidence. Rather, in coming to his conclusion, the adjudicator states "[i]n my judgment, components such as torquemeters, vertical reference windows and doors, battery racks, escape ladders and safety enhancement kits are essential to the proper functioning of helicopters." As noted by the respondent,

there was no evidence to suggest that without accessories in the nature of those produced by Dart, helicopters could not properly function. Rather, it is obvious that the adjudicator erroneously focused solely on the fact that Dart's products were <u>used</u> in helicopters.

[33] The Ontario Labour Relations Board stated in obiter in *U.A. v. KMT Technical Services*, [1993] O.L.R.B. Rep. 344 at paragraph 37, that while an airline is a federal undertaking and cannot operate without its aircrafts, the labour relations of the manufacturer of aircrafts falls within provincial competence. The Federal Court of Appeal in *Canada (Human Rights Commission) v. Haynes* (1983), 144 D.L.R. (3d) 734 (F.C.A.) held that there is no presumption that just because a company produces supplies that are vital to a federal enterprise and are produced in accordance with strict specifications that the supplier company is an integral part of the operations of the enterprise which is being supplied.

[34] If the labour relations of the manufacturer of an aircraft is said to fall within provincial competence, the labour relations of the manufacturer of helicopter *accessories* must also fall within provincial competence.

[35] As noted by Dart, to accept the adjudicator's logic, the Court would be extending the reach of federal jurisdiction beyond that which is contemplated by the Constitution or the existing case law. An analogy would be to accept federal jurisdiction over labour relations for the manufacturer of truck parts whose products are then installed (by another entity) in trucks engaged in intra-provincial trucking. As noted by the Supreme Court of Canada in *Fastfrate*, above, at paragraph 68,

given the primary competence of the provinces over labour relations, only "a limited *genus* of works and undertakings should qualify as federal." Dealing with a freight forwarding company who conducted business across provincial lines but who did not actually engage in any interprovincial travel (they contracted out for this service), the Supreme Court of Canada found that section 92(10)(a) of the Constitution, which grants provincial jurisdiction over local works and undertakings, "contemplates interprovincial transportation works and undertakings themselves, not merely those connected to such works or undertakings by contract." By that logic, the labour relations of a freight forwarding company that operated across provincial lines was not within federal jurisdiction.

[36] Dart argues that this same logic can be used in the present case and I agree. The reality is actually that Dart sells the majority of their products to a third party who then sells them to operators and manufacturers of helicopters. It cannot have been the intention of Parliament to include such operations under the federal work or undertaking of aircrafts.

[37] Further, it is accepted that Dart's employees do not install or repair any parts on or off the helicopter and none of Dart's employees are certified to conduct such repairs. Dart has no locations at airports, and Dart sells the vast majority of its products to Dart Helicopters, a distribution company, who is likewise not in the business of operating helicopters.

[38] The fact that Dart has to be certified by Transport Canada does not help support the adjudicator's decision either. The case law is clear that the fact that the employer's operations are

federally regulated is not determinative (*Saskatoon (City) Re* (1997), 39 CLRBR (2d) 161 at paragraph 48). There are a number of cases that have found that employers, or employees, engaged in servicing or repairing aircrafts do fall within federal jurisdiction (see *Field Aviation Co. v. Alberta (Board of Industrial Relations)*, [1974] A.J. No. 101 (QL); *International Aeroproducts Inc. v. Sommer*, [2007] C.L.A.D. No. 444 (QL)). That said, where the operations include the repair and service of component parts, this jurisdiction is not nearly as clear (*Lylyk v. H-S Tool and Parts Inc.*, 2008 BCHRT 116 at paragraph 18).

[39] It is clear that while Dart's products are used on helicopters, they are not an integral part of the operation of such helicopters. There is no evidence that the helicopters would not operate without Dart's parts, and Dart plays no role in installing, repairing or maintaining its products, let alone the helicopters on which they can be found. Therefore, Dart's operations are not within the sphere of a federal subject and therefore not within the applicability of the Code. The adjudicator erred in concluding that he had jurisdiction to determine the complaint of unjust dismissal.

#### IV. CONCLUSION

[40] For the above reasons, the application for judicial review is granted and the decision of the adjudicator set aside on the ground that it had no jurisdiction to determine the complaint.

[41] The applicant has asked for costs in the amount of \$1,000. The exercise of the Court's discretion in the matter of costs is full and plenary. Usually costs are granted according to the result

unless there are reasons to decide otherwise. Here, despite the result of the case, considering the conduct of the parties and other relevant factors including the fact that, in the circumstances, the application has not really been opposed, that the respondent is self-represented, that jurisdiction is a question of law, that the adjudicator has not intervened in the proceeding to defend its decision, that it is plain and obvious that the adjudicator erred and should have outright refused to hear the complaint, that Dart has not taken issue with the adjudicator's conclusion on the merit that the respondent has been unjustly dismissed, I feel it is a proper case not to allow costs to the applicant.

# **JUDGMENT**

**THIS COURT ORDERS AND ADJUDGES that** the application for judicial review be granted and that the decision of the adjudicator be set aside on the ground that it had no jurisdiction to determine the complaint, the whole without costs.

> "Luc Martineau" Judge

# FEDERAL COURT

# SOLICITORS OF RECORD

MARTINEAU J.

**DOCKET:** T-1947-09

<b>STYLE OF CAUSE:</b>	DART AEROSPACE LTD. v.
	JACQUES DUVAL

PLACE OF HEARING:	Ottawa, Ontario
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**DATE OF HEARING:** June 2, 2010

**REASONS FOR JUDGMENT AND JUDGMENT:** 

**DATED:** July 19, 2010

## **APPEARANCES**:

Dave J.G. McKechnie

Jacques Duval (on his own behalf) FOR THE APPLICANT

FOR THE RESPONDENT

# **SOLICITORS OF RECORD:**

McMillan LLP Toronto, Ontario FOR THE APPLICANT