

Federal Court



Cour fédérale

Date: 20140908

Docket: T-1036-13

Citation: 2014 FC 853

Ottawa, Ontario, September 8, 2014

PRESENT: The Honourable Mr. Justice Harrington

BETWEEN:

BAUER HOCKEY CORP.

Applicant

and

EASTON SPORTS CANADA INC.

Respondent

and

**SPORT MASKA INC.
DBA REEBOK-CCM HOCKEY**

Proposed Intervener

JUDGMENT AND REASONS

[1] Federal Courts Rule 109 provides that the Court “may” grant a person leave to intervene in a proceeding. Sport Maska Inc. d.b.a. Reebok-CCM Hockey (hereinafter CCM) sought leave

to intervene in Bauer's appeal from a decision of the chair of the Trade-Marks Opposition Board which expunged one of its trade-marks from the register. Without the intervention, Bauer's appeal will in fact be *ex parte* as the respondent Easton Sports Canada Inc. has stated it will not participate.

[2] In his discretion, Prothonotary Morneau dismissed CCM's motion. His reasons are cited as 2014 FC 594. As this was an interlocutory decision, they have not been posted on the Federal Court website. This is CCM's appeal therefrom under Rule 51.

[3] The case law is very clear as to the standard by which a judge of the Federal Court is to assess appeals from discretionary orders of a prothonotary. The judge is only to exercise his or her discretion *de novo* if "the questions raised in the motion are vital to the final issue of the case" or the order is "clearly wrong, in the sense that the exercise of discretion ... was based upon a wrong principle or upon a misapprehension of the facts" (*Merck & Co v Apotex Inc*, 2003 FCA 488 at para 19, [2004] 2 FCR 459).

[4] A decision on a motion to intervene is not vital, and so the issue is whether the prothonotary got it wrong in accordance with the dictates of *Merck*.

I. Background

[5] Bauer is currently the holder of the trade-mark **SKATE'S EYESTAY DESIGN** registered in 1989. The mark is a rectangular patch on the side of an ice skate.

[6] In January 2011, Bauer took action against Easton under Federal Court docket T-51-11, alleging among other things infringement of the trade-mark. Easton not only defended and counterclaimed alleging the invalidity of the trade-mark, but had also requested the registrar of trade-marks to give notice to Bauer and to determine whether the trade-mark was in use in Canada “at any time during the three-year period immediately preceding the date of the notice”. The timeframe in question is the three years immediately prior to 11 January 2010. While this matter was before the registrar, Bauer took an action against CCM in docket T-311-12, again alleging infringement of the trade-mark.

[7] In April 2013, the chair of the Trade-marks Opposition Board expunged the trade-mark from the register. Two reasons were given. The word “Bauer” appeared within the rectangle. This was considered to be a major deviation so that the registered trade-mark as such was no longer recognizable. It was also found that one of the evidenced sales did not enure to the benefit of the registered owner at that time.

[8] In April of this year, Bauer and Easton reached a settlement by which Easton discontinued its counterclaim and undertook not to participate in Bauer's appeal. Thereafter, CCM sought to intervene.

II. Discretionary Factors

[9] Until recently, the courts, beginning with *Rothmans, Benson & Hedges Inc v Canada (Attorney General)*, [1990] 1 FC 74, 29 FTR 267, rev'd on other grounds [1990] 1 FC 90, have identified 6 factors to be taken into consideration in deciding whether or not to grant a person intervener status. These factors are not exhaustive, and all 6 need not be met. They are:

- 1) Is the proposed intervenor directly affected by the outcome?
- 2) Does there exist a justiciable issue and a veritable public interest?
- 3) Is there an apparent lack of any other reasonable or efficient means to submit the question to the Court?
- 4) Is the position of the proposed intervenor adequately defended by one of the parties to the case?
- 5) Are the interests of justice better served by the intervention of the proposed third party?
- 6) Can the Court hear and decide the cause on its merits without the proposed intervenor?

Rothmans at para 12. See also *Canadian Union of Public Employees (Airline Division) v Canadian Airlines International Ltd*, 2000 FCA 233 at para 8, [2000] FCJ No 220 (QL).

[10] However, in *Canada (Attorney General) v Siemens Enterprises Communications Inc*, 2011 FCA 250, 207 ACWS (3d) 229, the Court of Appeal stated that Rule 109 was “not to be used in order to replace a respondent by an intervener”.

[11] More recently, Mr. Justice Stratas, sitting alone on a motion argued only in writing, was of the view that some of the factors set out in *Rothmans* were outmoded and did not meet the exigencies of modern litigation. In *Canada (Attorney General) v Pictou Landing Band Council et al*, 2014 FCA 21, 237 ACWS (3d) 570, he stated his opinion as follows at paragraph 11:

11 To summarize, in my view, the following considerations should guide whether intervenor status should be granted:

I. Has the proposed intervenor complied with the specific procedural requirements in Rule 109(2)? Is the evidence offered in support detailed and well-particularized? If the answer to either of these questions is no, the Court cannot adequately assess the remaining considerations and so it must deny intervenor status. If the answer to both of these questions is yes, the Court can adequately assess the remaining considerations and assess whether, on balance, intervenor status should be granted.

II. Does the proposed intervenor have a genuine interest in the matter before the Court such that the Court can be assured that the proposed intervenor has the necessary knowledge, skills and resources and will dedicate them to the matter before the Court?

III. In participating in this appeal in the way it proposes, will the proposed intervenor advance different and valuable insights and perspectives that will actually further the Court's determination of the matter?

IV. Is it in the interests of justice that intervention be permitted? For example, has the matter assumed such a public, important and complex dimension that the Court needs to be exposed to perspectives beyond those offered by the particular parties before the Court? Has the proposed intervenor been involved in earlier proceedings in the matter?

V. Is the proposed intervention inconsistent with the imperatives in Rule 3, namely securing "the just, most expeditious and least expensive determination of every proceeding on its merits"? Are there terms

that should be attached to the intervention that would advance the imperatives in Rule 3?

III. The Prothonotary's Decision

[12] In concluding, as he said “on balance” that CCM should not be granted intervener status, Prothonotary Morneau set out a number of factors which led him to that determination.

[13] He began his analysis by stating that if CCM were allowed to intervene, it would be replacing Easton. He referred to the *Siemens* case as authority for the proposition that Rule 109 is not to be used to replace a respondent by an intervener.

[14] However, I do not take Prothonotary Morneau as holding that *Siemens* automatically barred an intervention by CCM, as he went on to consider CCM's submissions with respect to fairness and the interests of justice.

[15] Although recognizing that the intervention might be helpful to the Court, he relied upon a decision of Prothonotary Tabib in a patent matter (*Genencor International, Inc v Canada (Commissioner of Patents)*, 2007 FC 376, 55 CPR (4th) 395), in which she found the fact there would be no party to defend the Board's decision in an appeal did not constitute a factor justifying leave to intervene, as the Court could hear and decide the case on its merits without benefit of the intervention.

[16] Prothonotary Morneau went on to say that it was “of the uppermost importance that its settlement of the Appeal with Easton be respected, and that said result be not jeopardized by having CCM replace and substitute itself for Easton”.

[17] In my opinion, Prothonotary Morneau misdirected himself in law on this point. There is a public aspect to the register maintained under the *Trade-marks Act*. The dynamics of Bauer’s appeal will certainly be different if CCM is allowed to intervene. The settlement between Bauer and Easton is irrelevant.

[18] He then treated Mr. Justice Stratas’s decision in *Pictou*, *supra* para 11, as an update of the factors to be taken into consideration, although he also referred to the *Rothmans* decision, above.

[19] Finally, he also took into account that there is a full debate going on between Bauer and CCM in docket no. T-311-12. He stated that only the first two of Mr. Justice Stratas’s 5 factors were met.

IV. The Factors

[20] I do not think that the factors set out by a panel of the Court of Appeal in *Rothmans*, above, or by Mr. Justice Stratas in *Pictou* are to be taken *au pied de la lettre* (see *Gillespie Bros & Co Ltd v Roy Bowles Transport Ltd*, [1973] 1 All ER 193 at 199, [1973] 1 Lloyd’s Rep 10, Lord Denning MR).

[21] Nor do I think *Siemens* constitutes an absolute bar to a motion to intervene.

[22] I do not consider necessary to carry out a detailed factual analysis based on the factors set out in *Rothmans* and *Pictou*. I mention in passing that in *Pictou* Mr. Justice Stratias stated at paragraph 11 that he was sitting as a single motions judge and that his reasons did not bind his colleagues. It should be noted that the Court of Appeal is very reluctant to reverse itself. In *Miller v Canada (Attorney General)*, 2002 FCA 370 at para 8, 220 DLR (4th) 149, the Court stated:

the values of certainty and consistency lie close to the heart of the orderly administration of justice in a system of law and government based on the rule of law. Accordingly, one panel of this Court ought not to depart from a decision of another panel merely because it considers that the first case was wrongly decided.

The appropriate forum should be the Supreme Court of Canada. *Miller* stands for the proposition that the previous decision must be manifestly wrong for the Court to reverse itself. The Supreme Court, however, has questioned this deferential practice (*Phoenix Bulk Carriers Ltd v Kremikovtzi Trade*, 2007 SCC 13 at para 3, [2007] 1 SCR 588).

V. CCM's Case

[23] CCM certainly has an interest. If the trade-mark remains expunged, the dynamics of its litigation with Bauer will change dramatically. Bauer will still have an unregistered trade-mark but in theory its chances of success in proving infringement will diminish.

[24] The Court would be better served if someone were present to defend the expungement decision. This is particularly important because Bauer, as is its right, intends to lead new

evidence in accordance with section 56 of the *Trade-marks Act*. That information should be tested, as our system of justice is adversarial at its heart.

[25] Prothonotary Morneau was clearly wrong in taking into account Bauer's settlement with Easton. I agree with CCM on this point.

[26] CCM also submits that Prothonotary Morneau downplayed the public aspect of the registry. As stated by Mr. Justice Hugessen in *Meredith & Finlayson v Canada (Registrar of Trade-marks)*, [1991] FCJ No 1318 (QL), 40 CPR (3d) 409 at 412, section 45 of the *Trade-marks Act* allows anyone, even one who does not have an interest, to call upon the registrar to give notice to the holder of the trade-mark. This "speaks eloquently to the public nature of the concerns the section is designed to protect". This public-interest aspect was also cited by Chief Justice Lutfy in *1459243 Ontario Inc v Eva Gabor International, Ltd*, 2011 FC 18 at para 4, 197 ACWS (3d) 489, and by Mr. Justice Evans, as he then was, in *Novopharm Ltd v Bayer Inc*, [2000] 2 FC 553 at para 50, [1999] FCJ No 1661 (QL). However, I do not think this public aspect ranks with, say, the types of interventions permitted by the Supreme Court on cases that affect large segments of the population or raise constitutional issues.

[27] CCM could have given its own notice under section 45. It could still do so, although the three years under consideration would be different. The public interest is limited in that the issue is not whether the trade-mark was not used for three consecutive years at any time in the past, but rather during the three years immediately preceding the notice.

[28] CCM suggests that although the proceedings under this docket number will be more complex if it is permitted to intervene, in all likelihood the proceedings under T-51-11 will be shortened. This is somewhat speculative.

[29] The Court might well benefit from CCM's intervention as it would give a different perspective, in the sense that Easton is giving no perspective at all.

VI. Decision

[30] In my opinion, Prothonotary Morneau was only clearly wrong on one point, that is the effect of the settlement between Bauer and Easton. I am not satisfied that without referring to that settlement, he would have come to a different conclusion. As Mr. Justice Joyal put in *Miranda v Canada (Minister of Employment & Immigration)*, [1993] FCJ No 437 (QL) at para 5, 63 FTR 81:

It is true that artful pleaders can find any number of errors when dealing with decisions of administrative tribunals. Yet we must always remind ourselves of what the Supreme Court of Canada said on a criminal appeal where the grounds for appeal were some 12 errors in the judge's charge to the jury. In rendering judgment, the Court stated that it had found 18 errors in the judge's charge, but that in the absence of any miscarriage of justice, the appeal could not succeed.

[31] The validity of the trade-mark is in issue in the litigation between Bauer and CCM in docket T-311-12. That is the forum in which CCM should make its case. In conclusion, Prothonotary Morneau's order was not clearly wrong in that he did not exercise his discretion upon a wrong principle or upon a misapprehension of the facts.

JUDGMENT

THIS COURT'S JUDGMENT is that the motion is dismissed with costs.

“Sean Harrington”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1036-13

STYLE OF CAUSE: BAUER HOCKEY v EASTON SPORTS

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