

Date: 20090317

Docket: A-193-08

Citation: 2009 FCA 88

**CORAM: RICHARD C.J.
LÉTOURNEAU J.A.
LAYDEN-STEVENSON J.A.**

BETWEEN:

SC PRODAL 94 SRL

Appellant

and

SPIRITS INTERNATIONAL B.V.

and

REGISTRAR OF TRADE-MARKS

Respondents

Heard at Ottawa, Ontario, on March 17, 2009.

Judgment delivered from the Bench at Ottawa, Ontario, on March 17, 2009.

REASONS FOR JUDGMENT OF THE COURT BY: LAYDEN-STEVENSON J.A.

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REASONS FOR JUDGMENT OF THE COURT
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LAYDEN-STEVENSON J.A.

[\[1\]](#) We are all of the view that the appeal should be allowed.

[2] The respondent, Spirits International B.V. (Spirits) applied to the Federal Court, pursuant to sections 57 and 58 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) to expunge the 501, 347 ('347) trade-mark of the appellant, SC Prodal 94 SRL (Prodal), from the register.

[3] Prodal's '347 mark "STALINSKAYA", in association with alcoholic distilled beverages, particularly vodka, was registered in Canada on September 28, 1998. After submitting a fresh application for the trade-mark "STALINSKAYA", Appl. No. 1370400, on November 2, 2007, Prodal voluntarily cancelled its '347 trade-mark on November 5, 2007. Consequently, when the application came on for hearing on April 1, 2008, there was no mark on the register.

[4] Although the '347 mark had been cancelled, the applications judge allowed Spirits' application. The judge went further and issued a declaration that the trade-mark STALINSKAYA "was not distinctive because it is confusing with the [Spirits] registered STOLICHNAYA trade-marks including registration TMA208,809 for use in association with vodka." With respect to the pending application, the applications judge ordered that "a stay of proceedings and a permanent mandatory injunction is granted prohibiting the Registrar of Trade-marks from considering trade-mark application STALINSKAYA, Appl. No. 1370400." Lump sum costs in the amount of \$1,000 plus expert costs, disbursements and GST were awarded to Spirits. No reasons were given for the order. No explanation for the exercise of discretion to deal with an application that was otherwise moot was provided.

[5] Section 57 of the Act enables the Registrar, or any person interested, to apply to the Federal Court for an order to strike or amend any entry in the register on the ground that, at the date of the application, the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark. As noted, Spirits sought to expunge the Prodal mark.

[6] That which does not exist cannot be expunged. The applications judge allowed the application and declared that Prodal's trade-mark was not distinctive because it is confusing with a Spirits mark. We express no opinion as to the propriety of an order granting ancillary relief in circumstances where the primary relief is not attainable. For reasons that will be discussed, we are of the view that the declaration ought not to have been granted.

[7] The applications judge also granted relief that cannot be characterized as being ancillary to that requested in the notice of application. Specifically and notwithstanding that there was no request for such relief in the notice of application, the judge granted a stay of proceedings and a permanent mandatory injunction "prohibiting the Registrar of Trade-marks from considering" trade-mark application number 1370400.

[8] To obtain a stay of proceedings, the tripartite test articulated in *RJR-MacDonald Inc. v. Canada (A.G.) (RJR)*, [1994] 1 S.C.R. 311 must be satisfied. There was no evidence before the applications judge addressing the constituent elements of the *RJR* test. Further, there was no argument in this respect in the memorandum of fact and law of Spirits (Appeal Book, Volume 6, pp.

1548-1574). The components of the *RJR* test are conjunctive. Therefore, each must be satisfied in order to obtain a stay of proceedings. The test was not satisfied in this case. In fact, it was not addressed. There being no basis upon which to grant a stay of proceedings, the applications judge erred in doing so.

[9] As previously stated, the applications judge's order also provides that "a permanent mandatory injunction is granted prohibiting the Registrar of Trade-marks from considering trademark application STALINSKAYA, Appl. No. 1370400." With respect, the two remedies cannot co-exist.

[10] A mandatory injunction requires one to act positively. It may be given to remedy past wrongs requiring an individual to take the necessary steps to undo a wrong committed, or it may look to the future and require an individual to carry out some unperformed duty to act. A prohibitive injunction restrains an individual from committing a specified act: Robert J. Sharpe, *Injunctions and Specific Performance* 3rd ed. (Aurora: Canada Law Book, 2000) at p. 1-1.

[11] Notably, Spirits did not include a request for a stay of proceedings, a mandatory injunction, or an order of prohibition in its notice of application. These forms of relief were requested in its memorandum of fact and law. Spirits claims that the "basket clause" in its notice of application wherein it requested "such other relief as counsel may advise and this Honourable Court deems just" is sufficient to encompass any and all of the relief requested in its memorandum of fact and law. No authority was cited for the proposition that the principle in *Native Women's Assn. of*

Canada v. Canada, [1994] 3 S.C.R. 627 (where declaratory relief that is necessarily ancillary to the requested relief may be granted under a basket clause in circumstances where the party opposite is not taken by surprise or prejudiced in any way) should be extended to the granting of stays, mandatory injunctions or orders of prohibition.

[12] Rule 301 of the *Federal Courts Rules*, SOR/98-106 (the Rules) mandates that a notice of application shall contain a precise statement of the relief sought as well as a complete and concise statement of the grounds intended to be argued, including a reference to any statutory provision or rule to be relied on. Spirits does not respond to Prodal's submission that the requirements of Rule 301 were not met.

[13] After it cancelled its mark, Prodal did not file a notice of appearance. Rule 145 of the Rules provides that where a person has been served with an originating document and has not filed a notice of appearance, no further documents in the proceeding need be served on the person prior to final judgment unless the Court orders otherwise. Therefore, Spirits did not serve Prodal with its memorandum of fact and law.

[14] Leaving aside the propriety of requesting the relief Spirits asked for in its memorandum of fact and law, it is common ground that Prodal had no notice of any of the requested relief, other than that in relation to the expungement of its mark. Spirits was aware that Prodal had never used its trade-mark in Canada as a result of Spirits' unsuccessful appeal in relation to proceedings under section 45 of the Act: *Spirits International N.V. v. Canada (Registrar of Trade-marks)* (2006), 49

C.P.R. (4th) 196 (F.C.), aff'd. (2007), 60 C.P.R. (4th) 31 (F.C.A.). Prodal claims it was unaware of the applications judge's order, until after the order was issued, and was taken by surprise and prejudiced by it. Moreover, it contends that the process, in the circumstances, was procedurally unfair.

[15] Rule 75 allows a party to apply to the court, at any time, to amend a document on such terms as will protect the rights of all parties. We are of the view that, in circumstances where a respondent party does not have notice of the relief being requested, such relief should not be granted until notice is given and the respondent party is offered the opportunity to respond. Failure to ensure the provision of notice results in a process that is procedurally unfair. Here, it was readily apparent that Spirits' requested relief as set out in its notice of application did not correspond with that contained in its memorandum of fact and law.

[16] The appeal will be allowed with costs and the order of the applications judge will be set aside.

“C. Layden-Stevenson”

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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