Federal Court of Canada
Trial Division

Section de première instance de
la Cour fédérale du Canada

Date: 19971209

Docket: T-1274-97

98 029 095

BETWEEN:

JAN 2 9 1998

CANADIAN KENNEL CLUB

Plaintiff

- and -

CONTINENTAL KENNEL CLUB

Defendant

REASONS FOR ORDER
(Delivered from the Bench at Toronto, Ontario
on Monday, the 8th day December, 1997 as edited.)

ROTHSTEIN J.:

[1] This is an application for an order for a conditional appearance to challenge the jurisdiction of the Federal Court and a stay of proceedings to allow the jurisdictional argument to take place. The application is brought under Rule 401 which provides:

> 401. A defendant may, by leave of the Court, file a conditional appearance for the purpose of objecting to
>
> (a) any irregularity in the commencement of the proceeding;
> (b) the service of the statement of claim or declaration, or notice thereof, on him; or
> (c) the jurisdiction of the Court, and an order granting such leave shall make provision for any stay of proceedings necessary to allow such objection to be raised and disposed of.

The test for an order under Rule 401 is set forth in *Antares Shipping Corporation v. Ship "Capricorn" et al.* (1977), 15 N.R. 236 at 239:

> Leave to file a conditional appearance is not a matter of right. In our opinion, the principal consideration which should govern the exercise of the discretion under Rule 401 is whether the defendant has *prima facie* raised sufficient doubt as to the regularity of the proceedings or the jurisdiction *ratione personae* of the Court that justice requires he be permitted to appear in such a manner as to avoid any waiver of his objections.

[2] The business at issue in this case is the registration of pure bred dogs. The plaintiff provides registration services in Canada. The defendant operates the same type of business in the United States. They both use a form of mark involving the letters CKC.

[3] The plaintiff's claim is based on a breach of section 11 of the *Trade-marks Act* and passing off under paragraph 7(b) of the *Trade-marks Act.* The defendant says it has no office in Canada, is not providing services in Canada, and that the use of any mark is not a use in Canada. It relies on *Motel 6 Inc. v. No. 6 Motel Limited* [1982], 1 F.C. 638 for the proposition that for there to be a use in Canada, the defendant must have some business facility in Canada. As to passing off, the defendant says there is no attempt at a free ride by the defendant pretending that its operation is that of the plaintiff. If anything, there is a recognition by the defendant of the existence and operation of the plaintiff in Canada in a complementary mode to the defendant's operation in the United States, i.e. that registration with the plaintiff will be recognized for registration purposes with the defendant in the United States.

[4] The plaintiff says the defendant has advertised in Canada. There is some evidence of such advertising although the defendant says it was inadvertent. However, in *Porter v. Don the Beachcomber* (1966), 48 C.P.R. 280 at 287, Thurlow, J., as he then was, held that use in Canada of a trade mark in respect of services is not established by mere advertising of the trade mark in Canada unless the accompanying services are also performed in Canada. Advertising in Canada without providing services in Canada does not constitute use of a trade mark in Canada.

[5] The plaintiff's main point is that there has been attornment to the jurisdiction of the Federal Court by the defendant. The attornment argument relies solely on correspondence between counsel in which defendant's counsel indicates that a statement of defence will be filed and requests time to do so without the plaintiff noting default judgment. However no communication was made to the Court by defendant's counsel. The authorities cited by the plaintiff, *Catalyst Research Corp. v. Medtronic Inc.* (1981), 55 C.P.R. (2d) 85 and *Roglass Consultants Inc. v. Kennedy Lock* (1984), 65 B.C.LR. 393 involves situations in which a defendant invokes the jurisdiction of the Court for its own benefit, i.e. an application for security for costs, or the filing of a statement of defence although not in the correct form which was considered an appearance by the defendant.

[6] The key difference here is that there has been no attempt by the defendant to appear in Court or to take the benefit of any process of the Court.

[7] Plaintiff's counsel says that a solicitor's undertaking to file a defence is something that is enforceable by the Court, and in that sense is analogous to an undertaking given to the Court directly. However, I do not see how an indication by one counsel to another that a statement of defence will be filed is in any way an undertaking to the Court.

[8] The Plaintiff says that this action has been brought on a *quia timet* basis, in that, although the defendant may not be operating a business in Canada at the present time, future operations are contemplated. However, it seems that the evidence on this point is that there is no immediate intention by the defendant to operate in Canada. Simply because a defendant refuses to undertake for all time that he will never operate in Canada is insufficient to support a *quia timet* argument.

[9] I am satisfied the defendant has made out a *prima facie* case that the Court is without jurisdiction in this matter. The application for a conditional appearance is granted and the proceedings are stayed in order to allow the question of jurisdiction to be argued. The defendant shall take steps to have the matter set down for hearing of the jurisdictional argument without delay.

"Marshall Rothstein"

Judge

Toronto, Ontario
December 9, 1997

FEDERAL COURT OF CANADA
Names of Counsel and Solicitors of Record

DOCKET:	T-1274-97
STYLE OF CAUSE:	**CANADIAN KENNEL CLUB**
	- and -
	CONTINENTAL KENNEL CLUB
DATE OF HEARING:	DECEMBER 8, 1997
PLACE OF HEARING:	TORONTO, ONTARIO
REASONS FOR JUDGMENT BY:	ROTHSTEIN, J.
DATED:	DECEMBER 9, 1997

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