

Federal Court



Cour fédérale

Date: 20100419

Docket: T-887-08

Citation: 2010 FC 421

Ottawa, Ontario, April 19, 2010

PRESENT: The Honourable Mr. Justice Mosley

BETWEEN:

CANADIAN SUPPLEMENT TRADEMARK LTD.

Applicant

and

M. FRANK PETRILLO

Respondent

REASONS FOR ORDER AND ORDER

[1] This is an appeal of the order of Prothonotary Aronovitch, dated September 10, 2009, in which she denied a motion by the applicant, Canadian Supplement Trademark Ltd. (CSTL), to convert the underlying application into an action or to order the respondent, Mr. Petrillo, to provide oral testimony at the hearing of the application. The applicant is appealing only the refusal to order that Mr. Petrillo testify.

[2] The motion arose in the context of an application by CSTL, commenced on June 25, 2008, to expunge a registered trade-mark for NYTRO TECH NUTRITION & Design, owned by Mr. Petrillo. Following the filing of that application, Mr. Petrillo brought an action against CSTL for trade-mark infringement in Federal Court File No. T-1535-08. On December 11, 2008, Prothonotary Milczynski stayed the infringement action upon the close of pleadings, until final determination of the expungement application.

DECISION UNDER APPEAL:

[3] Before Prothonotary Aronovitch, the applicant sought to find a means to allow *viva voce* evidence to be presented regarding the key fact in dispute between the parties, namely the date of first use of the respondent's trade-mark. The applicant contended that Mr. Petrillo's evidence was inconsistent with that given in the infringement action, and other proceedings related to the trade-mark brought before the Québec Superior Court and an unrelated opposition proceeding. These inconsistencies would be difficult to reconcile on the basis of a paper record, the applicant submitted, and the interests of justice would be best served by having Mr. Petrillo cross-examined before a judge, who would then be in a position to assess his demeanour as a witness and weigh the evidence: *Macinnis v. Canada (Attorney General)* (C.A.), [1994] 2 F.C. 464, [1994] F.C.J. No. 392, at para. 9.

[4] The applicant offered three potential vehicles for the presentation of *viva voce* evidence: i) conversion of the present application to an action; ii) a trial on the issue of Mr. Petrillo's credibility;

or, iii) allowing *viva voce* evidence in the context of the application. Prothonotary Aronovitch considered that none of these vehicles were available to the applicant.

[5] Citing *Canadian Private Copying Collective v. Fuzion Technology Corp.*, [2005] F.C. 1557, [2005] F.C.J. No. 1915, (“*Fuzion Technology*”) where the question arose in the context of a proceeding brought under subsection 34(4) of the *Copyright Act*, Prothonotary Aronovitch held that a proceeding to expunge a trade-mark is not “an application or reference to the Federal Court under any of sections 18.1 to 18.3” (subsection 18.4(1) of the *Federal Courts Act*). Section 58 of the *Trade-marks Act* makes no provision for the conversion of an application into an action. Similarly, she concluded, a Rule 107 trial of an issue was not available outside the context of an action.

[6] While an application and action may be consolidated for the purposes of hearing, the prothonotary considered that it was not justified or warranted in the circumstances. The infringement action was not well advanced in comparison to the application, the parties had agreed to a stay upon completion of the pleadings and the effect of consolidation would be to unnecessarily delay the application. Final disposition of the application would limit or eliminate the basis for the infringement action. All of the factors considered militated in favour of an early hearing of the application.

[7] The prothonotary addressed what she described as “the further issue of whether *viva voce* evidence should be permitted in the context of this application pursuant to Rule 316”. She concluded that the applicant had not made out the “special circumstances” required by the rule.

The mere fact that the documentary evidence may contain contradictions was an insufficient basis as the Court often sorts out conflicting evidence of this nature in judicial review proceedings:

Misquadis v. Canada (Attorney General), 2000 CanLII 16230, [2000] F.C.J. No. 1488. There was nothing in the circumstances of this case, in her view, that required a departure from the ordinary practice as to the manner in which evidence is given on an application.

[8] At the hearing of the motion, counsel for the applicant had confirmed that she did have an opportunity to cross-examine on the apparent contradictions but submitted that new information had come to her attention after the cross-examinations were completed. Prothonotary Aronovitch found that the applicant had had an adequate opportunity to proffer the evidence in documentary form. Nonetheless, she considered that it would be appropriate and just to allow the applicant a further opportunity to challenge Mr. Petrillo's credibility by putting this new information to him. Accordingly, the prothonotary granted leave to recall Mr. Petrillo for further cross-examination "for the limited purpose of examining on new facts or documents which came to the attention of the applicant following the close of cross-examinations on affidavits..."

[9] This cross-examination was to be completed by October 8, 2009 and the prothonotary's order also set out firm dates for completing the remaining stages of the application. During the cross-examination which took place at Montreal, the respondent, through his counsel, objected to and declined to answer questions pertaining to information that "came before February 10, 2009".

THE STANDARD OF REVIEW:

[10] The standard of review on this appeal is that formulated by the Federal Court of Appeal in *Canada v. Aqua-Gem Investments Ltd.*, [1993] 2 F.C. 425 (C.A.), [1993] F.C.J. No. 103 and restated in *Merck & Co. v. Apotex Inc.*, (2003), 315 N.R. 175, [2003] F.C.J. No. 1925, as follows:

Discretionary orders of prothonotaries ought not to be disturbed on appeal to a judge unless:

- a. the questions in the motion are vital to the final issue of the case, or
- b. the orders are clearly wrong, in the sense that the exercise of discretion by the prothonotary was based upon a wrong principle or upon a misapprehension of facts.

[11] In my view, the questions raised in the motion are not vital to the final issue of the case as they do not go to the ultimate resolution of the expungement application but rather to the manner in which evidence is to be put before the applications judge on a collateral issue, the credibility of a witness.

ISSUE:

[12] The sole issue, therefore, is whether Prothonotary Aronovitch was “clearly wrong” in refusing to order either the trial of an issue or that Mr. Petrillo testify *viva voce* at the hearing of the expungement application regarding the use of his registered trade-mark.

ANALYSIS:

Section 58 of the Trade-marks Act makes no provision for conversion

[13] In rendering my decision as to whether Prothonotary Aronovitch was “clearly wrong” in refusing to order either the trial of the issue of credibility or that Mr. Petrillo testify *viva voce* at the hearing of the application, I note that the applicant is not appealing the prothonotary’s refusal to convert the expungement application into an action. I take into consideration however, that the applicant asserts that the refusal to convert the application into an action was an error of law which coloured the remainder of the prothonotary’s decision in refusing to order *viva voce* evidence from the respondent, Mr. Petrillo. While I do not need to decide that question in light of the position taken by the applicant on this appeal, I am not persuaded that the prothonotary’s determination of the issue influenced her consideration of the alternatives advanced by the applicant.

[14] I note that Prothonotary Aalto arrived at a different result on conversion of an application for infringement of a copyright in *Havana House Cigar & Tobacco Merchants Ltd. v. Worldwide Tobacco Distribution Inc.*, (2008), 73 C.P.R. (4th) 131, [2008] F.C.J. No. 1828. That case is distinguishable as it was an application for copyright infringement commenced under subsections 27(1) and 27(2) of the *Copyright Act*, and was not brought pursuant to subsection 34(4), as in *Fuzion Technology*, above, the decision discussed by Prothonotary Aronovitch in her order. Prothonotary Aalto found in *Havana House Cigar & Tobacco Merchants Ltd.*, above, at paras. 16

and 21, that the application should proceed by way of action as the proceeding was not simple, nor straightforward, and there was a requirement to avoid a multiplicity of proceedings involving essentially the same parties and issues and the risk of inconsistent results and the inadequacy of affidavit evidence.

[15] In the case at bar, however, the lack of evidence submitted by the applicant as to why the conversion should take place appeared to be the underlying consideration in denying the conversion: *Havana House Cigar & Tobacco Merchants Ltd.*, above, at paras. 18, citing *Euro-Excellence Inc. v. Kraft Canada Inc.*, 2007 SCC 37, [2007] S.C.J. No. 37. Also, I note that the evidence is straightforward and uncomplicated. Further, and specifically to the *Trade-marks Act*, I do not find that Prothonotary Aronovitch erred when she found that where the only relief sought is to have a trade-mark expunged, it appears that Parliament has provided one vehicle for proceeding: an application. I agree with the Prothonotary that even if conversion was available, it is doubtful that it would be justified especially at this stage of the proceeding, on the grounds and for the reasons asserted by the applicant. I am of the view that final disposition of this application will limit or eliminate the basis for the infringement action. This militates in favour of an early hearing of the application.

[16] I agree with the respondent that there is nothing in the reasons for the order which suggest that the prothonotary failed to consider the introduction of *viva voce* evidence independently from the issue of conversion. The prothonotary considered the possibility of introducing oral evidence into the present application on two other grounds: a trial on the issue of Mr. Petrillo's credibility

under Rule 107 of the *Federal Courts Rules* and the introduction of *viva voce* evidence through the application of Rule 316.

Rule 107 for a trial on the issue of credibility not available under this application

[17] Before Prothonotary Aronovitch, the applicant sought to have a trial on the issue of Mr. Petrillo's credibility in the form of live testimony on the use of the registered trade-mark. Arguing that the Court should order a trial of an issue in this case, I note that the applicant cited only cases that arose in the context of an action and not in the context of an application: *Ilva Saronno S.p.A. v. Privilegiata Fabbrica Maraschino "Excelsior"* (T.D.), [1999] 1 F.C. 146, [1998] F.C.J. No. 1500, at para. 14; *Merck & Co. v. Brantford Chemicals Inc.*, 2004 FC 1400, [2004] F.C.J. No. 1704, at paras. 7 & 10.

[18] Prothonotary Aronovitch acknowledged the absence of jurisprudence directly on the point of the use of Rule 107 in the context of an application. In her view, it was appropriate to apply the reasoning in Justice Hughes' decision in *Fuzion Technology*, above, given that an application is designed to proceed summarily. In that case, a similar question arose in the context of a proceeding brought under the *Copyright Act* and Justice Hughes concluded, at paragraph 13, that a Rule 107 trial of an issue was not available under an application pursuant to subsection 34(4) of the *Copyright Act*. Subsection 34(4) of the *Copyright Act* resembles the legislative provision at issue, subsection 59(3) of the *Trade-marks Act*, which also indicates that proceedings on an appeal or application shall be heard and determined summarily.

[19] Were Rule 107 of the *Federal Courts Rules* available, it would effectively allow a portion of the application to be converted into a *de facto* action. I find no reason to intervene in the

prothonotary's determination that the applicant offered no authority to support the proposition that Rule 107 should be applicable to non-actions, as in this case.

No exceptional circumstances justifying viva voce evidence in this application

[20] I recognize that this Court has noted that the ability to hear *viva voce* testimony and to observe a person's demeanour in the witness box is an "irreplaceable tool [which is] vital to the performance of the function of a trier of fact.": *Apple Computer, Inc. v. Mackintosh Computers Ltd.* (F.C.A.), [1988] 3 F.C. 277, [1988] F.C.J. No. 237, at para. 8; *Eli Lilly Canada Inc. v. Apotex Inc.*, 2009 FC 320, [2009] F.C.J. No. 413, at para. 19. I would only observe that in recent years, the value of demeanour evidence has been brought into question. The reality is that no one, including judges, can do better than chance in assessing credibility solely on demeanour. Credibility is best determined by assessing the entire record and, in particular, any inconsistencies that there may be in the witness's evidence.

[21] In this case, the evidence is straightforward and uncomplicated and relates to allegedly ambiguous statements regarding the date of first use of NYTRO TECH NUTRITION & Design, within a range of "late 1997 to the beginning of 1998." The credibility of these statements and the witness who made them is capable of being determined on the evidence in the record.

[22] Accordingly, I do not find that Prothonotary Aronovitch was clearly wrong when she determined that the fact that this type of evidence appears in the record could not be considered a special or exceptional circumstance as defined in section 316 of the *Federal Courts Rules*.

She cited the decision of Justice MacKay in *Holland v. Canada (Attorney General)*, (1999), 93 A.C.W.S. (3d) 403, [1999] F.C.J. No. 1849, at para. 3, incorporating the following quote from Justice Rouleau in *Glaxo Canada Inc. v. Canada (Minister of National Health & Welfare)*, (1987), 15 C.P.R. (3d) 482, 11 F.T.R. 132, at 133:

... It is only "by leave of the Court" and "for special reason" that a witness can be called to testify in relation to an issue... In my opinion, this is a question to be decided on the facts of a particular case with the onus being on the applicant to prove the existence of "special reason" to the satisfaction of the Court. What is clear from the jurisprudence is that leave will be granted by the Court only in exceptional circumstances. [My Emphasis]

[23] As was found by Prothonotary Aronovitch, I agree that the fact that documentary evidence may contain contradictions has been rejected as a basis for allowing *viva voce* evidence in an application and that this Court in judicial review proceedings often sorts out conflicting evidence: *Misquadis v. Canada (Attorney General)*, above, at para. 14.

[24] In the present instance, I am not convinced that affidavit evidence, in addition to the prothonotary's order granting leave to the applicant to continue with a further round of cross-examination of Mr. Petrillo for the purpose of examining new facts or documents going to credibility, will be inadequate: *Edgar v. Kitasoo Band*, 2003 FCT 815, [2003] F.C.J. No. 1078, at para. 17. The present situation is not one which embodies the clearest of circumstances demonstrating that live evidence is necessary. I find that the affidavit evidence combined with the

further round of cross-examination, is sufficient for the Court to determine the matter: *Edgar*, above, at para. 15.

[25] I also find that Prothonotary Aronovitch correctly relied on *Condo v. Canada (Attorney General)*, 2004 FC 885, [2004] F.C.J. No. 1077, at para. 16, to indicate that this Court has declined to find special circumstances justifying *viva voce* evidence where a party, as in the case of the applicant, had adequate opportunity to proffer the evidence in documentary form.

[26] I note that the respondent argues that the applicant has been given ample chance to cross-examine Mr. Petrillo and has already taken advantage of the prothonotary's decision to allow for a second cross-examination of Mr. Petrillo, and in doing so has benefited from an even greater opportunity to examine Mr. Petrillo as would have been provided to it under a strict interpretation of Rule 316 of the *Federal Courts Rules*.

[27] Having read the transcript of the further cross-examination that took place on October 8, 2009, I agree with the applicant that the respondent adopted an unduly restrictive interpretation of Prothonotary Aronovitch's order. Counsel for the respondent objected to any question pertaining to information which pre-dated the previous cross-examination of Mr. Petrillo. It is apparent from the terms of the order that Prothonotary Aronovitch granted leave for further cross-examination on any information that came to the attention of the applicant following the close of cross-examinations and not just that which may have existed prior to that date. However, the question before me is whether the Prothonotary erred in issuing the order and not whether the respondent properly complied with

it. In any event, this issue may be raised before the applications judge who will hear the matter and the judge may draw any inference he or she deems appropriate from the refusal of the respondent to answer the questions.

[28] I am of the view that this Court currently has before it an adequate record of the evidence it needs to adequately dispose of the substantive issues raised in the present application.

[29] Overall, I do not find that Prothonotary Aronovitch erred in principle or misapprehended the facts in (1) refusing to order the trial of the issue of credibility and (2) refusing to order that Mr. Petrillo testify *viva voce* at the hearing of the application. Accordingly, I find that there is no reason in this case to intervene.

[30] While costs would normally be awarded to the respondent in light of this result, I will exercise my discretion in this matter not to award them.

[31] The applicant's appeal must be dismissed.

ORDER

THIS COURT ORDERS that:

1. the applicant is granted leave to amend the Notice of Motion dated September 21, 2009 in accordance with the amendments set out in the Amended Notice of Motion filed on January 8, 2010;
2. the applicant's appeal is dismissed;
3. the parties will bear their own costs.

“Richard G. Mosley”

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-887-08

STYLE OF CAUSE: CANADIAN SUPPLEMENT TRADEMARK LTD.
and
M. FRANK PETRILLO

PLACE OF HEARING: Toronto, Ontario

DATE OF HEARING: March 29, 2010

**REASONS FOR ORDER
AND ORDER:** MOSLEY J.

DATED: April 19, 2010

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