

Federal Court



Cour fédérale

Date: 20120829

Docket: T-1536-12

Citation: 2012 FC 1028

[UNREVISED ENGLISH CERTIFIED TRANSLATION]

Montréal, Quebec, August 29, 2012

PRESENT: Richard Morneau, Prothonotary

BETWEEN:

CORPORATION SUN MEDIA

Plaintiff

and

**DUPROPRIO INC.
AND
9059-2114 QUEBEC INC.**

Defendants

REASONS FOR ORDER AND ORDER

[1] Upon reading the motion records of the parties and hearing their counsel on a motion to strike brought by the defendants under paragraphs 221(1)(a) and (f) of the *Federal Courts Rules* (the Rules) to strike out the plaintiff's statement of claim (the statement) and dismiss its action on the basis that this Court does not have jurisdiction over the cause of action raised in the statement and that, for this reason, the statement must be regarded as disclosing no valid cause of action.

[2] Whereas it is reasonable for the purposes of this analysis to regard the main remedies in the statement in the following manner, as described by the defendants in their motion record:

[TRANSLATION]

2. By its action, the Plaintiff is asking this Honourable Court to make certain declarations (as set out in paragraphs 1.a), 1.b) and 1.c) of the action) to the effect that its use of the trade-marks **VIA PROPRIO, VIA PROPRIO DESIGN** and of the domain name **VIAPROPRIO.CA** is not contrary to the *Trade-marks Act*, given the rights held by the Defendants.

[3] Whereas the defendants submit that the Court does not have jurisdiction over such a declaratory action because the *Trade-marks Act*, R.S.C. 1985, c. T-13, as amended (the TMA), does not contain any express provision to this effect that would bring the matter within the statutory jurisdiction of this Court.

[4] Whereas the defendants primarily rely on the decision of this Court in *Peak Innovation Inc. v. Meadowland Flowers Ltd.*, 2009 FC 661 (*Peak Innovation*). In that case, the Court held that it did not have jurisdiction under the *Industrial Design Act*, R.S.C. 1985, c. I-9 (the IDA) to issue a declaration in favour of the plaintiff to the effect that some of its wares did not infringe the industrial designs registered by the defendant because the IDA did not expressly provide for such relief.

[5] Whereas in *Peak Innovation*, the Court held that subsection 20(2) of the *Federal Courts Act*, R.S.C. 1985, c. F-7, as amended (the Act), could not be relied upon as a basis for the declaratory action before it because, according to the Court, *Radio Corporation of America v. Philco Corporation (Delaware)*, [1966] S.C.R. 296 (*Radio Corporation*) and *Cellcor Corp. of Canada Ltd. et al. v. Kotacka* (1976), 27 C.P.R. (2d) 68 (*Cellcor*) had established that subsection 20(2) of the Act by itself cannot give the Court jurisdiction for a cause of action unless jurisdiction is granted

independently by a law of Canada. The Court expressed its opinion on this point in the following terms in *Peak Innovation*:

[9] Section 20(2) of the *Federal Courts Act* only establishes jurisdiction for remedies where jurisdiction for the underlying cause of action is established elsewhere in a statute. This is supported by the analysis used in *Radio Corporation of America v. Philco Corporation (Delaware)*, [1966] S.C.R. 296 (S.C.C.); and *Cellcor Corp. of Canada Ltd. v. Kotacka* (1976), 27 C.P.R. (2d) 68 (F.C.A.).

[10] It is plain and obvious that s. 20(2) of the *Federal Courts Act* by itself cannot establish jurisdiction for a cause of action of non-infringement of an industrial design.

[6] Whereas subsection 20(2) of the Act reads as follows:

20. (2) The Federal Court has concurrent jurisdiction in all cases, other than those mentioned in subsection (1), in which a remedy is sought under the authority of an Act of Parliament or at law or in equity respecting any patent of invention, copyright, trademark, industrial design or topography referred to in paragraph (1)(a).

20. (2) Elle [La Cour fédérale] a compétence concurrente dans tous les autres cas de recours sous le régime d'une loi fédérale ou de toute autre règle de droit non visés par le paragraphe (1) relativement à un brevet d'invention, un droit d'auteur, une marque de commerce, un dessin industriel ou une topographie au sens de la *Loi sur les topographies de circuits intégrés*.

[7] Whereas, moreover, the scope of the Supreme Court's decision in *Radio Corporation* is possibly more limited than the scope ascribed to it in *Peak Innovation*, since in *Radio Corporation*, the Supreme Court had to resolve a very specific situation, namely whether the appellant

... had the right, in proceedings taken pursuant to s. 45(8) [of the *Patent Act*, enacted in 1952], to attack claims contained in the

respondent's application in relation to which no conflict had been found by the Commissioner.

[8] In support of such a possibility, the appellant relied on section 21 of the *Exchequer Court Act*, R.S.C. 1952, c. 98. Section 21 of that statute essentially corresponds to section 20 of the Act.

[9] Although the Supreme Court cited the obiter dictum of President Jakkett stating that section 21 did not grant jurisdiction in the absence of a separate statutory provision to that effect, it did not expressly endorse that view. In *Radio Corporation*, the Supreme Court was simply trying to answer the main question before it by holding that the scheme of the *Patent Act*, as then in force, and more specifically section 45 of that statute, was such that an action regarding conflicting patent applications was restricted to the claims in conflict as dealt with by the Commissioner. On this point, the Supreme Court wrote the following:

The important point is, however, that, since 1923, Parliament has made it clear in the provisions of the various *Patent Acts* that, notwithstanding the jurisdiction conferred by the *Exchequer Court Act* upon the Exchequer Court to deal with conflicting patent applications, the right to seek redress in that Court by an applicant is governed and limited by the provisions of the *Patent Act* respecting conflicting applications. The conclusion which I draw from the legislative history of the provisions of the *Patent Act* respecting conflicting applications is that, although jurisdiction is conferred upon the Exchequer Court by s. 21 of the *Exchequer Court Act* in cases of conflicting applications for a patent, the right of a party involved in such a conflict to attack the patent application of another party is governed by s. 45 and such party is restricted to such rights as are conferred by that section. As previously stated, it is the opinion of this Court that proceedings under subs. (8) of that section are limited to the subject matter of the claims found to be in conflict by the Commissioner.

In my opinion, therefore, this appeal should be dismissed with costs.

[Emphasis added.]

[10] Whereas it is therefore not plain and obvious that *Radio Corporation* has the scope that *Peak Innovation* ascribes to it.

[11] Whereas, moreover, the decision of the Federal Court of Appeal in *Cellcor* may also have a more limited scope than was ascribed to it in *Peak Innovation*. In *Cellcor*, the Court had to determine whether the Federal Court Trial Division had jurisdiction to decide whether the plaintiff before it was entitled to apply for and obtain letters patent under the *Patent Act*, R.S.C. 1970, c. P-4. In that case, the plaintiff had filed a declaratory action to that end, and it argued as respondent before the Federal Court of Appeal that section 20 of the Act gave the Court jurisdiction over the matter.

[12] Writing on behalf of the Court of Appeal, Justice Pratte stated that in the circumstances of that specific case, he found that said section 20 did not grant the Court jurisdiction because, under the *Patent Act*, it is the Commissioner who must first decide whether a patent may issue to an applicant. The scope of that judgment is thus limited, in my view.

[13] Justice Pratte wrote as follows:

Assuming that the declaration sought in this action is a remedy respecting a patent of invention, within the meaning of s. 20, I am nevertheless of opinion that, in the circumstances of this case, it is not a relief that the Federal Court has power to grant because I agree with the appellants' view that there is no legal basis for it. Under the *Patent Act*, the official who must first decide whether a patent may issue to an applicant is the Commissioner. The Act does not empower the Courts to give him directions on the decision he should reach; it is only if he is alleged to have made a wrong decision that,

under the statute, the Courts may be seized of the matter. In my view, it would be contrary to the scheme of the *Patent Act* for the Courts to assume the power, in a case like the present one, to make the declaration sought. In my opinion, the power of the Court, under Rule 1723, to make “binding declarations of right” cannot be exercised in respect of letters patent of invention when its exercise is not expressly or impliedly contemplated by the *Patent Act* or another statute within the legislative jurisdiction of Parliament.

[Emphasis added.]

[14] Whereas it is therefore not plain and obvious that *Cellcor* has the scope that *Peak Innovation* ascribes to it.

[15] Whereas, moreover, in another respect, the plaintiff’s action involves the TMA and not the IDA, as was the case in *Peak Innovation*, and this distinction, in combination with the different dynamics in the present case, possibly restricts the scope of *Peak Innovation*.

[16] First of all, it is true that section 15.2 of the IDA is similar to section 55 of the TMA. These sections respectively read as follows:

15.2 The Federal Court has concurrent jurisdiction to hear and determine
(a) any action for the infringement of an exclusive right; and
(b) any question relating to the proprietorship of a design or any right in a design.

15.2 La Cour fédérale a compétence concurrente pour juger toute question en matière de propriété d’un dessin ou de droits sur un dessin ainsi que toute action en violation d’un droit exclusif.

55. The Federal Court has jurisdiction to entertain any action or proceeding for the enforcement of any of the

55. La Cour fédérale peut connaître de toute action ou procédure en vue de l’application de la présente loi

provisions of this Act or of any right or remedy conferred or defined thereby.	ou d'un droit ou recours conféré ou défini par celle-ci.
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[17] Although it is not stated in so many words in *Peak Innovation*, it is possible to argue that the Court did not elaborate on section 15.2 of the IDA in *Peak Innovation* (it merely mentioned this provision as the last item in a list) and did not view this provision as a basis for jurisdiction because under the IDA, as the plaintiff argued, only a registered design carries rights under that statute and the applicant's wares in that case were not so registered.

[18] Even if, at the end of the day, the IDA could not be interpreted this way (see the wording of section 15.2), the fact remains that in the present case, as the statement indicates, the plaintiff filed an application to register the trade-mark VIA PROPRIO. So at that point, under the TMA, even though the mark was not yet registered, that mark was covered because section 3 of the TMA states that filing an application for registration results in the mark being deemed to have been adopted by the plaintiff. Section 3 reads:

3. A trade-mark is deemed to have been adopted by a person when that person or his predecessor in title commenced to use it in Canada or to make it known in Canada or, if that person or his predecessor had not previously so used it or made it known, when that person or his predecessor filed an application for its registration in Canada.

3. Une marque de commerce est réputée avoir été adoptée par une personne, lorsque cette personne ou son prédécesseur en titre a commencé à l'employer au Canada ou à l'y faire connaître, ou, si la personne ou le prédécesseur en question ne l'avait pas antérieurement ainsi employée ou fait connaître, lorsque l'un d'eux a produit une demande d'enregistrement de cette marque au Canada.

[19] It therefore appears that regardless of their scope or number, rights under the TMA very likely come into play through such a filing. Accordingly, is it plain and obvious that section 55 of the TMA, read together with subsection 20(2) of the Act, cannot be given a fair and liberal interpretation (see *Canada (Human Rights Commission) v. Canadian Liberty Net*, [1998] 1 S.C.R. 626, at pages 657-58) such that it grants jurisdiction over the declaratory action brought by the plaintiff in this case? I have difficulty agreeing that it is so.

[20] Whereas, on the other hand, in the past, the Court has recognized its jurisdiction to consider issuing declaratory judgments under the TMA even though the cause of action was not expressly set out in a specific provision of that act (see on this point *Royal Douulton Tableware Ltd. v. Cassidy's Ltd. – Cassidy's Ltée* (1984), 1 C.P.R. (3d) 214, at pages 227-28 and *Sullivan Entertainment Inc. v. Anne of Green Gables Licensing Authority Inc.* (2000), 9 C.P.R. (4th) 344, at paragraph 20). The fact that in those judgments, the declaratory relief was accompanied by other conclusions which were unquestionably within the jurisdiction of the Court is not a factor which would have, in my view, definitely ruled out the Court's jurisdiction if declaratory relief alone had been sought.

[21] Whereas it is true that the *Patent Act*, R.S.C. 1985, c. P-4, as amended, expressly provides for a cause of action in subsection 60(2) and that no such provision exists under the TMA.

Paragraph 60(2) reads as follows:

Declaration as to infringement

(2) Where any person has reasonable cause to believe that any process used or proposed to be used or any article made, used or sold or proposed to be

Déclaration relative à la violation

(2) Si une personne a un motif raisonnable de croire qu'un procédé employé ou dont l'emploi est projeté, ou qu'un article fabriqué, employé ou

made, used or sold by him might be alleged by any patentee to constitute an infringement of an exclusive property or privilege granted thereby, he may bring an action in the Federal Court against the patentee for a declaration that the process or article does not or would not constitute an infringement of the exclusive property or privilege.

vendu ou dont sont projetés la fabrication, l'emploi ou la vente par elle, pourrait, d'après l'allégation d'un breveté, constituer une violation d'un droit de propriété ou privilège exclusif accordé de ce chef, elle peut intenter une action devant la Cour fédérale contre le breveté afin d'obtenir une déclaration que ce procédé ou cet article ne constitue pas ou ne constituerait pas une violation de ce droit de propriété ou de ce privilège exclusif.

[22] However, as the plaintiff argues, such a provision was necessary in the *Patent Act* because otherwise this act, like the IDA, would cover only registered rights. Anyone without such rights had to be offered a way to access the Federal Court.

[23] Whereas generally speaking, there is some question as to the practical usefulness of subsection 20(2) of the Act, and even of section 55 of the TMA, if in practice a specific section of a statute must exist to grant jurisdiction to the Court. Such a section is perhaps highly desirable, but if there is one, subsection 20(2) of the Act and section 55 of the TMA become unnecessary.

[24] Whereas, finally, it is perhaps not so obvious that this Court does not have jurisdiction over the plaintiff's action since recently, in a case in which an application for a declaration of non-infringement of a trade-mark under the TMA was considered in this Court, and in the Federal Court of Appeal, without anyone raising the Court's possible lack of jurisdiction (see *Philip Morris Products S.A. v. Marlboro Canada Limited*, 2010 FC 1099; reversed 2012 FCA 201). This still

holds true even though that case received attention primarily for the counterclaim of infringement included in it and the jurisdictional issue was not pleaded by either party.

[25] And whereas with regard to the striking out of pleadings, the following excerpt from *Hodgson et al. v. Ermineskin Indian Band et al.* (2000), 180 F.T.R. 285, page 289 (affirmed on appeal: 267 N.R. 143; leave to appeal to the Supreme Court of Canada refused: 276 N.R. 193) establishes that a motion raising a jurisdictional issue or the lack of a cause of action under paragraph 221(1)(a) of the Rules must be plain and obvious for the Court to allow it:

[10] . . . The “plain and obvious” test applies to the striking out of pleadings for lack of jurisdiction in the same manner as it applies to the striking out of any pleading on the ground that it evinces no reasonable cause of action. The lack of jurisdiction must be “plain and obvious” to justify a striking out of pleadings at this preliminary stage.

[26] Now therefore, for the reasons above, the Court finds in the matter of this motion to strike that it is not plain and obvious that it does not have jurisdiction over the plaintiff’s action.

[27] Accordingly, the defendants’ motion will be dismissed with costs.

ORDER

THE COURT ORDERS that the defendants' motion be dismissed with costs.

“Richard Morneau”

Prothonotary

Certified true translation
Michael Palles

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1536-12

STYLE OF CAUSE: CORPORATION SUN MEDIA
v.
DU PROPRIO INC. ET AL

PLACE OF HEARING: Montréal, Quebec

DATED: August 27, 2012

REASONS FOR ORDER: Richard Morneau, Prothonotary

DATE OF REASONS: August 29, 2012

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