

Federal Court



Cour fédérale

Date: 20160601

Docket: T-2125-15

Citation: 2016 FC 610

Ottawa, Ontario, June 1, 2016

PRESENT: The Honourable Mr. Justice Annis

BETWEEN:

DALLEVIGNE S.P.A.

Applicant

and

CONSTELLATION BRANDS QUEBEC INC.

Respondent

ORDER AND REASONS

[1] This is the second of two motions brought by Constellation Brands Quebec Inc. [CBQ] pursuant to Rule 51(1) of the *Federal Courts Rules* [the Rules] in related trade-mark proceedings appealing procedural orders made by Prothonotary Morneau dated February 5, 2016. The decisions in both motions were released at the same time.

[2] The primary appeal is that in the related proceeding under Docket No. T-1104-15. In the application, CBQ is appealing the expungement of its trade-mark DA VINCI by the Registrar of

Trade-marks [the Registrar] pursuant to section 45 of the *Trade-marks Act* [TMA]. In the motion in that matter, CBQ appealed the Prothonotary's order allowing Dallevigne S.p.A. [Dallevigne] to be added as a party or intervener to the proceedings, which decision I have partly upheld by allowing Dallevigne to intervene and conduct cross-examinations.

[3] In this application (File T-2125-15), CBQ is appealing the procedural order of the Prothonotary pursuant to paragraph 50(1)(b) of the *Federal Courts Act* staying these proceedings pending a decision on the merits in the primary application under Docket number T-1104-15. The stay motion only arises because Dallevigne was granted intervener status in that matter.

[4] For the reasons that follow, this motion appealing the stay of the proceedings in this matter is dismissed. The reasons in this matter should be read in conjunction with those in proceeding T-1104-15.

I. Background

[5] The facts in this matter are primarily contained in the reasons of the related decision in File T-1104-15.

[6] Additional facts that are relevant to this motion concern CBQ filing on November 11, 2012 a second trade-mark application before the Registrar for the DA VINCI mark, bearing application number 1,604,066 [application '066] in relation to alcoholic wines and liqueurs.

[7] The DA VINCI application '066 is currently subject to an Examiner's report where the CANTINE Mark and a second mark LEONARDO DA VINCI also owned by Dallevigne are cited against the application for similar wares.

[8] CBQ claims that the CANTINE mark is an obstacle to its new registration application which remains outstanding for over two years.

II. Impugned Decision

[9] In granting the stay, the Prothonotary applied the test developed by Justice Stratas in *Coote v Lawyers' Professional Indemnity Company*, 2013 FCA 143 [*Coote*] referencing *Mylan Pharmaceuticals ULC v AstraZeneca Canada Inc.*, 2011 FCA 312 [*Mylan*] for the principal that the Court's jurisdiction to stay appeals should be understood as an aspect of managing and regulating its own proceedings, guided by the interests of justice. By those considerations the Court was "exercising a jurisdiction that is not unlike scheduling or adjourning a matter" (*Coote*, para 11).

[10] The Prothonotary further cited *Coote* in applying Rule 3 of the Rules that the Court should exercise its discretion against the wasteful use of judicial resources so long as no party is unfairly prejudiced and the stay can be said to be in the interests of justice.

[11] The Prothonotary exercised his discretion to stay the opposition proceedings despite noting that the DA VINCI mark was not the only issue before the Registrar in that matter. He pointed out that the stay request reflected "the reality" of the situation in that the proceedings in

File T-2125-15 were in their initial stages, while the expungement appeal was more advanced, such that it was reasonable to believe that it would be heard on its merits well before the opposition appeal. He further concluded that a decision in the expungement proceedings in File T-1104-15 would permit the parties to be more informed and certain about the validity of the DA VINCI mark for the purpose of the opposition proceedings. The Prothonotary also pointed out that the DA VINCI mark was before the Registrar in application '066, to the same effect.

III. Issues

[12] This application raises three issues:

- i. whether the Prothonotary applied the correct legal test in granting the motion to stay;
- ii. whether he was clearly wrong in applying the test to the facts at bar; and
- iii. whether he was clearly wrong in awarding costs to Dalleigne on an elevated basis.

IV. Standard of Review

[13] The applicable standard of review is the same as referred to in File T-1104-15, that is, this Court must not disrupt a prothonotary's discretionary order unless he is clearly wrong on the law or misapprehended the facts (*Z.I. Pompey Industrie v ECU-Line N.V.*, 2003 SCC 27).

V. Analysis

A. *Correct Legal Test*

[14] CBQ submits that Dallevigne must demonstrate that if the stay is not granted, irreparable damages will ensue (*Apotex Inc v Hoffmann-La Roche Ltd*, [1985] FCJ No 1164 at para 6).

[15] The test proposed by CBQ is comparable to the second prong of the test for granting a stay found in *RJR-MacDonald Inc v Canada (Attorney General)*, [1994] 1 SCR 311, which was explicitly rejected by Justice Stratas in *Coote* (paras 9-11).

[16] Justice Stratas, in *Coote*, a decision by which I am bound, relied on *Mylan* to conclude that such a test was suitable for injunction relief as opposed to a stay where the Court is refraining from exercising its own jurisdiction pending an appeal in a related matter (*Coote*, para 11).

[17] In determining whether to grant such a stay, the Court must consider the unique factual circumstances while being guided by the principle of judicial economy set out in Rule 3. It must also ensure that no party is unfairly prejudiced and that granting the stay is in the interests of justice (*Coote*, paras 12-13).

[18] I find that the Prothonotary correctly relied on Justice Stratas' reasoning in *Coote* and concluded that all the criteria were fulfilled in order to grant a stay.

B. *Application to the Facts*

[19] I find no issue with the Prothonotary's reasoning as applied to the relevant facts described above in the précis of his decision in arriving at the conclusion that a stay should be ordered in the interests of justice and judicial economy without unduly prejudicing CBQ.

[20] The only issue of concern is that relating to the alleged prejudice to CBQ's rights associated with its second trade-mark registration for the DA VINCI mark in application '066. CBQ claims that the delay would unduly prejudice its ability to exercise its inherent right, based on prior use, to use the DA VINCI mark in association with its wares in Canada. The Prothonotary commented only that the alleged prejudice from the fact that application '066 depends to some extent on the outcome in this matter was not of a nature to refuse the stay.

[21] Dallevigne points out that CBQ has received numerous extensions from the trade-mark's office to reply to the Examiner's response and that CBQ still must overcome issues concerning Dallevigne's mark LEONARDO DA VINCI. It also seems to the Court that the final decision regarding the expungement of the DA VINCI mark is a relevant factor to application '066.

[22] In the circumstances, I find no error in granting the stay of proceedings in file T-2125-15.

C. *Costs*

[23] The Prothonotary ordered costs payable to Dallevigne based on Column V of Tariff B pursuant to Rules 401(2) of the Rules. The apparent premise for the higher award was a letter by

Dallevigne to CBQ indicating that it would seek costs at a higher scale if CBQ did not consent to the stay order should Dallevigne be added as a party or granted leave to intervene in the expungement application.

[24] Elevated costs are not normally awarded when the facts and legal issues are not complex as in the appeal of the stay order. The reliance on the wrong test in law is not a matter giving rise to increased costs, and moreover the relationship between the stay application and two other proceedings gives rise to some degree of prejudice. Dallevigne's argument that CBQ was not "unduly" prejudiced is clearly an insufficient basis to award elevated costs.

[25] Accordingly, while there is no reason for this Court to intervene in the Prothonotary's order staying proceedings in this matter, the cost award by the Prothonotary must be set aside and replaced with an order of costs based on Column III of Tariff B of the Rules. A similar order is equally applicable to Dallevigne's costs in this matter.

THIS COURT ORDERS that:

1. the Prothonotary's order to stay this application until a determination on the merits is made in the related proceeding in court File T-1104-15 is upheld;
2. the costs award on the previous motion is set aside; and
3. costs are awarded to Dallevigne in this matter and before the Prothonotary, to be assessed based on Column III of Tariff B of the Rules.

"Peter Annis"

Judge

APPENDIX A

Federal Courts Act

50 (1) The Federal Court of Appeal or the Federal Court may, in its discretion, stay proceedings in any cause or matter

(a) on the ground that the claim is being proceeded with in another court or jurisdiction; or

(b) where for any other reason it is in the interest of justice that the proceedings be stayed.

[...]

Federal Courts Rules

3 These Rules shall be interpreted and applied so as to secure the just, most expeditious and least expensive determination of every proceeding on its merits.

51 (1) An order of a prothonotary may be appealed by a motion to a judge of the Federal Court.

104 (1) At any time, the Court may

(a) order that a person who is not a proper or necessary party shall cease to be a party; or

(b) order that a person who ought to have been joined as a party or whose presence before the Court is necessary to ensure that all matters in dispute in the proceeding may be effectually and completely determined be added as a party, but no person shall be added as a plaintiff or applicant without his or her consent, signified in writing or in such other manner as the Court may order.

Loi sur les Cours fédérales

50 (1) La Cour d'appel fédérale et la Cour fédérale ont le pouvoir discrétionnaire de suspendre les procédures dans toute affaire :

a) au motif que la demande est en instance devant un autre tribunal;

b) lorsque, pour quelque autre raison, l'intérêt de la justice l'exige.

[...]

Règles des Cours fédérales

3 Les présentes règles sont interprétées et appliquées de façon à permettre d'apporter une solution au litige qui soit juste et la plus expéditive et économique possible.

51 (1) L'ordonnance du protonotaire peut être portée en appel par voie de requête présentée à un juge de la Cour fédérale.

104 (1) La Cour peut, à tout moment, ordonner :

a) qu'une personne constituée erronément comme partie ou une partie dont la présence n'est pas nécessaire au règlement des questions en litige soit mise hors de cause;

b) que soit constituée comme partie à l'instance toute personne qui aurait dû l'être ou dont la présence devant la Cour est nécessaire pour assurer une instruction complète et le règlement des questions en litige dans l'instance; toutefois, nul ne peut être constitué codemandeur sans son consentement, lequel est notifié par écrit ou de telle autre manière que la Cour ordonne.

109 (1) The Court may, on motion, grant leave to any person to intervene in a proceeding.

109 (1) La Cour peut, sur requête, autoriser toute personne à intervenir dans une instance.

300 This Part applies to

300 La présente partie s'applique :

(a) applications for judicial review of administrative action, including applications under section 18.1 or 28 of the Act, unless the Court directs under subsection 18.4(2) of the Act that the application be treated and proceeded with as an action;

a) aux demandes de contrôle judiciaire de mesures administratives, y compris les demandes présentées en vertu des articles 18.1 ou 28 de la Loi, à moins que la Cour n'ordonne, en vertu du paragraphe 18.4(2) de la Loi, de les instruire comme des actions;

(b) proceedings required or permitted by or under an Act of Parliament to be brought by application, motion, originating notice of motion, originating summons or petition or to be determined in a summary way, other than applications under subsection 33(1) of the *Marine Liability Act*;

b) aux instances engagées sous le régime d'une loi fédérale ou d'un texte d'application de celle-ci qui en prévoit ou en autorise l'introduction par voie de demande, de requête, d'avis de requête introductif d'instance, d'assignation introductive d'instance ou de pétition, ou le règlement par procédure sommaire, à l'exception des demandes faites en vertu du paragraphe 33(1) de la *Loi sur la responsabilité en matière maritime*;

(c) appeals under subsection 14(5) of the *Citizenship Act*;

c) aux appels interjetés en vertu du paragraphe 14(5) de la *Loi sur la citoyenneté*;

(d) appeals under section 56 of the *Trade-marks Act*;

d) aux appels interjetés en vertu de l'article 56 de la *Loi sur les marques de commerce*;

[...]

[...]

301 An application shall be commenced by a notice of application in Form 301, setting out

301 La demande est introduite par un avis de demande, établi selon la formule 301, qui contient les renseignements suivants :

(a) the name of the court to which the application is addressed;

a) le nom de la cour à laquelle la demande est adressée;

(b) the names of the applicant and respondent;

b) les noms du demandeur et du défendeur;

(c) where the application is an application for judicial review,

c) s'il s'agit d'une demande de contrôle judiciaire :

(i) the tribunal in respect of which the application is made, and

(i) le nom de l'office fédéral visé par la demande,

(ii) the date and details of any order in respect of which judicial review is sought and the date on which it was first communicated to the applicant;

(ii) le cas échéant, la date et les particularités de l'ordonnance qui fait l'objet de la demande ainsi que la date de la première communication de l'ordonnance au demandeur;

(d) a precise statement of the relief sought;

d) un énoncé précis de la réparation demandée;

(e) 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; and

e) un énoncé complet et concis des motifs invoqués, avec mention de toute disposition législative ou règle applicable;

(f) a list of the documentary evidence to be used at the hearing of the application

f) la liste des documents qui seront utilisés en preuve à l'audition de la demande.

303 (1) Subject to subsection (2), an applicant shall name as a respondent every person

303 (1) Sous réserve du paragraphe (2), le demandeur désigne à titre de défendeur :

(a) directly affected by the order sought in the application, other than a tribunal in respect of which the application is brought; or

a) toute personne directement touchée par l'ordonnance recherchée, autre que l'office fédéral visé par la demande;

[...]

[...]

Trade-marks Act

Loi sur les marques de commerce

9 (1) No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for,

9 (1) Nul ne peut adopter à l'égard d'une entreprise, comme marque de commerce ou autrement, une marque composée de ce qui suit, ou dont la ressemblance est telle qu'on pourrait vraisemblablement la confondre avec ce qui suit :

[...]

[...]

(n) any badge, crest, emblem or mark

n) tout insigne, écusson, marque ou emblème :

[...]

[...]

(iii) adopted and used by any public authority, in Canada as an official mark

(iii) adopté et employé par une autorité publique au Canada comme marque

for goods or services, in respect of which the Registrar has, at the request of Her Majesty or of the university or public authority, as the case may be, given public notice of its adoption and use;

officielle pour des produits ou services, à l'égard duquel le registraire, sur la demande de Sa Majesté ou de l'université ou autorité publique, selon le cas, a donné un avis public d'adoption et emploi;

16 (3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the goods or services specified in the application, unless at the date of filing of the application it was confusing with

16 (3) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce projetée et enregistrable, a droit, sous réserve des articles 38 et 40, d'en obtenir l'enregistrement à l'égard des produits ou services spécifiés dans la demande, à moins que, à la date de production de la demande, elle n'ait créé de la confusion :

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

45 (1) The Registrar may at any time and, at the written request made after three years from the date of the registration of a trade-mark by any person who pays the prescribed fee shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trade-mark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the goods or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date.

45 (1) Le registraire peut, et doit sur demande écrite présentée après trois années à compter de la date de l'enregistrement d'une marque de commerce, par une personne qui verse les droits prescrits, à moins qu'il ne voie une raison valable à l'effet contraire, donner au propriétaire inscrit un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l'égard de chacun des produits ou de chacun des services que spécifie l'enregistrement, si la marque de commerce a été employée au Canada à un moment quelconque au cours des trois ans précédant la date de l'avis et, dans la négative, la date où elle a été ainsi employée en dernier lieu et la raison de son défaut d'emploi depuis cette date.

(2) The Registrar shall not receive any evidence other than the affidavit or statutory declaration, but may hear representations made by or on behalf of the registered owner of the trade-mark or by or on behalf of the person at whose request the notice was given.

(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut entendre des représentations faites par le propriétaire inscrit de la marque de commerce ou pour celui-ci ou par la personne à la demande de qui l'avis a été donné ou pour celle-ci.

(3) Where, by reason of the evidence furnished to the Registrar or the failure to furnish any evidence, it appears to the Registrar that a trade-mark, either with respect to all of the goods or services specified in the registration or with respect to any of those goods or services, was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trade-mark is liable to be expunged or amended accordingly.

(4) When the Registrar reaches a decision whether or not the registration of a trade-mark ought to be expunged or amended, he shall give notice of his decision with the reasons therefor to the registered owner of the trade-mark and to the person at whose request the notice referred to in subsection (1) was given.

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in the appeal.

56 (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.

(2) An appeal under subsection (1) shall be made by way of notice of appeal filed with the Registrar and in the Federal Court.

(3) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trade-mark that has been referred to by the Registrar in the decision complained

(3) Lorsqu'il apparaît au registraire, en raison de la preuve qui lui est fournie ou du défaut de fournir une telle preuve, que la marque de commerce, soit à l'égard de la totalité des produits ou services spécifiés dans l'enregistrement, soit à l'égard de l'un de ces produits ou de l'un de ces services, n'a été employée au Canada à aucun moment au cours des trois ans précédant la date de l'avis et que le défaut d'emploi n'a pas été attribuable à des circonstances spéciales qui le justifient, l'enregistrement de cette marque de commerce est susceptible de radiation ou de modification en conséquence.

(4) Lorsque le registraire décide ou non de radier ou de modifier l'enregistrement de la marque de commerce, il notifie sa décision, avec les motifs pertinents, au propriétaire inscrit de la marque de commerce et à la personne à la demande de qui l'avis visé au paragraphe (1) a été donné.

(5) Le registraire agit en conformité avec sa décision si aucun appel n'en est interjeté dans le délai prévu par la présente loi ou, si un appel est interjeté, il agit en conformité avec le jugement définitif rendu dans cet appel.

56 (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.

(2) L'appel est interjeté au moyen d'un avis d'appel produit au bureau du registraire et à la Cour fédérale.

(3) L'appelant envoie, dans le délai établi ou accordé par le paragraphe (1), par courrier recommandé, une copie de l'avis au propriétaire inscrit de toute marque de commerce que le registraire a mentionnée dans

of and to every other person who was entitled to notice of the decision.

(4) The Federal Court may direct that public notice of the hearing of an appeal under subsection (1) and of the matters at issue therein be given in such manner as it deems proper.

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

57 (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended 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.

(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar of which that person had express notice and from which he had a right to appeal.

la décision sur laquelle porte la plainte et à toute autre personne qui avait droit à un avis de cette décision.

(4) Le tribunal peut ordonner qu'un avis public de l'audition de l'appel et des matières en litige dans cet appel soit donné de la manière qu'il juge opportune.

(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

57 (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

(2) Personne n'a le droit d'intenter, en vertu du présent article, des procédures mettant en question une décision rendue par le registraire, de laquelle cette personne avait reçu un avis formel et dont elle avait le droit d'interjeter appel.

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-2125-15

STYLE OF CAUSE: DALLEVIGNE S.P.A. v. CONSTELLATION BRANDS
QUÉBEC, INC.

PLACE OF HEARING: MONTREAL, QUEBEC

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JUDGMENT AND REASONS: ANNIS J.

DATED: JUNE 1, 2016

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