

**Date: 20090917**

**Docket: T-887-09**

**Citation: 2009 FC 926**

**Toronto, Ontario, September 17, 2009**

**PRESENT: The Honourable Mr. Justice Harrington**

**BETWEEN:**

**PRINCESS GROUP INC. and PRINCESS AUTO LTD.**

**Applicants**

**and**

**CANADIAN STANDARDS ASSOCIATION**

**Respondent**

**REASONS FOR ORDER AND ORDER**

[1] Last month Prothonotary Milczynski gave the applicants, Princess Group Inc. and Princess Auto Ltd. (collectively, “Princess”), an extension of the time in which to apply for judicial review of a decision of the Registrar of Trade-marks issued 27 years ago. I would dismiss the Canadian Standards Association’s appeal therefrom, with costs.

[2] The delay between the Registrar’s decision in 1982 and the application for judicial review of that decision this year is somewhat jarring, and requires explanation. The answer lies in another

matter before this court, an action by the CSA against Princess filed April 23, 2009 under docket number T-648-09.

[3] In that action (and it is not disputed that the CSA holds both an official mark and a trade-mark design consisting of a large circular letter “C” enclosing the smaller letters “s” and “a”) the CSA seeks a declaration that these marks have been used by Princess without its authority, license or permission, and that various sections of the *Trade-marks Act* have been infringed. It seeks relief by way of declaration, injunction, delivery up, damages or accounting of profits and punitive damages.

[4] In essence it is alleged that Princess proffered for sale wares on which the CSA trade-mark and official mark were reproduced.

[5] Princess has now put in a statement of defence in which it is alleged, among other things, that the official mark should not have been accepted and published and that the registered trade-mark is invalid.

[6] The invalidity of the registered trade-mark can be raised by way of defence. However there has been considerable uncertainty as to how to deal with an official mark. The prevalent view is that it is best quashed in an application for judicial review (*Magnotta Winery Corp. v. Vintners Quality Alliance of Canada* (1999), 1 C.P.R. (4<sup>th</sup>) 68 (F.C.T.D.), *Canada Post Corp. v. Post Office*, [2001] 2 F.C. 63, 8 C.P.R. (4<sup>th</sup>) 289 (T.D.), *Tall Ships Art Productions Ltd. v. Bluenose II Preservation Trust*

*Society*, 2003 FC 1442, 32 C.P.R. (4<sup>th</sup>) 262, *Canada Post Corp. v. United States Postal Service*, 2005 FC 1630, [2006] 3 F.C.R. 28). The application for judicial review was filed June 1, 2009, 38 days after service of the statement of claim.

### The Prothonotary's Decision

[7] In 1982 the Registrar of Trade-marks gave public notice under section 9 (1)(N)(iii) of the *Trade-marks Act* of the adoption and use by the Canadian Standards Association of the mark CSA as an official mark for services.

[8] Sections 18.1(1) and (2) of the *Federal Courts Act* provide that anyone “directly affected” by the matter may apply for judicial review of a decision of a federal board, commission or other tribunal within 30 days after the decision was first communicated to the party, or within such further time as the Court may allow.

[9] Prothonotary Milczynski found that Princess only had become “directly affected” and only had standing to challenge the official mark when infringement of that mark was alleged, which was when the statement of claim was served. Thus she acted on the basis that the application was only eight days out of time.

[10] Although she did not cite jurisprudence, she did recite the four-part test set out in *Canada (A.G.) v. Hennelly* (1999), 244 N.R. 399 (F.C.A.). She held:

Whether or not to grant an extension of time is an exercise of the Court's discretion, taking into account a number of factors:

- (i) whether the party seeking the extension of time has shown a continuing intention to pursue the application;
- (ii) whether the party seeking the extension of time has an arguable case;
- (iii) whether a reasonable explanation has been provided for the delay; and
- (iv) whether there is evidence of prejudice arising that will affect the opposing party.

[11] She was not satisfied that the CSA was prejudiced, and was also of the view that Princess had a case to advance as to whether the CSA was a "public authority" within the meaning of the section of the *Trade-marks Act* referred to above and entitled to the benefit of an official mark, and as to whether the CSA had "adopted and used" the official mark.

### Discussion

[12] The first issue is whether or not I am required to exercise my discretion *de novo*. Such orders are only to be reviewed *de novo* if the questions raised in the motion are vital to the final issue in the case, or if the orders are clearly wrong in the sense that the exercise of discretion was based upon a wrong principle or upon a misapprehension of the facts (*Merck & Co. v. Apotex Inc.*, 2003 FCA 488, [2004] 2 F.C.R. 459, 30 C.P.R. (4<sup>th</sup>) 40, leave to appeal to S.C.C. refused, 31754 (May 10, 2007) and cases cited therein).

[13] Had Prothonotary Milczynski exercised her discretion the other way, i.e. if she had not granted the extension, the application for judicial review would have come to an end. It is what she could have done on the pleadings, not what she did do, which must be taken into consideration in determining whether the issue was vital to the outcome of the case. Since she could have refused to grant the extension, her decision was vital and I am obliged to exercise my discretion *de novo*. (*Fieldturf Inc. v. Winnipeg Enterprises Corp.*, 2007 FCA 95, 58 C.P.R. (4<sup>th</sup>) 15)

[14] It is common ground that once the CSA got wind of the alleged infractions in 2007 it gave notice of its registered trade-mark and design, but not of its official mark. In early 2009 it even sent a draft statement of claim, but again no reference was made therein to the official mark. Notice thereof only emanated from CSA with the issuance and service of its statement of claim, both on April 23, 2009.

[15] The CSA takes the position that Princess was on sufficient notice in 2007 to become “directly affected” by the Registrar’s 1982 decision with respect to the official mark. It could, and should, have made inquiries at that time. In addition, the affidavit in support of the application for an extension of time is deficient in that it was made by one of Princess’ solicitors who only had personal knowledge of events commencing with the retention of her law firm, and more especially as to what was done following service of the statement of claim.

[16] I do not accept this argument. The 1982 decision was never communicated by the Registrar of Trade-marks to Princess. It was only first communicated to it by the CSA in April 2009. Had the

CSA invoked it in 2007, or in its draft statement of claim in early 2009, then I believe it could fairly be said that Princess was on notice that its rights may be affected. However that was not the case. I am satisfied that the 30 days only began to run on April 23, 2009.

[17] If Princess is unable to challenge the official mark then part of the action in T-648-09 is for all intents and purposes already decided. Princess would be unable to mount a full defence, a defence which is arguable.

[18] The explanation for the delay is reasonable. Attacking the publication of an official mark by way of judicial review is certainly not an obvious way to proceed. In any event the application for judicial review was filed before the CSA provided the requested particulars of its statement of claim. In the circumstances Princess' solicitors can certainly be forgiven eight days, a delay which in no way prejudiced the CSA. There was no forbearance as it could have sued at any time during the resolution discussions.

[19] Princess has certainly shown a continuing intention to defend itself, and this application for judicial review is simply an adjunct thereto.

[20] Reverting to *Hennelly*, which was delivered from the bench, the Court also noted that whether an applicant's explanation justifies granting an extension turns on the facts of the case. Furthermore the Court had decided there was no compelling reason to interfere with the motion judge's exercise of discretion in refusing to grant an extension. There is no indication that the Court

in any way intended to shy away from its earlier decision in *Grewal v. Minister of Employment and Immigration* [1985] 2 F.C. 263 (C.A.). In *Grewal*, Chief Justice Thurlow was of the view that: “the underlying consideration, however, which, as it seems to me, must be born in mind in dealing with any application of this kind, is whether, in the circumstances presented, to do justice between the parties calls for the grant of the extension.”

[21] It is only fair, right and proper that Princess be given a full opportunity to defend itself. It would be unjust not to allow an extension because it took Princess’ solicitors 38 days, rather than 30, to pick up on an arcane procedural point.

**ORDER**

**THIS COURT ORDERS that** the appeal be dismissed with costs.

“Sean Harrington”

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Judge



**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-887-09

**STYLE OF CAUSE:** PRINCESS GROUP INC. and PRINCESS AUTO LTD. v.  
CANADIAN STANDARDS ASSOCIATION

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** SEPTEMBER 14, 2009

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AND ORDER BY:** HARRINGTON J.

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**APPEARANCES:**

Joseph Etigson FOR THE APPELLANT/ RESPONDENT  
Michael Carey

Peter Wells FOR THE RESPONDENTS/ APPLICANTS

**SOLICITORS OF RECORD:**

Macdonald Sager Manis LLP FOR THE APPELLANT/ RESPONDENT  
Toronto, Ontario

Lang Michener LLP FOR THE RESPONDENTS/ APPLICANTS  
Toronto, Ontario