

Federal Court



Cour fédérale

Date: 20100401

Docket: T-1554-06

Citation: 2010 FC 358

Ottawa, Ontario, April 1, 2010

PRESENT: The Honourable Mr. Justice de Montigny

BETWEEN:

LABORATOIRES QUINTON INTERNATIONALE S.L.

Plaintiff

and

**MYRIAM BISS
and
RUDOLPH BISS
and
9134-3954 QUEBEC INC.**

Defendants

REASONS FOR ORDER AND ORDER

[1] This is a motion brought by the Defendants for leave to amend their Defense and to add a counterclaim pursuant to Rule 75 of the *Federal Courts Rules*, SOR/98-106. The Plaintiff contests the Motion only insofar that the Defendants seek to add a counterclaim.

[2] The underlying action by the Plaintiff seeks to expunge trade mark registration nos. TMA666,132 for QUINTON DUPLASE, TMA666,134 for QUINTON & Design, TMA 666,135 for QUINTON HYPERTONIC, and TMA 666,768 for QUINTON ISOTONIC (the QUINTON Marks). This action is also for trade mark passing-off and copyright infringement. The Statement of Claim was filed on August 28, 2006.

[3] A Statement of Defence was filed on October 13, 2006, which was amended on April 16, 2009. A Reply was filed on November 15, 2006.

[4] The first round of discoveries of the parties took place on April 27 and 28, 2009. Second round of discoveries is to be completed no later than April 9, 2010.

[5] The Defendants claim that the Plaintiff infringed sections 7(a) and 22 of the *Trade-marks Act*. R.S.C. 1985, c. T-13. More particularly, the Amended Defence and Counterclaim appended to the Notice of Motion alleges that the Plaintiff or other parties under its control have made false and misleading statements directed to customers and business partners of the Defendants with respect to the use of the QUINTON Marks by the Defendants and to the quality of the products sold in association with these Marks. The Defendants claimed that they have suffered damages in Canada as a result of these communications, and that it would be in the interest of justice to allow the amendment sought so that this Court may rule on the whole of the dispute opposing the parties in the context of a single proceeding.

[6] On March 19, 2010, the Defendants' counsel asked the Plaintiff's counsel for consent to amend their defence and to add a counterclaim, and a draft of the proposed amended pleading was sent to the Plaintiff's counsel. The Plaintiff's counsel refused to provide consent on the basis that this Court lacks jurisdiction to entertain the counterclaim, as the cause of action did not arise in Canada.

[7] It is not in dispute that an allegation by a party that it has suffered damages in Canada will not be sufficient to ground this Court's jurisdiction. There must be a real and substantial connection between the forum and the party against whom an action is filed if this Court is to assume jurisdiction. If the cause of action took place in other countries, the suing party must apply to the relevant foreign court to obtain redress. Even if the main action falls squarely within the Court's jurisdiction, the counterclaim must also be assessed independently as it is a separate and distinct claim: *Concept Omega Corp. v. Logiciels KLM Ltée* (1987), 12 F.T.R. 291 (F.C.), at p. 81.

[8] Both parties relied on my decision in *Desjean v. Intermix Media, Inc.*, 2006 FC 1395, [2006] F.C.J. No. 1754, at paras. 28-35, aff'd 2007 FCA 365, [2007] F.C.J. No. 1523 for guidance as to the criteria to be used in order to determine if a real and substantial connection has been established. In that case, I came to the conclusion that the mere access by Canadians of a website operated by a company located outside Canada, with no servers, employees, offices or bank accounts in Canada, which was not paying taxes in Canada and which had no advertising, marketing or specific content aimed at the Canadian market did not meet the real and substantial test.

[9] In the case at bar, I am unable to find a sufficient connection of the alleged causes of action to confer jurisdiction upon this Court. The mere addition of the words “au Canada” in various paragraphs of the proposed Amended Defence and Counterclaim is obviously insufficient to confirm this Court’s jurisdiction. I agree with the Defendants that a Court dealing with an application to amend must assume that the facts pleaded are true: see *Visx Inc. v. Nidek Co.* (1997) 209 N.R. 342 (F.C.A.) at 347; *Fox Lake Indian Band v. Reid Crowthers & Partners Ltd.*, 2002 FCT 630, [2003] 1 F.C. 197, at par. 11. It is also true that the Court must apply the same rule as in striking out a pleading, that is, it will only deny an amendment in a plain and obvious case where the situation is beyond doubt. That being said, specific facts relating to a cause of action in Canada are blatantly missing.

[10] Paragraphs 99, 100, 103, 104, 106 and 107 of the proposed Amended Defence and Counterclaim contain allegations based on facts that do not appear to have occurred in Canada or to have emanated from Canada. Moreover, paragraphs 101 to 108 of the proposed Amended Defence and Counterclaim refer to acts committed by a U.S. company called Original Quinton. That U.S. company is not a party to this action, and does not appear to have employees, offices or bank accounts or servers in Canada. Even if the internet publications of that company misrepresenting the products of the Defendants are accessible to Canadians, it is clearly not enough to confer jurisdiction to this Court.

[11] The only evidence upon which the Court can rely at this stage is the affidavit of Mr. Marc Biss filed by the Defendants in support of a Motion for a Protective Order, which was heard by this

court on March 22, 2010. That affidavit does not contain any evidence of an actionable cause of action under section 7(a) and 22 of the *Trade-marks Act*. None of the exhibits to that affidavit show a cause of action emanating from Canada that is actionable against the Plaintiff in Canada. At the hearing, counsel for the Defendants argued that it was inappropriate to rely on that affidavit as it was filed for another purpose. This may well be the case, but the fact remains that it is, so far, the only available evidence supporting the allegations made in the proposed Amended Defence and Counterclaim. This falls far short of providing the required real and substantial connection to Canada that must be established to justify the jurisdiction of this Court.

[12] The only connection to Canada therefore seems to be that the Defendants' business is based exclusively in Canada and serve all of its customers (who are themselves to a large extent Canadians) from Canada. Nowhere is this bald assertion substantiated. But even if the Court was to take it at face value for the purposes of the current motion, it would be insufficient to grant it jurisdiction. The statutory violations must have been committed in Canada if this Court is to be the proper forum to adjudicate the Defendants' counterclaim.

[13] This motion must therefore be dismissed, since it is at the very least premature. If, as a result of the second round of discoveries, the Defendants are able to substantiate their counterclaim with specific facts relating to infringements of the *Trade-marks Act* in Canada, they are entitled to bring a further Motion to add a counterclaim to their Defence.

ORDER

THIS COURT ORDERS that this motion is dismissed, without prejudice to seek leave to add a counterclaim if and when the Defendants can support it with evidence establishing actionable causes of action committed in Canada.

"Yves de Montigny"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1554-06

STYLE OF CAUSE: Laboratoires Quinton Internationale S.L.
v.
9134-3954 Quebec Inc. et al.

PLACE OF HEARING: Montreal, Quebec

DATE OF HEARING: March 29, 2010

**REASONS FOR ORDER
AND ORDER BY:** de MONTIGNY J.

DATED: April 1, 2010

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