



2/10/97 NO

T-1853-96

BETWEEN:

IMMUNO CONCEPTS, INC.,

Appellant,

- and -

IMMUNO AG,

Respondent.

REASONS FOR ORDER

TREMBLAY-LAMER J.

On September 16, 1996, the respondent Immuno AG submitted a motion pursuant to Rule 336(5) of the *Federal Court Rules* in which it sought an order reviewing and setting aside the prothonotary's decision of August 26, 1996 granting the appellant an extension until December 11, 1996 to adduce additional evidence under subsection 56(5) of the *Trade-marks Act* and Rule 704(3) of the *Federal Court Rules*.

The decision in question in the case at bar is one rendered on August 26, 1996 by Prothonotary Hargrave. It was made in response to a motion submitted under Rule 704 of the *Federal Court Rules* for an extension of time in order to adduce additional evidence. Rule 704 reads as follows:

Rule 704. (1) This Rule applies to an originating notice or notice of appeal to which section 59 of the *Trade-marks Act* applies and to an originating notice of application under subsection 50(10) of that Act.

(2) The originating notice or notice of appeal shall contain a statement in summary form of the material facts on which the applicant or appellant relies.

(3) At the time of filing an originating notice or notice of appeal, the applicant or appellant shall file the affidavits and

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other evidence that the applicant or appellant proposes to put before the Court for the hearing and determination of the proceedings and shall serve certified copies of the originating notice or notice of appeal and copies of the affidavits on the other parties forthwith thereafter.

(4) Any person who desires to file and serve a reply under subsection 59(2) of the *Trade-marks Act* shall do so, together with any affidavits or other evidence that the person proposes to put before the Court for the hearing and determination of the proceedings, within 60 days after being served with the originating notice or notice of appeal.

(5) A reply that is filed and served under subsection 59(2) of the *Trade-marks Act* shall contain a statement of the material facts on which the person filing the complaint relies.

(6) No person shall cross-examine any person on any affidavit filed under this Rule without leave of the Court.

(7) Except as permitted by this Rule, or by order of the Court, no affidavit or other material shall be filed for use in connection with the hearing and determination of the proceedings except by leave of the Court.

I. The prothonotary's decision

The prothonotary began by recognizing that Rule 704(7) authorizes the submission of a motion for the late filing of affidavits. He explained that the affidavits whose filing is sought in such a case are attached to the notice of motion, adding that the applicant must then show that there are valid reasons for the delay and that the affidavits in question are relevant and valid. He then discussed the Federal Court of Appeal's decision in *Prouvost S.A. v. Munsingwear Inc.* (hereinafter "*Munsingwear Inc.*").¹

In his view, Rule 704(7) makes it possible, in special circumstances, to submit a motion, to which no affidavit is attached, for an extension of time in order to adduce additional evidence. The Federal Court of

¹ [1992] 2 F.C. 541 (C.A.).

Appeal did not rule out this possibility in *Munsingwear Inc.* It stated the following:

The Court went on to say that it did not rule out the possibility of filing the affidavits, not with the motion, but at a later date:

. . . In such cases, the court will have to be especially scrupulous and require that the notice of motion for leave to extend the deadlines indicate, in addition to the reasons for the delay, the purpose of the affidavits that will eventually be filed and the probable use to be made of them in court, and if it is impossible for the applicant to indicate such object and use, the reasons why it is unable to do so.

Applying this last rule, he granted the motion. First of all, he found the delay to be justified in that it is often quite difficult to obtain information promptly during the summer. He was satisfied by the explanations given by Mr. Lo in his affidavit concerning the nature and probable use of the additional evidence. He stated the following on this subject:

Counsel, on behalf of Immuno Concepts Inc., now intends to seek evidence pertaining to the use of trade-marks which include the prefix "immuno", or variations, used on wares similar to those of the Appellant. In that regard the lawyers for Immuno Concept propose to attempt to obtain third party affidavits from Canadian manufacturers, distributors or consumers of such wares in order to show the use of the immuno prefix in Canada.

This satisfied him that there were special circumstances.

Immuno AG has appealed that decision under Rule 336(5) of the *Federal Court Rules*.

II. Submissions of the parties

Immuno AG submits that the purpose of Rule 704(7) is to enable a party to obtain not an extension of time in order to adduce additional evidence but leave to adduce such evidence late. Its submission is based on *Munsingwear Inc.*, which it claims to have held that a motion for leave to adduce additional evidence late will be granted only if that additional evidence is adduced at

the same time as the notice of motion is served and if the applicant gives reasons for the delay. According to Immuno AG, neither of these conditions was met in the instant case.

Immuno Concepts Inc. is basically relying on the reasons given by the prothonotary. Thus, it submits that there is a valid excuse for its delay and that there are clearly special circumstances justifying the application of the exception formulated in *Munsingwear Inc.*

III. Analysis

Since *Canada v. Aqua-Gem Investments Ltd.*² and the subsequent decisions,³ the applicable standard of review in an appeal from a prothonotary's decision has been the following: a discretionary order by a prothonotary is reviewable only if (1) it is clearly wrong in that it is based upon a wrong principle or upon a misapprehension of the facts, or (2) it concerns questions that will be vital to the final issue of the case.

In the case at bar, it is my view that the second ground for review must be dismissed from the outset. The prothonotary granted a party an extension of time to file affidavits it was not in a position to file forthwith. It seems difficult to assert that such an order concerns questions that will be vital to the final issue of the case. I must therefore confine myself to determining whether Prothonotary Hargrave's decision is clearly wrong

² [1993] 2 F.C. 425 (C.A.).

³ For example, see the following decisions: *Cornerstone Securities Canada Inc. v. North American Trust Co.* (1994), 86 F.T.R. 53 (F.C.T.D.); *Samsonite Canada Inc. v. Costco Wholesale Corp.* (1994), 53 C.P.R. (3d) 210 (F.C.T.D.); *Keramchemie GmbH v. Keramchemie (Canada) Ltd.* (1994), 56 C.P.R. (3d) 454 (F.C.T.D.); *Source Services Corp. v. Source Personnel Inc.* (December 11, 1995), T-1841-95; and, finally, *Singh v. Canada (Minister of Citizenship and Immigration)* (May 1, 1996), IMM-3512-95 (F.C.T.D.).

because it is based upon a wrong principle or upon a misapprehension of the facts.

In my view, Rule 704(7) clearly authorizes an order granting leave to adduce additional evidence late. In such a case, the affidavits sought to be adduced in evidence are attached to the notice of motion. The applicant must then give reasons for filing them late. Then, the Court must conduct the following analysis:

The jurisprudence is clear that in an application for an extension of time under Rule 704(8) [now Rule 704(7)], the Court should take into account both the reasons for the delay and the intrinsic worth of the affidavits (i.e. the relevance, admissibility and potential use to the Court). It has been said in some cases that both factors must be weighed together. Accepting this to be the correct approach for present purposes, I understand it to mean that one must still weigh the seriousness of the delay against the potential value of the affidavits and that either may outweigh the other.⁴ (references omitted)

These principles were recognized and applied in subsequent cases: for example, see *Golden Happiness Bakery Ltd. v. Goldstone Bakery & Restaurant Ltd.*,⁵ *Keramchemie GmbH v. Keramchemie (Canada) Ltd.*,⁶ *Unitel Communications Inc. v. Bell Canada*⁷ and, finally, *Uniwell Corp. v. Uniwell North America Inc.*⁸

In the case at bar, it is clear that the tests explained above have not been met. Immuno Concepts Inc. is seeking an extension of time to file affidavits it is not in a position to file forthwith.

⁴ *Maxim's Ltd. v. Maxim's Bakery Ltd.* (1990), 32 C.P.R. (3d) 241 (F.C.T.D.), at page 242.

⁵ (1994), 53 C.P.R. (3d) 195 (F.C.T.D.).

⁶ *Supra*, note 3.

⁷ (1994), 57 C.P.R. (3d) 99 (F.C.T.D.).

⁸ (1994), 58 C.P.R. (3d) 224 (F.C.T.D.).

If Rule 704(7) authorizes an order granting a party leave to adduce evidence late, does it also authorize a party to apply in advance for an extension of time to file affidavits if it is not in a position to file forthwith? The Federal Court of Appeal was asked to rule on this question in *Munsingwear Inc.* Décary J.A., who wrote the Court's reasons, expressed the following opinion:

Disregarding this general rule, Prouvost applied to the Court in advance for an extension of time to file affidavits which it was not in a position to file at that point. I have serious doubts as to the validity of this procedure.

In Décary J.'s view, the proper procedure for a party who finds it impossible to file his or her affidavits at the proper time is instead to inform the opposing party that he or she will subsequently, that is, when the affidavits are ready, file an application for leave to file the said affidavits late. However, Décary J.A. did not rule out the possibility that a party may in exceptional circumstances ask the Court pursuant to Rule 3(1)(c) for leave to extend the deadline for filing a notice of motion to file affidavits late:

I do not rule out the possibility that in certain special circumstances a party may ask the Court pursuant to Rule 3(1)(c) for leave to extend the deadlines for filing a notice of motion to file affidavits late. In such cases, the Court will have to be especially scrupulous and require that the notice of motion for leave to extend the deadlines indicate, in addition to the reasons for the delay, the purpose of the affidavits that will eventually be filed and the probable use to be made of them in Court, and if it is impossible for the applicant to indicate such object and use, the reasons why it is unable to do so.

Thus, a party may in certain special circumstances apply in advance by way of a notice of motion for an extension of time to file affidavits if he or she is not in a position to file forthwith. However, as Décary J.A. pointed out, the Court must be especially scrupulous in such a case.

In *Munsingwear Inc.*, Décary J.A. found as follows concerning the merits of the notice of motion:

In the case at bar, Prouvost did not show any exceptional circumstance that would justify a departure from the general rule, and I consider that its notices of motion were premature.

Furthermore, these notices of motion cannot be allowed by the Court as written, since they request only an extension of time "to file additional evidence", and give no further details as to the nature of such evidence. Even if I were to agree that the conclusion sought in the notice of motion could be completed by the details contained in the Carrière affidavit, the Court would have before it a notice of motion asking leave to file four affidavits, "inter alia". There is no question of the Court issuing such a blank cheque.

Décary J.A.'s reasons in *Munsingwear Inc.* can in my view be summarized as follows:

- (1) The primary purpose of Rule 704(7) is to enable a party to obtain leave to file affidavits late, and the affidavits to be filed must be attached to the notice of motion;
- (2) A party cannot generally apply in advance for an extension of time to file affidavits he or she is not in a position to file forthwith;
- (3) A party who finds it impossible to file affidavits at the proper time must inform the opposing party that he or she will subsequently, that is, when the affidavits are ready, file an application for leave to file them late;
- (4) A party may in exceptional circumstances apply to the Court in advance pursuant to Rule 3(1)(c) for an extension of time to file affidavits he or she is not in a position to file forthwith;
- (5) Where a party relying on exceptional circumstances applies to the Court for an extension of time to file affidavits it is not in a position to file, the Court will be especially scrupulous and will grant the motion only if the party's notice of motion indicates:
 - (a) the reasons for the delay;
 - (b) the purpose of the affidavits the party proposes to file and the use he or she will make of them; and
 - (c) if it is impossible for the party to provide information on the purpose and use of the affidavits, the reasons why he or she is unable to do so.

In his decision, the prothonotary considered the proper tests. He found that the applicant met all of them. I would not necessarily have reached the same

conclusions as him; however, in light of the deference I must, as a result of *Aqua-Gem Investments Ltd.*, show discretionary decisions by a prothonotary, it is my view that I should not intervene. I cannot find that Prothonotary Hargrave's decision is clearly wrong. He correctly interpreted the principle stated in Rule 704(7) and found that there were exceptional circumstances in the case at bar. He did not base the exercise of his discretion on a misapprehension of the facts.

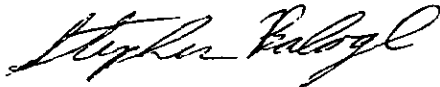
Before concluding, however, I must make the following comment. It was established in *Munsingwear Inc.* that where a party relies on exceptional circumstances and applies in advance for an extension of time to file affidavits he or she is unable to file forthwith, the reasons for the delay and information on the purpose and use of the affidavits must be indicated in the notice of motion. Furthermore, such a motion must be submitted not under Rule 704 but under Rule 3(1)(c). In the case at bar, this information was instead included in Mr. Lo's affidavit. Nevertheless, I do not feel that this failing should serve as a bar against Immuno Concepts Inc. First, in *Munsingwear Inc.*, Décarry J.A. seemed to suggest that the affidavit can be used to perfect the notice of motion. Second, to reverse the prothonotary's decision on the basis of this procedural error would in my view be to allow form to triumph over substance, which would be contrary to the interests of justice.

For all these reasons, the motion for review is dismissed.

OTTAWA, Ontario
The 26th day of September, 1996

Danièle Tremblay-Lamer
JUDGE

Certified true translation



Stephen Balogh

FEDERAL COURT OF CANADA

TRIAL DIVISION

Names of counsel and solicitors of record

Court No.: T-1853-96
Style of cause: Immuno Concepts, Inc. v. Immuno AG
Place of hearing: Montréal, Quebec
Date of hearing: September 16, 1996
Reasons for order by: Tremblay-Lamer J.
Dated: September 26, 1996

APPEARANCES:

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**THE FEDERAL COURT
OF CANADA**

**LA COUR FÉDÉRALE
DU CANADA**

Court No.: T-1853-96

No. de la cause:

Let the attached certified translation of the following document in this cause be utilized to comply with Section 20 of the Official Languages Act.

Je requiers que la traduction ci-annexée du document suivant telle que certifiée par le traducteur soit utilisée pour satisfaire aux exigences de l'article 20 de la Loi sur les langues officielles.

REASONS FOR ORDER

JAN 22 1997

Danièle Tremblay-Lamer

DATE

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