Federal Court  Cour fédérale

Date: 20140109

Docket: T-791-13

Citation: 2014 FC 26

Ottawa, Ontario, January 9, 2014

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

299614 ALBERTA LTD.

Applicant

and

FRESH HEMP FOODS LTD.

Respondent

REASONS FOR ORDER AND ORDER
(WITH RESPECT TO COSTS)

[1] The Applicant's appeal under section 56(1) of the *Trade-marks Act*, RSC 1985, c T-13 [*Act*], of a decision by the Registrar of Trade-marks to allow the Respondent's trade-mark application and to register the trade-mark, was dismissed by Judgment dated December 11, 2013. Costs were awarded to the Respondent, in an amount to be determined following receipt of the parties' submissions.

[2] It was held that the appeal was improperly brought under section 56 of the *Act* and that the only way to remove a trade-mark from the register is to initiate expungement proceedings under section 57. Specifically, it was found, as was submitted by the Respondent, that once a trade-mark is registered, it can only be expunged under section 57: *Sadhu Singh Hamdard Trust v Canada (Registrar of Trade-Marks)*, 2007 FCA 355, 286 DLR (4th) 472 at para 23 [*Sadhu*]. Expunging a registered trade-mark is not a remedy that is available under section 56.

[3] This application was filed on May 8, 2013. In its submissions, the Respondent informs the Court of two relevant factors that it says should lead to an increased award of costs.

[4] First, it advises that it served the Applicant with a formal offer to settle by letter dated July 10, 2013, on terms that were more advantageous to the Applicant than the Judgment rendered. Accordingly, pursuant to Rule 420 of the *Federal Courts Rules* [*Rules*], it submits that it is entitled to its party and party costs to the date of the offer and thereafter at double that rate (excluding disbursements).

[5] Second, it advises that the Attorney General for Canada, who had initially and improperly been named as a party, informed the Applicant by letter dated May 24, 2013, that *Sadhu* "confirms that once a mark is registered, the proper remedy to have it expunged is under s. 57 of the *Trade-Marks Act*." Although the application was discontinued as against the Attorney General for Canada on August 7, 2013, it was maintained as against the Respondent. The Respondent says that as Judgment accorded with the position the Attorney General for Canada and the Respondent took as

to the applicability of *Sadhu*, the application was "improper, vexatious and unnecessary" and it ought to be awarded double its party and party costs throughout.

[6] The Applicant resists both submissions and takes particular exception to the Respondent's assertion that the application was "improper, vexatious and unnecessary" and submits that it "would not have been prudent" for it to have accepted the Respondent's offer.

[7] As to the offer, the fact that it may have been imprudent for the Applicant to have accepted it, is irrelevant. The only condition under the *Rules* is whether the successful party obtained greater relief than the offer proposed, and it did in this case. Accordingly, the Respondent would be entitled to its costs on a party and party basis to the date of the offer and at double that rate (with respect to fees) thereafter.

[8] As to whether the application was "improper, vexations and unnecessary," it cannot be said that the application was either improper or vexatious. It appears to have been a "hail Mary pass" in an attempt to find an expeditious way to void the Registrar's decision. Had it succeeded (as unlikely as that was), it would have resulted in a saving of time and money for the Applicant. However, in the Court's view, as reflected in the Reasons for Judgment, it was evident that *Sadhu* was binding authority that applied to the facts in this application, making the result self-evident. As such, I agree with the Respondent that the application was unnecessary.

[9] Therefore, in the exercise of my discretion, and in light of the finding that the litigation was unnecessary and there was a valid outstanding offer of settlement, I award double party and party costs throughout.

[10] The Respondent seeks costs of two counsel at the hearing. This was not a complex matter and given the binding authority of *Sadhu*, the Respondent was not required to engage two counsel and the Applicant should not be penalized in costs by having to pay for both. Accordingly fees and disbursements for only one counsel are allowed.

[11] The Respondent incurred costs for travel and accommodation in Vancouver overnight. The Applicant submits that Respondent's counsel could have travelled to Vancouver from Winnipeg the morning of the hearing or appeared by video link and thus these expenses were unnecessarily incurred. The Applicant selected the place of hearing - Vancouver - and did not suggest that it be heard other than in person. In the Court's view, it was reasonable for counsel to travel the day before the next morning's hearing, particularly given weather issues prevalent in Canada in December.

[12] The Applicant further notes that the Respondent has failed to provide any receipts for the disbursements and it urges the Court to disallow them as a result. I shall not do that; however, the Respondent is required to support disbursements incurred by receipts.

[13] I find that the final assessment of costs should be reserved to the taxing officer, if the parties, given the directions herein, are unable to agree on an amount.

ORDER

THIS COURT ORDERS that the taxing officer is directed to tax the Respondent's costs in accordance with these Reasons.

"Russel W. Zinn"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-791-13
STYLE OF CAUSE:	299614 ALBERTA LTD. v FRESH HEMP FOODS LTD.
PLACE OF HEARING:	VANCOUVER, B.C.
DATE OF HEARING:	DECEMBER 5, 2013
REASONS FOR ORDER AND ORDER:	ZINN J.
DATED:	JANUARY 9, 2014

APPEARANCES:

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