



Section 57 Applications “Drive” Amendments to the Trademarks Register

June 14, 2019

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In the recent decision of the Federal Court of Appeal (“FCA”), [Hutchingame Growth Capital Corp v Dayton Boot Co Enterprises Ltd. et al](#), the FCA clarified the importance of initiating an appeal of a Trademarks Office decision under the appropriate “jurisdictional vehicle”.

The Facts

Dayton Enterprises was a bootmaker who registered its DAYTON trademark in 2011. An individual named Mr. Risk offered to invest in the DAYTON brand through his firm, Red Cat. In May 2012, Dayton Enterprises and Red Cat entered into an agreement the Federal Court described as “a poorly drafted Asset Acquisition Agreement”, pursuant to which assets including the DAYTON trademark would be transferred to Red Cat for financial consideration. The Agreement was unclear when the transfer of title would occur, and used prospective language (e.g., “will acquire”, “will be granted”).

By late 2015, Dayton Enterprises and Red Cat were exchanging legal threats, with disagreement over financial obligations Red Cat had purportedly failed to meet. In March 2016, Dayton Enterprises wrote to Red Cat to revoke its “permission” to use the DAYTON trademark. In response, Red Cat asserted that title to the DAYTON trademark had already transferred to it, and advised it would be taking steps to ensure the transfer of the trademark “pursuant to the Agreement”.

Interestingly, by the time of Red Cat’s response, it had already “assigned” the DAYTON trademark to Hutchingame by way of an agreement dated March 2016 – a fact it did not disclose in its response to Dayton Enterprises. Instead, Red Cat asked the Registrar of Trademarks to amend the DAYTON trademark registration to reflect its purported ownership since May 2012. As part of this request, Red Cat included a heavily redacted copy of the Agreement, and did not copy Dayton Enterprises on its correspondence, making the request *ex parte*. The Registrar recorded the change of ownership and informed Dayton Enterprises by letter in June 2016.

Despite Dayton Enterprises’ objection to the change, the Registrar refused to amend the recorded ownership, citing section 57 of the *Trademarks Act*, which vests the Federal Court with exclusive jurisdiction to order amendment of the trademarks register.

Dayton Enterprises’ Application before the Federal Court

In response to the Registrar’s refusal, Dayton Enterprises initiated a judicial review application before the Federal Court pursuant to section 18.1 of the *Federal Courts Act*. The Federal Court found it was inexcusable for Red Cat to submit the transfer request to the Registrar as though it was a routine matter, in view of the parties’ disagreement with respect to who owned the mark. By that time, there were already proceedings before the British Columbia Supreme Court relating to the Agreement. Ultimately, the Federal Court found that Red Cat’s conduct breached its “exceptional duty of full and frank disclosure” in view of the *ex parte* nature of its request to the Registrar.

The Federal Court held that the Registrar’s change of ownership from Dayton Enterprises to Red Cat was set aside, thereby also “extinguishing” the Registrar’s subsequent decision to transfer the ownership from Red Cat to Hutchingame pursuant to their March 2016 agreement. The Federal Court also awarded elevated costs against Red Cat in view of its conduct.



The FCA Holds Judicial Review Inapplicable to Section 57 Applications

The FCA concluded that the Federal Court erred in holding Dayton Enterprises' application pursuant to section 18.1 of the *Federal Courts Act* was the correct "jurisdictional vehicle and basis for the Federal Court's intervention"; the FCA found that the correct vehicle was section 57 of the *Trade-marks Act*.

Because Dayton Enterprises did not have a right to appeal the Registrar's decision, since Red Cat's request to amend the register was *ex parte*, an application under section 57 was open to it as a "person interested".

The FCA observed that judicial review requires the body whose decision is under review be empowered to do that which is under review (which the Registrar could not have done without a Court order). The FCA found that on judicial review, the Federal Court could only set aside the Registrar's decision and remit the issue back to the Registrar; in contrast, on a section 57 application, the Federal Court could order the Registrar to amend the register.

The FCA therefore concluded that the Federal Court should have declined to proceed by way of judicial review because of its powers pursuant to section 57 of the *Act*.

In view of the unique circumstances of the case, the FCA ordered that because of the dispute between the parties as to ownership of the DAYTON trademark was contractual, the Federal Court should have stayed the section 57 application until the British Columbia Supreme Court resolved the contractual issues. Accordingly, the FCA would not order the register amended as requested by Dayton Enterprises. Instead, it ordered that the register be amended to inform the public that the ownership of the DAYTON trademark and validity of the recorded entries are in dispute.

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