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Is your material material? The new test for leave to file new evidence in Trademarks Opposition Board appeals

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Key Takeaways

- As of April 1, 2025, s. 56(5) of the *Trademarks Act* requires court leave to introduce new evidence in trademark appeal cases, replacing the previous automatic right.
- The Federal Court's decision in *Products Unlimited* clarified the criteria for obtaining leave, emphasizing the relevance, credibility, admissibility and materiality of new evidence.
- Ultimately, the decision underscores the importance of submitting complete evidence at the first instance in proceedings before the Trademarks Opposition Board.

On April 1, 2025, a key strategic requirement in trademark appeals changed. Whereas parties could previously introduce new evidence on appeals of Trademarks Opposition Board decisions as of right, an amendment to s. 56(5) of the *Trademarks Act* now requires leave of the court before any new evidence is accepted. This change was discussed in a previous Update, "Changes to Canadian trademark laws and practice coming April 1, 2025".

However, since the amendment, there has been uncertainty on what would be required to obtain such leave because the revised s. 56(5) does not articulate a standard.

Parties now have some guidance. On January 14, 2026, the Federal Court released its decision in *Products Unlimited, Inc. v. Five Seasons Comfort Limited*, 2026 FC 48 (*Products Unlimited*), where the Court substantively addressed the new approach to deciding leave to adduce additional evidence.

Legislative background: a shift from automatic rights, to leave requirements

Prior to April 1, 2025, s. 56(5) of the Act granted any party an automatic right to file additional evidence before the Federal Court. If the new evidence was found to be material, the Court would conduct a *de novo* appeal. In conducting a *de novo* analysis, the Court reassesses the issues which that new evidence could have affected afresh, with the benefit of that evidence. Thus, the introduction of new evidence was often critical.
Evidence was considered material if it was of probative value and was sufficiently substantial

and significant, such that it could have affected the Registrar's findings.

That automatic right to adduce new evidence ended with the amendment of s. 56(5). The Explanatory Note [PDF] accompanying the Order in Council explained the change; the old regime created and allowed for inefficiencies whereby parties could withhold relevant evidence before the Registrar and then re-litigate those issues before the Court on a materially different record.

The amended s. 56(5) was intended to encourage parties to end this practice and put their best evidence before the Registrar.

Products Unlimited: the registrability of a non-traditional trademark

In *Products Unlimited,* the central issue before the Court (as before the Board) was whether Products Unlimited's FILTER DESIGN trademark was unregistrable because its features were dictated primarily by a utilitarian function. The functionality doctrine in Canadian trademark law prohibits registration of functional product features and is aimed at ensuring that protection for utilitarian product features is provided through a time-limited patent, not through the potentially time-unlimited protection of a trademark registration.

The FILTER DESIGN trademark comprised diamond-shaped apertures arranged in offset columns on paint-booth air filters. The Board refused registration under s. 12(2) of the Act, relying heavily on extracts from Products Unlimited's website that referenced the functional benefits and advantages of the aperture pattern and its positioning.

On appeal, Products Unlimited sought to tender new evidence that addressed the statements in the website extracts by explaining their meaning, their connection to technical aspects of Products Unlimited's product, and how the apertures relate to the question of functionality.

The Court ultimately articulated a new test, applied that test to grant leave for Products Unlimited's new evidence, and found that evidence material. Assessing the registrability afresh in light of the new evidence, the Court granted the appeal and directed that the FILTER DESIGN trademark was registrable.

Key finding: the new framework for leave under s. 56(5)

In considering the text, context, and purpose of the amended s. 56(5), the Court (per Justice McHaffie) concluded that in assessing a request, the Court should consider *whether the interests of justice favour granting leave on the basis of all relevant factors, including*:

- **The relevance, credibility, and admissibility of the evidence**: the Court recognized that there is little point in granting leave to file evidence that is unreliable, not credible, or irrelevant to the issues in dispute, and that additional evidence must meet the threshold requirement of admissibility.
- **The materiality of the evidence**: the relevant question is whether the new evidence *could* have a bearing on a finding of the Registrar.
- **The circumstances surrounding the delay in filing the evidence**: the Court recognizes the tension between litigants putting their best foot forward at first instance and the

legislative right to file new evidence. While the question of whether the evidence could have been put before the Board remains an important one, which may be determinative, other surrounding circumstances that explain why evidence was not filed may also be relevant.

- **Whether granting leave would cause prejudice to the opposing party**.

The Court stressed that this is not a closed list of factors and that the interests of justice include the important principles of finality, order, efficiency and fairness in litigation.

Interestingly, this approach adopts and adapts the features of the Supreme Court's test for new evidence before appellate courts, outlined in *Palmer v. The Queen*[1], and puts those features in the context of the jurisprudence on trademark appeals.

In so doing, the Court recognized that statutory appeals from administrative tribunals (such as the Trademarks Opposition Board) engage different considerations and that the language of s. 56(5) evidences Parliament's intent to:

- treat differently appeals from the Registrar and other appeals
- end the unrestricted ability to file new evidence on appeal and
- preserve the unique approach to trademark appeals

Standard of review on appeal: the same test as before

Importantly, the Court emphasized that its approach to the amended s. 56(5) **does not** alter the standards of review applicable under the former version:

- Questions of law, including those that are extricable from questions of mixed fact and law, are subject to the correctness standard.
- Where **no new evidence is adduced** (either because none was tendered or because leave was not granted), the palpable and overriding error standard will apply to questions of fact and questions of mixed fact and law
- Where **leave has been granted to adduce new additional evidence**, the Court will conduct a *de novo* review and apply the correctness standard with respect to that additional evidence (since if leave is granted presumably the Court has determined the evidence to be material), and the palpable and overriding error standard in respect of findings *unaffected* by the additional evidence.

Key takeaways

The Court's decision in *Products Unlimited* provides much needed guidance on the threshold for leave to introduce new evidence on appeal pursuant to s. 56(5) of the Act.

The *Products Unlimited* decision clarifies that leave remains obtainable where the evidence is relevant, credible, admissible and material, particularly when there are compelling circumstances explaining why the evidence was not previously filed before the Registrar. This new approach also magnifies the importance of the materiality of the proposed new evidence; whereas materiality only affected the standard of review under the former s. 56(5), materiality is now analyzed three times under the amended provision (at the evidence leave stage, in determining the standard of review, and in the final analysis of the legal issues).

Nevertheless, the standard still encourages parties to put their best evidence forward before the Board, and discourages strategic withholding of evidence for later re-litigation. Trademark owners and opposing parties alike should approach Opposition Board proceedings with the understanding that the opportunity to later supplement the evidentiary record on appeal, while not foreclosed, is limited. Filing a complete evidentiary record at first instance is more critical than ever.

For more information on, or assistance with, opposing or defending against proceeding before the Trademarks Opposition Board, please contact a member of Osler's Intellectual Property Disputes Group.

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[1] *Palmer v. The Queen*, 1979 CanLII 8, [1980] 1 SCR 759.