

SURVEY OF CANADIAN LAW

INDUSTRIAL PROPERTY: PART II

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V. TRADE MARKS AND UNFAIR COMPETITION

A. *Opposition Proceedings*

Most of the recent Canadian decisions in trade mark matters have been in opposition proceedings in the Trade Marks Office. If a trade mark application passes the scrutiny of the Office, it is advertised⁴⁸⁰ in the Trade Marks Journal and is open to opposition by any person⁴⁸¹ for one month⁴⁸² or such extended time as the Registrar may allow.⁴⁸³

1. *Purity of the Register*(a) *Grounds of Opposition That Have Not Been Pleaded*

Subsection 37(2) of the Trade Marks Act provides the following four grounds of opposition: that the application does not comply with the requirements of section 29 (which prescribes the contents of a trade mark application); that the mark is not registrable; that the applicant is not the person entitled to registration; that the mark is not distinctive. The opponent is required by subsection 37(3) to set out in a statement of opposition the grounds upon which he relies.

Occasionally, by the time an opposition is ready for decision, a ground of opposition is perceived that was not set out in the statement of opposition. In *Andres Wines Ltd. v. Calona*,⁴⁸⁴ the Office⁴⁸⁵ declined to consider lack of distinctiveness where the opponent had not asserted this in his statement of opposition and had not attempted to amend the statement of opposition to assert it.⁴⁸⁶ An applicant prepares his case to meet the grounds set out in the statement of opposition, and in the view of the Office the applicant would be unduly prejudiced if some other ground were urged in argument.

On the other hand, the purity of the register is important.⁴⁸⁷ Exclusive rights⁴⁸⁸ should not be granted where they are not deserved, and it would be a feeble answer to say that a person interested may apply to have an invalid registration expunged.⁴⁸⁹ But even on such a relatively straightforward matter as whether the applicant's specification of wares is in

⁴⁸⁰ Trade Marks Act, R.S.C. 1970, c. T-10, sub. 36(1).

⁴⁸¹ "Person" is defined broadly in s. 2.

⁴⁸² Sub. 37(1).

⁴⁸³ S. 46.

⁴⁸⁴ 46 C.P.R. (2d) 139 (1980).

⁴⁸⁵ "Office" is used herein to denote the Registrar or those authorized by him (members of the opposition board, or hearing officers) pursuant to sub. 37(9) of the Trade Marks Act. Cases cited are in the Office unless otherwise indicated.

⁴⁸⁶ Pursuant to Trade Mark Regulations, C.R.C., c. 1559, s. 42.

⁴⁸⁷ *General Motors Corp. v. Bellows*, [1949] S.C.R. 678, at 693, [1950] 1 D.L.R. 569, at 584 (1949); *John Labatt Ltd. v. Carling Breweries Ltd.*, 18 C.P.R. (2d) 15, at 26 (F.C. Trial D. 1974) (Cattanach J.).

⁴⁸⁸ Trade Marks Act, s. 19.

⁴⁸⁹ Sub. 57(1).

“ordinary commercial terms”, as required by paragraph 29(a) of the Act, the Office has been disinclined to require compliance at the opposition stage when the opponent has not objected.⁴⁹⁰ One Hearing Officer indicated, in *Societe des Produits Nestlé v. Nabob*,⁴⁹¹ that she would entertain a ground (unregistrability) not pleaded by the opponent if such ground emerged from the applicant’s own evidence. Recently, Walsh J. in the Federal Court has indicated that the Registrar should take into account a registered mark of the opponent despite the fact that leave was not given to the opponent to rely upon it.⁴⁹²

(b) *Failure to Disclaim*

In *Canadian Schenley Distilleries Ltd. v. Registrar of Trade Marks*,⁴⁹³ Heald J. could find in subsection 37(2) nothing which makes it a ground of opposition that the applicant has not disclaimed an independently unregistrable part of a mark.⁴⁹⁴ He suggested that such a point might be raised after registration, presumably by application to the Federal Court under section 57 of the Act on the ground that the registration does not accurately express or define the rights of the registrant. He expressed no opinion on whether in opposition proceedings the Registrar could of his own motion, under section 34 of the Act, require a disclaimer.

In *Robin Hood Multifoods Ltd. v. Sunny Crunch Foods Ltd.*,⁴⁹⁵ the mark being opposed included the word “granola”, with no disclaimer of the word. The Chairman of the Opposition Board did not find that any of the grounds of opposition had been established, but was of the view that the word “granola” was not independently registrable and should be disclaimed. Though the word was possibly not in current use in Canada he was satisfied on the evidence that it was “well established in the English language in the United States”.⁴⁹⁶ Referring to the public interest and the purity of the register he included in his decision, which rejected the opposition, a requirement that the word be disclaimed within one month of the decision becoming final (in other words, within one month after the time for appeal from the decision expired under section 56 of the Act), failing which the application would be refused. On appeal,⁴⁹⁷ Mahoney J.

⁴⁹⁰ *Pitman-Moore Ltd. v. Hycel Canada Ltd.*, 37 C.P.R. (2d) 91, at 97 (1977). The opponent may not object because he may have or may be seeking registrations with equally unspecific terminology.

⁴⁹¹ 61 C.P.R. (2d) 248 (1980).

⁴⁹² *G.H. Mumm v. Registrar of Trade Marks*, 64 C.P.R. (2d) 223, at 227 (F.C. Trial D. 1974).

⁴⁹³ 15 C.P.R. (2d) 1 (F.C. Trial D. 1974).

⁴⁹⁴ Trade Marks Act, s. 34 provides for disclaimers.

⁴⁹⁵ 40 C.P.R. (2d) 175 (1978).

⁴⁹⁶ He cited *Home Juice Co. v. Orange Maison Ltée.*, [1970] S.C.R. 942, 1 C.P.R. (2d) 14, 16 D.L.R. (3d) 740 as showing that a new French expression, currently employed in France, should not be monopolized by a shrewd trader before it could be shown to have meaning in Canada.

⁴⁹⁷ *Sunny Crunch Foods Ltd. v. Registrar of Trade Marks*, 63 C.P.R. (2d) 201 (F.C. Trial D. 1982).

held that although the Registrar may delegate his work to others in handling oppositions, as provided in subsection 37(9) of the Act, the jurisdiction to require a disclaimer may not be delegated (for example, to the Chairman of the Opposition Board) under section 34. He sent the application back to the Registrar but, like Heald J. in the *Canadian Schenley* case, did not indicate whether the Registrar could, after rejection of the opposition, require a disclaimer.

This decision of Mahoney J. raises some administrative problems for the Trade Marks Office. The bulk of the work in the *ex parte* processing of trade mark applications is done by examiners, not by the Registrar. It seems that no action of an examiner in requiring a properly completed application (under section 29), or in objecting to registrability (under section 12), or in objecting to the applicant's entitlement (under section 16) can be other than advisory because it is only the Registrar who (under section 36) may refuse an application.

In *Salada Foods Ltd. v. Lipton Ltd. (No. 3)*⁴⁹⁸ the applicant applied to register "Lipton Cup-A-Tea", for tea. The word "tea" was disclaimed, but not the word "cup". The Hearing Officer took the position that the applicant might market the tea in a cup, and to permit registration "would give the applicant a monopoly of the phonetic equivalent of the well known term cup of tea". His concern would apparently have been avoided if there had been a disclaimer of the word "cup", but the Hearing Officer noted that failure to disclaim is not a ground of opposition, and he rejected the application as being for a nondistinctive mark and one which has "a clear descriptive or misdescriptive connotation". With respect, however, such inherent characteristics of a mark are not altered by making a disclaimer. On appeal,⁴⁹⁹ Addy J. pointed out that having a "connotation" is different from the statutory objection in paragraph 12(1)(b) of the Act that a mark is "clearly descriptive" or "deceptively misdescriptive". He did not consider the word "cup" to be clearly descriptive or deceptively misdescriptive of tea and, noting that the word "Lipton" had been previously accepted by the Registrar as distinctive, he held that the mark "Lipton Cup-A-Tea" was, as a whole, distinctive and registrable.

(c) *Discretion of the Registrar*

One of the merits of present Canadian opposition proceedings is that they provide a rather summary and inexpensive procedure. Also, although it has been suggested above that the Registrar should take into account matters that come to light in opposition proceedings, though not strictly emerging from the pleadings or evidence, it is important that parties be required to proceed in a disciplined manner.⁵⁰⁰ It is suggested

⁴⁹⁸ 42 C.P.R. (2d) 135 (1978).

⁴⁹⁹ [1980] 1 F.C. 740, 45 C.P.R. (2d) 157 (Trial D.).

⁵⁰⁰ Thus, the Registrar may decline to consider an affidavit tendered as late as the hearing to show the state of the register: see *Miller v. Montres Universal Perret Freres S.A.*, 63 C.P.R. 179, at 181-82 (Reg. 1970).

that the Trade Marks Act would be improved if it gave to the Registrar a clear discretion to refuse an application whenever he perceives an objection to it.⁵⁰¹ The Registrar could give the applicant an opportunity to meet the objection, rather than driving the applicant to refile and possibly lose a valuable filing date.

2. *Partial Rejection*

In *Wenward (Canada) Ltd. v. Dynaturf Co.*⁵⁰² the Registrar rejected an application for registration for certain wares on the ground that the applicant had not, as asserted in the application, made its mark well known in Canada for those wares. However, the Registrar allowed registration for certain services on the basis that the applicant had in Canada advertised its services in association with the mark and would have performed them here in response to an order. The Registrar held that this was sufficient to constitute use of the mark in Canada for services within the definition of "use" in subsection 4(2) of the Trade Marks Act.

Following that decision, the Office has been prepared, in opposition proceedings, to allow registration for certain wares or services, though refusing registration for others on the ground that the mark is not registrable therefor,⁵⁰³ though this salutary practice has not been consistently followed.⁵⁰⁴ Limits on the freedom of the Registrar to allow registration, by effectively amending the application, are probably set by sections 36 and 37 of the Trade Mark Rules, which prohibit certain amendments. For example, at the opposition stage it is not possible for the application to be amended to change a claimed date of first use in Canada. Thus, where an applicant admitted that his asserted date of first use was too early, his application was rejected.⁵⁰⁵

3. *Relevant Dates*

Section 37 of the Trade Marks Act, in listing the various grounds upon which opposition may be based, does not set out the dates as of

⁵⁰¹ For the discretion given to the U.K. Registrar, see KERLY'S LAW OF TRADE MARKS AND TRADE NAMES, 4-07ff. (10th ed. 1972) [hereafter cited as KERLY]. The equities may also be considered in the U.S.: see note 572 *infra*.

⁵⁰² 28 C.P.R. (2d) 20 (Reg. 1976).

⁵⁰³ See *Plantguard Systems Ltd. v. Fuel Guard Indus. Ltd.*, 61 C.P.R. (2d) 242 (1980) where the mark was clearly descriptive of certain wares only; *Williams & Humbert Ltd. v. Sun Maid Raisin Growers*, 58 C.P.R. (2d) 236 (1979) where the mark was confusing with the opponent's for certain wares only (*rev'd on other grounds* in an earlier reported decision, 54 C.P.R. (2d) 41 (F.C. Trial D. 1981)).

⁵⁰⁴ *American White Cross v. White Cross Surgical Instruments Ltd.* (No. 2), 57 C.P.R. (2d) 271 (1979). In the U.S. it has been held that applications must stand or fall as a whole: *UMC v. UMC*, 207 U.S.P.Q. 861, at 881 (TTAB 1980).

⁵⁰⁵ *Delf Co. v. Ibelo*, 37 C.P.R. (2d) 119, at 128 (Reg. 1977). Assertions of a date later than the actual date of first use will not cause rejection of the application: see the last Survey, *supra* note 7, at 456.

which these grounds are to be considered. A substantial lapse of time may occur between the adoption of a trade mark by an applicant and the date when the Registrar decides whether to register it, and circumstances may have changed in the interim. Evidence of past circumstances may be difficult to obtain. It is only in a small proportion of cases that the date chosen for decision is likely to be important although sometimes decisions make reference to dates which are immaterial. However, the cases are in a state of some confusion. The Trade Marks Act would be improved if it were to fix the relevant dates.

It is necessary to consider each of the grounds of opposition in turn,⁵⁰⁶ but as a preliminary remark, because the Registrar should maintain the purity of the register, it is submitted that he should, where possible, always consider the position at the date he decides the opposition. In a few cases this could make the conduct of oppositions awkward, because the parties will have directed their evidence and arguments towards the grounds set forth in the statement of opposition. The Trade Marks Rules, however, give to the Registrar flexibility in permitting statements of opposition to be amended, further evidence to be filed, and further arguments to be made.⁵⁰⁷ Certainly one would expect the Registrar to take into account any amendments made to the application up to the date of his decision.⁵⁰⁸ However, it seems that he may not stay opposition proceedings,⁵⁰⁹ though that might seem appropriate, for example, to enable the applicant to take proceedings to expunge a registration relied upon by the opponent.⁵¹⁰

(a) *Noncompliance with Section 29 (Paragraph 37(2)(a) of the Trade Marks Act)*

Section 29 of the Act sets out the matters that must be stated in a trade mark application. However, not all allegations in the application

⁵⁰⁶ English decisions are likely to be of limited assistance, if only because under the U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, sub. 19(1), marks are registered as of the date of application for registration, and this is consequently the date as of which various issues fall to be decided: *Application by Pan Press Ltd.*, 65 R.P.C. 193, at 197 (Ch. 1948). In Canada registrations are dated after completion of all Trade Marks Office proceedings: Trade Marks Act, s. 39. This is also the U.S. procedure, and some reference will be made to U.S. decisions.

⁵⁰⁷ Trade Mark Regulations, C.R.C., c. 1559, ss. 42, 46(1) (2), 48(2) and 49. *See, e.g.*, the course of the *Molnycke* case discussed at note 527 *infra* and *cf.* *BOC Int'l Ltd.'s Application*, [1980] R.P.C. 122, at 132 (Pat. Ct. 1979) (opposition to a patent application in the U.K.).

⁵⁰⁸ S. 35 of the Trade Mark Regulations permits amendments save as prohibited by ss. 36 and 37. For example, an application may be amended by deleting certain wares or services.

⁵⁰⁹ *Anheuser-Busch Inc. v. Carling Breweries Ltd.*, 69 C.P.R. (2d) 136 (F.C. App. D. 1982) in proceedings under s. 44 of the Trade Marks Act.

⁵¹⁰ If the Office had the staff it would be desirable to give it jurisdiction to entertain expungement proceedings, as is possible in some other countries. The Office does have jurisdiction to expunge a registration under s. 44 of the Act for non-use, and the Registrar has noted that this section is available to the parties while opposition proceedings are pending: *Financierings v. Helmac-Roth Ltd.*, 31 C.P.R. (2d) 276, at 279 (Reg. 1976).

need be made relative to the date of application. For example, the Registrar has construed the Act and Rules as permitting an applicant to amend his application, after filing, to rely on use and registration abroad where the foreign registration was obtained after the filing of the Canadian application.⁵¹¹ No significant problems about the relevant date seem to have arisen in relation to section 29. An applicant must, at the date of filing, have a *bona fide* intention to use an unused mark.⁵¹²

(b) *Applicant Not Entitled to Registration (Paragraph 27(2)(c))*

Section 16 of the Act provides that applicants for registration may be disentitled by reason of certain prior acts of others. For example, in the case of an applicant who has used a mark from a specified date in Canada, subsection 16(1) provides that if the applicant files a correctly prepared application for a registrable mark he is entitled (subject to opposition) to registration:

unless at the date on which he...first so used it...it was confusing with

(a) a trade mark that had been previously used in Canada or made known in Canada by any other person;

(b) a trade mark in respect of which an application for registration had previously been filed in Canada by any other person; or

(c) a trade name that had been previously used in Canada by any other person.

Clearly, the applicant's date of first use is the date that must be preceded by one of the events in (a), (b) or (c). But as to whether the applicant's mark is "confusing" with, for example, a previously used mark, the Federal Court of Appeal has said, in *Oshawa Group Ltd. v. Creative Resources Co.*,⁵¹³ that in opposition proceedings the Registrar should consider the situation as of the time when he decides the opposition.

The *Oshawa Group* case seems, by implication, to have overruled a host of Trade Marks Office decisions which hold that no attention will be paid to evidence of use in Canada by the applicant where the application is based on use and registration abroad⁵¹⁴ or where it is based upon proposed rather than actual use in Canada and use occurs after the filing date.⁵¹⁵ However, there has not been complete consistency in the Office,

⁵¹¹ *Kimberly-Clark Ltd. v. Molnlycke*, 57 C.P.R. (2d) 115 (1979), *rev'd on other grounds*, 61 C.P.R. (2d) 42 (F.C. Trial D. 1982).

⁵¹² *E. & J. Gallo Winery v. Andres Wines Ltd.*, [1976] 2 F.C. 3, at 16-17, 11 N.R. 560, at 576-77, 25 C.P.R. (2d) 126, at 139 (App. D. 1975); *BIC v. Red Mill* (unreported, 25 Oct. 1979); *Signature Guardian Ltd. v. Lee*, 209 U.S.P.Q. 81, at 86-87 (TTAB 1981); *Stern v. Kaufman*, 213 U.S.P.Q. 443 (2nd Cir. 1982); *Imperial v. Philip Morris*, [1982] F.S.R. 72 (C.A.); *Andrew v. Kuechnrich*, 30 R.P.C. 677, at 687, 694 (C.A. 1913).

⁵¹³ 61 C.P.R. (2d) 29, at 35 (F.C. App. D. 1982).

⁵¹⁴ *Power Super Markets Ltd. v. Meurisse Ltd.*, 60 C.P.R. 281, at 282 (Reg. 1970); *Inka-Kosmetic v. Multaler & Cie (S.A.)*, 1 C.P.R. (2d) 141, at 142 (Reg. 1971).

⁵¹⁵ See, e.g., *Canadian Keyes v. Grace*, 5 C.P.R. (2d) 197, at 199 (1972); *Chamandy v. Vitabath Inc.*, 10 C.P.R. (2d) 262 (Reg. 1973); *Jolly Buccaneer v. Scott's*, 11 C.P.R. (2d) 26, at 28 (1973); *Firestone Tire & Rubber Co. v. Goodrich Ltd.*, 62 C.P.R. (2d) 184, at 188

some decisions saying that evidence of such use or advertising is of little value,⁵¹⁶ or that it can be relied on as an indication of the anticipated channels of trade.⁵¹⁷ To ignore developments up to the date of decision is to fail to have regard to the fact that if the applicant, now using his mark in Canada, were to reapply for registration, the Office would have to retry the entire issue, heeding evidence to which it had previously given little weight.

In *La Maur Inc. v. Prodon Indus. Ltd.*,⁵¹⁸ the Supreme Court of Canada took the view that evidence as to actual confusion at any time would be admissible. Cases in England have held that the situation at one date may be indicated by subsequent experience.⁵¹⁹ In the United States, evidence on the question of likelihood of confusion is entertained up to the date of decision.⁵²⁰ Of course, experience based on later use may have to be treated with care if it relates, for example, to an unnatural expansion of the use of the opponent's mark to additional wares.⁵²¹

By subsection 17(1) of the Act an opponent must establish that he had not abandoned his confusing trade mark or trade name at the date of advertisement of the applicant's application.⁵²²

(1980). See also *Saxon Indus. Inc. v. Ippolito & Co.*, 66 C.P.R. (2d) 79 (F.C. Trial D. 1983) (Cattanach J.). As noted in the last Survey, *supra* note 7, at 456, the Office has held that an applicant who has used a mark in Canada is not entitled to apply for registration based on proposed use. But it has also held that an application may be based on use and registration abroad, without having to refer to use that may actually have occurred in Canada: *McLaughlin v. Telecredit Inc.*, 63 C.P.R. (2d) 284, at 288 (1980). Under para. 36(d) of the Trade Mark Regulations, the applicant would be unable to amend an application based on proposed use in Canada to claim the benefit of earlier use in Canada: *Ralston Purina Co. v. Hillyard Enterprises Inc.*, 2 C.P.R. (2d) 181, at 184 (Reg. 1970).

⁵¹⁶ See, e.g., *Ontario Chem. Co. v. Record Chem. Co.*, 34 C.P.R. (2d) 250, at 252 (Reg. 1977); *American Permac v. Jensen*, 36 C.P.R. (2d) 145, at 151-52 (1978); *Kraft Foods Ltd. v. Fromageries*, 61 C.P.R. (2d) 102, at 105 (1980).

⁵¹⁷ *Puma v. Consol. Footwear Co.*, 61 C.P.R. (2d) 202, at 206 (1980); *McDonald's Corp. v. Yogi Yogurt Ltd.*, 62 C.P.R. (2d) 94, at 100 (1980).

⁵¹⁸ [1971] S.C.R. 973, at 975-76, 2 C.P.R. (2d) 114, at 116, 20 D.L.R. (3d) 10, at 12, an action for expungement, where the parties had agreed that the relevant date for proof of likelihood of confusion is the date of application where an application is based on proposed use and reliance is put on prior use in Canada. See also *Nic-Mat Indus. Ltd. v. Clark Equip. Co.*, 29 C.P.R. (2d) 131 (F.C. Trial D. 1976) (Thurlow A.C.J.); *Nic-Mat Indus. Ltd. v. Ford Motor Co.*, 44 C.P.R. (2d) 280, at 282 (Reg. 1978).

⁵¹⁹ *Bali Trade Mark*, [1968] R.P.C. 426, at 431, 439 (C.A. 1967), [1969] R.P.C. 472, at 483, 498 (H.L.); *Helena Rubenstein Ltd.'s Application*, [1960] R.P.C. 229, at 231 (Ch.) (Lloyd-Jacob J.).

⁵²⁰ *Reynolds v. American Brands*, 181 U.S.P.Q. 459 (CCPA 1974).

⁵²¹ *Pickin' Chicken Ltd. v. St. Hubert Bar-B-Q Ltee.*, 21 C.P.R. (2d) 202, at 205 (Reg. 1974); cf. *Sheller-Globe v. Scott*, 204 U.S.P.Q. 329, at 333-34 (TTAB 1980); *Viking v. Viking*, 191 U.S.P.Q. 297, at 303 (TTAB 1976); *Airco Inc. v. Airgo Agencies Ltd.*, 38 C.P.R. (2d) 270 (1978) where the Hearing Officer suggested at 275 that the provisions in s. 16 preclude inquiry into risk of confusion resulting from future business expansion.

⁵²² *Bytown Inn Ltd. v. Brigham*, 15 C.P.R. (2d) 90, at 93 (Reg. 1974).

(c) *Unregistrable (Paragraph 37(2)(b))*(i) *Confusing with a Registered Trade Mark*

Registration of a mark that is confusing with a previously registered mark is prohibited by paragraphs 12(1)(d) and 14(1)(a), where the marks have different owners.⁵²³ The Act is silent with respect to the date as of which the state of the register is to be considered. As a matter of policy, one would think that confusing marks of different owners should not be registered, and that the Registrar should consider the position as of the date he makes his decision, as indicated in the preliminary remarks above.

In *Sico Inc. v. Borden Inc.*,⁵²⁴ between the time of filing of the statement of opposition and the time the Registrar held an oral hearing on the opposition, the applicant had amended the statement of wares for which it was seeking registration, and the opponent had obtained additional trade mark registrations. Cattanach J. concluded that the situation should be considered at the date the Registrar disposed of the opposition, having noted that "[s]ection 12(1)(d) speaks as of the present".

This reflects what was the consistent view of the Trade Marks Office as to what registrations may be relied upon.⁵²⁵ In *Kiewel-Pelissier Breweries Ltd. v. Benson Hedges Ltd.*,⁵²⁶ for example, the Registrar ignored a prior registration which, though on the register when the opposition was commenced, was no longer on the register.

However, more recently in *Molnlycke v. Kimerbly-Clark Ltd.*,⁵²⁷ Cattanach J. changed his mind. The sequence of events before him was as follows:

- 28 Feb. 1973: Applicant applied to register "Libresse".
- 28 July 1976: Applicant's "Libresse" application was advertised.
- 27 Sep. 1976: Opponent applied to register "Liberte" based on proposed use.
- 27 Oct. 1976: Opponent filed opposition to "Libresse" application, having obtained an extension of time for doing so.
- 4 Nov. 1977: Opponent's "Liberte" was registered, no one having opposed it.
- 15 Nov. 1977: Registrar allowed opponent to amend its statement of opposition to rely on its "Liberte" registration.

The opposition, as reconstituted by the amended statement of opposition, proceeded to a decision in which the Registrar on 7 December

⁵²³ S. 15 deals with registrations of marks having the same owner.

⁵²⁴ 63 C.P.R. 223, at 231-32 (Ex. 1970).

⁵²⁵ See, e.g., *Roux Laboratories Inc. v. Clairol Inc.*, 61 C.P.R. 86, at 88 (Reg. 1969); *Drackett Co. v. Weddell Ltd.*, 19 C.P.R. (2d) 227, at 228 (Reg. 1974); *Canadian Hoechst Ltd. v. Norwich Pharmacal Co.*, 21 C.P.R. (2d) 144, at 147 (Reg. 1974).

⁵²⁶ 27 C.P.R. (2d) 237, at 242 (Reg. 1976). See also *Berry Bros. & Rudd Ltd. v. Planta*, 47 C.P.R. (2d) 205, at 209 (1979); *Baxter Laboratories Inc. v. Chesebrough-Ponds*, 64 C.P.R. (2d) 240, at 244 (1980). But cf. *Bristol-Myers Co. v. ICN Canada Ltd.*, 71 C.P.R. (2d) 196, at 201 (1983).

⁵²⁷ 61 C.P.R. (2d) 42 (F.C. Trial D. 1982).

1979 refused the "Libresse" application. This refusal was based on the ground that the mark was confusing with the registered mark "Liberte", a mark which the opponent had adopted after the filing of the "Libresse" application, and in association with which it appears the opponent had made only a token sale in order to obtain registration.

Cattanach J. concluded that his decision in the *Sico* case was wrong, for the following reasons:

Firstly, in *E. & J. Gallo Winery v. Andres Wines Ltd.*, Thurlow J., in the Federal Court of Appeal, looking at a different ground of opposition, namely "that the trade mark is not distinctive" (paragraph 37(2)(d)), said:

On the wording of s. 37(2)(d), the material time for this purpose appears to me to be the date of the filing of the opposition but on the facts of the present case, as I view them, the same result would ensue whether that or the time of the filing of the application is taken as the material time.⁵²⁸

(In the *Gallo & Andres* case, not only was the issue different, but the relevant date was immaterial).

Secondly, Cattanach J. said that in the earlier *Sico* case he had not had the benefit of argument from the respondent on the relevant date.

Thirdly, His Lordship said:

The obvious fallacy in accepting the date of opposition proceedings as the effective date for the consideration of the rights between the parties rather than the date of the filing of the opposition would permit the circumstances being varied in the interval to strengthen the position of one of the parties. That is what happened in the *Sico* case and in the present matter...

Accepting the date of filing of the opposition as the material date the application for the amendment to permit the raising of events subsequent should not have been allowed....

He said he need not decide whether the material date should be the date of filing of the applicant's application rather than the date of filing of the opposition. It may not have been drawn to His Lordship's attention that the date of filing of the opposition is subject to manipulation by the opponent. Opponents not infrequently obtain several extensions of time from the Registrar⁵²⁹ before filing their statements of opposition.

Also, His Lordship does not appear to have appreciated that different dates may be relevant to the different grounds of opposition, nor did he note that in the case before him, and in the *Sico* case, the applicants were at fault in not opposing the applications of the opponent, or in not moving to have the opponent's registrations expunged.

More recently, in *G.H. Mumm v. Registrar of Trade Marks*,⁵³⁰ Walsh J., without referring to the above decisions of Cattanach J., has

⁵²⁸ *Supra* note 512, at 7-8, 11 N.R. at 564-65, 25 C.P.R. (2d) 126, at 130. In *McDonald's Corp. v. Yogi Yogurt Ltd.*, 66 C.P.R. (2d) 101, at 103 (F.C. Trial D. 1982), Cattanach J. mistakenly regarded this statement of Thurlow J. as dealing with whether the mark is registrable. He also made *obiter* remarks as to the relevant date under s. 16 (which deals with whether the application is entitled to registration) at the stage before opposition is filed.

⁵²⁹ Trade Marks Act, s. 46.

⁵³⁰ *Supra* note 492, at 225.

indicated that he would be disposed to allow the opponent to amend his statement of opposition to rely on a registration which issued after the filing of the opposition, but in the circumstances of the case before him he would not reverse the Registrar's exercise of his discretion not to do so.⁵³¹ The opponent had delayed for two years in seeking the amendment though the registration upon which the opponent sought to rely was issued at an early stage of the proceedings a few days prior to the filing of the applicant's counterstatement. But His Lordship suggested that the Registrar should in any event consider the opponent's registration when deciding the opposition, and that in the event of an appeal from the Registrar's final decision the opponent might put the registration in evidence under subsection 56(5) of the Act,⁵³² presumably in the interest of the purity of the register. The registration itself, however, would not be referred to in the statement of opposition (unless, which seems unlikely, the court were persuaded at the appeal stage to exercise its discretion to allow the statement of opposition to be amended).

It is to be noted that if the Registrar ignores a registration made subsequent to the filing of the opposition, and he registers the applicant's mark, the applicant's registration will immediately be open to attack under paragraph 18(1)(a) on the ground that the trade mark was not registrable "at the date of registration".

On another point, where an application is not based on use in Canada, and is opposed on the basis of a prior registration, the Trade Marks Office in considering whether the marks are confusing has tended to ignore evidence of use in Canada by the applicant after the date the application was filed.⁵³³ If correct, this practice might provide some support for the argument that the material date is the date of filing, but it is submitted that the decision of the Federal Court of Appeal in *Oshawa Group Ltd. v. Creative Resources Co.*, discussed above,⁵³⁴ makes relevant all evidence on likelihood of confusion down to the date of when the Registrar decides the opposition. Although in the *Oshawa Group* case the issue before the Court was who was entitled to registration⁵³⁵ rather than registrability of the mark, the Court appears to have proceeded on the basis that the general rule is to consider the position at the date of decision. Significantly, in considering the issue of likelihood of confusion, the Court of Appeal referred to the very broad description of services claimed in registrations issued to the opponent after the filing of the

⁵³¹ Trade Mark Regulations, C.R.C., c. 1559, s. 42. His Lordship was not sure that an appeal lay from this conclusion of the Registrar, prior to the Registrar's final decision in the opposition.

⁵³² Trade Marks Act, sub. 56(5) provides: "On the appeal evidence in addition to that adduced before the Registrar may be adduced and the Court may exercise any discretion vested in the Registrar."

⁵³³ See note 515 *supra*.

⁵³⁴ *Supra* note 513.

⁵³⁵ This can be seen from the unreported decision of the Registrar (12 Oct. 1977).

statement of opposition, rather than to evidence of specific services rendered by the opponent before the applicant adopted its mark.⁵³⁶

When an opposition is based on a registered mark it may not be possible to rely on use of the registered mark for wares or services for which it is not registered.⁵³⁷ Since, in considering the likelihood of confusion under subsection 6(5) of the Act all surrounding circumstances are to be considered, however, it is submitted that this should not be an inviolable rule.⁵³⁸

(ii) *Adoption Prohibited*

Paragraphs 12(1)(e) and 14(1)(d) of the Act preclude registration of certain official and other marks (for example, personal names or likenesses) whose adoption is prohibited by section 9 or 10. The relevant date is therefore the date when the applicant adopted the mark. Under section 3 of the Act, which defines when a mark is deemed to be adopted, the relevant date would be the earliest of the date of first use in Canada, the date of making known in Canada, and the date of filing a Canadian application (or if priority can be claimed under section 33, the date of filing in another country of the Paris Union). Under section 9 the Registrar may give notice of marks of various governmental and public authorities and universities, but if a trader adopted his mark prior to such notice he is apparently free to continue to use it,⁵³⁹ at least for the wares or services for which he had previously adopted it.

(iii) *Nature of the Mark*

Under paragraphs 12(1)(a), (b), or (c) a mark may be unregistrable because it is primarily merely a name or surname of an individual, or clearly descriptive or deceptively misdescriptive in English or French of the character or quality of the wares or services, or the name in any language of the wares or services. Although the date of the application has been referred to in considering these objections,⁵⁴⁰ the meaning of a word can change, and the word may become one that others may legitimately wish to use. It is therefore submitted that in opposition proceedings the relevant date is the date when the issue is decided.⁵⁴¹ This is realistic, since if registration were to be obtained, its validity would

⁵³⁶ *Supra* note 513, at 34. There the Court of Appeal, at 35, cited the *Sico v. Borden* case at *supra* note 524, a decision not followed by Cattanaach J. in his later decision in *Molnlycke v. Kimberly-Clark Ltd.*, *supra* note 527.

⁵³⁷ *Pickin' Chicken Ltd. v. St. Hubert Bar-B-Q Ltee.*, *supra* note 521, at 205. Such use, if sufficiently early, might be relied upon under para. 37(2)(c).

⁵³⁸ *Cf.* the U.S. cases, *supra* note 521.

⁵³⁹ *Government of Spain v. Gallo* (unreported, 25 Oct. 1979).

⁵⁴⁰ *See, e.g., Verny v. Janov*, 43 C.P.R. (2d) 87, at 91 (1978), where "primal therapy" was held to be the name of the applicant's services.

⁵⁴¹ *Cf. Soflens Trade Mark*, [1976] R.P.C. 694, at 699; *Re Thunderbird*, 160 U.S.P.Q. 730 (1969).

immediately be open to attack on the ground that the mark was not registrable at the date of registration.⁵⁴²

The registrability of these marks (other than ones that are the names of wares or services) may be altered by satisfying the conditions of subsection 12(2). If a descriptive term, for example, has been so used in Canada by the applicant or his predecessor in title as to have become distinctive "at the date of filing an application for its registration", it is registrable. The limitation to the date of filing is undoubtedly to allow the Trade Marks Office, in *ex parte* prosecution, to have a clear date to go by, and to discourage cluttering the Office with applications for unregistrable marks. If, in an opposition proceeding, the opponent asserts that the mark is "unregistrable", it would seem that any evidence of use that is filed to get over that objection must similarly be limited to evidence up to the date of the application.⁵⁴³ As discussed under the next heading, however, if the opponent asserts that the mark is "not distinctive" he is putting a different ground of objection, and a different date should be applicable.

Section 13 of the Act deals with the registrability of distinguishing guises. By section 13 these are "registrable" only if they "have become distinctive at the date of filing of an application" for registration.

Something less than distinctiveness may render registrable a mark which a foreign applicant or his predecessor has succeeded in registering in his country of origin. Paragraph 14(1)(b) provides that such a mark may be registrable if it is "not without distinctive character" in Canada.⁵⁴⁴ By paragraph 14(1)(b) this is judged "having regard to all the circumstances of the case including the length of time during which it [the mark] has been used in any country". This section does not state that the circumstances are to be judged as of the date of filing of the application. The benefit of paragraph 14(1)(b) may be claimed after filing on the basis of a foreign registration which itself was obtained after the Canadian application was filed.⁵⁴⁵ Under paragraph 14(1)(b) the Office has accepted evidence of use and advertising of the mark after the Canadian filing date, and it seems that in opposition proceedings, when the benefit of this paragraph has been claimed, the Registrar should consider any such evidence put before him in the opposition proceedings.⁵⁴⁶ However, it is to be noted that paragraph 14(1)(b) assists the applicant only on the

⁵⁴² Trade Marks Act, para. 18(1)(a).

⁵⁴³ *Oshawa Group Ltd. v. Registrar of Trade Marks*, 46 C.P.R. (2d) 145, at 147 (F.C. Trial D. 1980) (Cattanach J.). Note that this is not the *Oshawa Group* case, *supra* note 513.

⁵⁴⁴ S. 14 is designed to meet the requirements of Article 6 *quinques* of the Paris Convention.

⁵⁴⁵ Trade Mark Regulations, C.R.C., c. 1559, s. 35.

⁵⁴⁶ For a decision on this, see *Southam Business Ltd. v. Electrical Information Inc.*, 60 C.P.R. 279 (Reg. 1970). In *Foodcorp Ltd. v. Hardee's Food Systems Inc.*, 66 C.P.R. (2d) 217, at 233 (1981), the Office took as the relevant date the date when the benefit of s. 14 was claimed, this having been done by amendment of the application after the oral hearing of the opposition.

issue of whether his mark is "registrable". If, in opposition, his mark is challenged on the ground that it is not "distinctive" (the issue next to be discussed), it does not avail the applicant to show that his mark is merely "not without distinctive character". The Office has taken the position, erroneously in the writer's submission, that when the benefit of paragraph 14(1)(b) has been accorded it is not possible, on the issue of "distinctiveness", to consider the factors that are common to "distinctiveness" and "registrability" and that are referred to in paragraphs 12(1)(a), (b) and (c), namely, name or surname significance, descriptiveness, and genericness.⁵⁴⁷

(d) *Nondistinctive (paragraph 37(2)(d))*

As discussed under the last heading, where under sections 12 or 13 objection is made in an opposition that the applicant's mark is not "registrable", and evidence of distinctiveness is tendered, the issue is dealt with as of the date of the application. The Registrar is not, in *ex parte* prosecution, able to raise the objection that the mark is not distinctive,⁵⁴⁸ a separate ground that is, however, available in opposition proceedings. Where the objection is that the mark is not registrable, the applicant is subject to the rule that he must, if he can, establish distinctiveness at the date of his application or, when the applicant has the benefit of section 14, that the mark is not without distinctive character at the date the issue of registrability is decided. Where the objection is that his mark is not distinctive, it will be submitted below that the issue should be dealt with at the time the opposition is decided.

The issue of distinctiveness may arise where the issue of whether the mark is "registrable" is not involved. For example, the applicant may have licensed others to use the mark in such a way as to render it nondistinctive,⁵⁴⁹ or use or advertising by third parties may have caused the mark to lack distinctiveness.⁵⁵⁰ Such events may have arisen between the time the application was filed and the time the opposition proceedings are decided. May they then be considered, assuming that they have been raised and that the applicant has been given an opportunity to deal with them?

Once a registration is obtained, paragraph 18(1)(b) provides that the registration is invalid if the mark is not distinctive at the time proceedings

⁵⁴⁷ *Union Carbide Corp. v. W.R. Grace & Co.*, 62 C.P.R. (2d) 225, at 231 (1980). The Office in this and other cases has expressed doubt whether entitlement to the benefit of s. 14 may be challenged in opposition proceedings, but surely it may. S. 14 is concerned with the issue of registrability, not the separate issue of distinctiveness. Only the former issue arises in *ex parte* prosecution. Both issues may be raised in opposition proceedings, and on the registrability issue entitlement to the benefit of s. 14 is of course germane. This appears to have been recognized by the Office in *Quaker Oats v. Ralston* (unreported, 15 Aug. 1979).

⁵⁴⁸ *Cf.* sub. 36(1) with sub. 37(2).

⁵⁴⁹ See the last Survey, *supra* note 7, at 467-68; *Neilson Ltd. v. Teddy's & Koala Drive In Restaurants Ltd.*, 9 C.P.R. (2d) 169 (Reg. 1973); *Motel 6 Inc. v. No. 6 Motel Ltd.*, [1982] 1 F.C. 638, at 658-61, 56 C.P.R. (2d) 44, at 62-65 (Trial D. 1981) (Addy J.).

⁵⁵⁰ *E. & J. Gallo Winery v. Andres Wines Ltd.*, *supra* note 512.

bringing the validity of the registration into question are commenced. This might suggest that the time of commencement of opposition proceedings should also govern where distinctiveness is challenged in an opposition. As has already been noted, in *Gallo & Andres*, Thurlow J. in *obiter* suggested that the material date was the date of filing of the opposition, or perhaps the date of the filing of the application.⁵⁵¹ The Trade Marks Office has, since then, tended to treat the date of filing of the opposition as the relevant date.⁵⁵² However, in *The Added Touch Ltd. v. The Added Touch Ltd.*,⁵⁵³ the applicant applied for registration of its mark on 22 November 1971 claiming use in Canada since June, 1961. At the date of the application the opponent had not been incorporated and had done no business. The Registrar held that the opponent could not rely on its subsequent use (which could include pre-opposition use) of its trade name to attack the applicant's mark on the basis that it was not distinctive.⁵⁵⁴

In *Molson Co. v. John Labatt Ltd.*,⁵⁵⁵ where the application was based on proposed use in Canada, Cattnach J. suggested that the date of the application is the relevant date. Reference to the date of application, however, would be out of step with subsection 18(2) which suggests that the mark must be distinctive at the date of registration, whatever the evidence may have been before the Registrar. Note also that if the Registrar fails to consider evidence of lack of distinctiveness at the date of his decision and registers the mark, the registration could immediately be attacked under paragraph 18(1)(b) on the ground that the trade mark is not distinctive. Also, if the Registrar fails to consider evidence of distinctiveness at the date of his decision and rejects the application, the applicant may immediately reapply and rely on the same evidence.

In the United States, consideration is given to evidence filed up to the time of decision.⁵⁵⁶ The fact that a party might flood the marketplace after the application or opposition was filed (as in *The Added Touch* case mentioned above⁵⁵⁷) may be dealt with on the basis that doubts are resolved against a latecomer,⁵⁵⁸ and that a party may not rely on his own

⁵⁵¹ *Id.* at 7, 11 N.R. at 564, 25 C.P.R. (2d) at 130. The Court ignored evidence relating to matters that might have arisen after the filing date.

⁵⁵² *See, e.g.,* *Lefranc & Bourgeois Ltee-Ltd. v. Société des Couleurs*, 65 C.P.R. (2d) 131, at 136 (1979).

⁵⁵³ 32 C.P.R. (2d) 182, at 188 (Reg. 1977).

⁵⁵⁴ The date of application was also treated as the relevant date in *Super Pharmacies Ltd. and Super Drugs Ltd. v. Kroger Co.*, 39 C.P.R. (2d) 51, at 59 (1978). *See also* *Hanna-Barbara v. McCord* (unreported, 25 Oct. 1979).

⁵⁵⁵ 58 C.P.R. (2d) 157, at 163 (F.C. Trial D. 1981). *See also* *Super Pharmacies Ltd. and Super Drugs Ltd. v. Kroger Co.*, *id.* at 58, where the applications in issue were based on use and registration in the U.S.A.

⁵⁵⁶ *Re General Tire*, 194 U.S.P.Q. 491 (1977), and *see* note 541 *supra*.

⁵⁵⁷ *Supra* note 553.

⁵⁵⁸ This is the principle on the issue of likelihood of confusion: *Peggy Sage Inc. v. Siegel Kahn Co.*, [1935] S.C.R. 539, at 544, [1935] 4 D.L.R. 151, at 154; *Broderick & Bascom v. Goodyear*, 189 U.S.P.Q. 412 (1976) where the applicant was the latecomer who flooded the market. An outstanding example of a latecomer getting his come-uppance is

inequitable conduct, belated activity or procedural delays to turn events to his own advantage.⁵⁵⁹ It is therefore submitted that the Registrar should consider the distinctiveness of the applicant's mark at the date of his decision.

Another issue which may arise under this heading is whether the mark is distinctive of the applicant's wares or services, or is distinctive of someone else's. Not infrequently a Canadian distributor or intending distributor of wares applies to register a trade mark that is used by his supplier. Foreign suppliers are particularly vulnerable. The supplier may or may not succeed in an opposition on the ground that the only use of the mark in Canada has been by him,⁵⁶⁰ or on the ground that he was the first to use the mark in Canada,⁵⁶¹ or on the ground that any use by the distributor was not *bona fide*.⁵⁶² Another possible ground of opposition is that the mark is not distinctive of the wares of the distributor. In *Montres Fortis S.A. v. Lawrence J. Jusko Co.*⁵⁶³ the applicant Canadian company imported watches from the opponent Swiss company. The imported watches bore the mark "Flipper" but before being resold by the applicant to a retailer the trade mark of the retailer was added. The Office held that the mark "Flipper" would be associated by the public with the retailer, not with the applicant nor with the Swiss opponent. The mark was therefore held not to be distinctive of the applicant "as of the filing date of the applicant's application." However in this case, as in many others where reference is made to the date as of which an issue has been considered, nothing turned on the relevant date.

(e) *Summary as to Relevant Dates in Oppositions*

In summary, it is submitted that the issues in a trade mark opposition should be decided in the circumstances existing at the date of the decision, including the state of the register at the date if properly pleaded, subject to the fact that the Trade Marks Act indicates or requires that certain matters be considered at other dates, including the following:

(1) Under section 29, a *bona fide* intention to use a proposed trade mark must exist at the date of filing. (Doubtless such intent must persist at the date of the decision.)

(2) Under sections 16 and 29 certain dates of use or making known are stated in the statute to be relevant. (But the issue whether trade marks and names are confusing should be considered at the date of decision in

Big O v. Goodyear, 195 U.S.P.Q. 417 (10th Cir. 1977), a common law action where the latecomer's promotion created "reverse" confusion.

⁵⁵⁹ Cf. Barlow v. Johnson, 7 R.P.C. 395, at 414, 419 (C.A. 1890); Wallpaper v. Crown, 214 U.S.P.Q. 327, at 333 (CCPA 1982).

⁵⁶⁰ Weber Semad Electronics Ltd. v. Toyo Electronics Indus. Corp., 48 C.P.R. (2d) 39 (1980).

⁵⁶¹ See Huk-A-Poo Sportswear Inc. v. Destro Enterprises Ltd., *infra* note 618, and the accompanying text.

⁵⁶² *Supra* note 512.

⁵⁶³ 48 C.P.R. (2d) 10 (1980).

the light of the evidence of any use or making known in Canada down to that date.)

Under subsection 17(1), an allegedly confusing trade mark or name must not have been abandoned by the opponent at the date of advertisement of the application being opposed.

(3) Under paragraphs 12(1)(e) and 14(1)(d) the date of adoption, defined in section 3, is critical with respect to marks proscribed by sections 9 and 10.

Under subsection 12(2) and section 13 the registrability of certain *prima facie* unregistrable marks is decided at the date of filing. (But if any mark is not distinctive at the date of decision, registration should be refused on the latter ground.)

4. *Onus*⁵⁶⁴

In dealing with patent applications the Commissioner of Patents is directed by section 42 of the Patent Act to refuse an application whenever he is "satisfied" that the applicant is "not" by law entitled to be granted a patent. Doubts are therefore resolved in favour of the applicant. The proceedings are always *ex parte*.

In *ex parte* proceedings the Registrar of Trade Marks is similarly directed by subsection 36(1) of the Trade Marks Act to refuse an application if he is "satisfied" that the application does not comply with section 29, or that the mark is not registrable, or that the applicant is not the person entitled to registration. If he is not so satisfied he must advertise the application for possible opposition.⁵⁶⁵ Subsection 36(3) requires him, when in doubt as to registrability in view of a previously registered mark, to notify the owner of the latter of the advertisement of the application.

The Registrar is empowered by subsection 37(4) to reject a statement of opposition if he considers that it does not raise a substantial issue for decision.⁵⁶⁶ If the opposition proceedings go forward, subsection 37(8) provides that:

the Registrar shall refuse the application or reject the opposition and notify the parties of his decision and his reasons therefor.

This neutral statement suggests that the Registrar should decide opposition proceedings on the balance of probabilities,⁵⁶⁷ but without indicating what he should do if he is in doubt.

There may be some suggestion of a bias in favour of an applicant in the Act in certain phrases. For example, section 12 indicates that, subject to specifically enumerated conditions, "a trade mark is registrable...". Section 16 directs that the applicant "is entitled", subject to opposition

⁵⁶⁴ See also Griffiths, *Onus in Oppositions*, 15 BULL. P.T.I.C. (Series 8) 992 (1982).

⁵⁶⁵ Trade Mark Regulations, C.R.C., c. 1559, sub. 39(1) reiterates this.

⁵⁶⁶ See the last Survey, *supra* note 7, at 460-61.

⁵⁶⁷ But see notes 569 and 573 *infra* where the issue is whether marks are confusing.

proceedings "to secure its registration...unless" preordained conditions are met. However, these provisions seem to be designed to limit the objections that may be raised, rather than to prescribe any onus.

Clearly there must be an onus on the opponent to do enough to raise a relevant issue. This may or may not require the filing of evidence. For example, if the opponent merely cites a prior Canadian trade mark registration⁵⁶⁸ that was missed by the Examiner during *ex parte* prosecution he may have done all that is necessary to defeat the applicant, depending on how close the marks are. In such a case, with no evidence before him other than the registration that the Examiner should have considered, is the Registrar to deal with the matter in the way the Examiner should have done, namely, pass the application unless he is "satisfied" that the applicant's mark is unregistrable? Subsection 37(8) does not use the word "satisfied", and suggests that the position is different in opposition proceedings, though the issue and evidence may be the same as it would have been at the *ex parte* stage.⁵⁶⁹ Certainly the Registrar cannot consider himself bound by any view that may have been taken during *ex parte* prosecution.⁵⁷⁰

There is a confusing array of *dicta* relating to onus. Underlying the question are policy considerations. On the one hand, it is arguable that the register of trade marks should reflect commercial reality, recognizing and disclosing marks that are in use,⁵⁷¹ but such an argument is not so weighty in a jurisdiction, such as Canada, where the rights conferred by registration are substantially greater than common law rights.⁵⁷² It is settled that on the issue of whether trade marks are confusing, the onus is on the applicant.⁵⁷³ The underlying policy is that the public should not be

⁵⁶⁸ Procedurally the opponent would be well advised to file a certified copy, but if he gives particulars of the registration in his statement of opposition the practice of the Office is to take notice of it: *infra* note 636.

⁵⁶⁹ In *Sunshine Biscuits Inc. v. Corporate Foods Ltd.*, 61 C.P.R. (2d) 53 (F.C. Trial D. 1982), Cattanaach J., at 57, suggests that the onus at both stages is on the applicant, and, at 55, that in view of the public interest something higher than the ordinary civil onus must be satisfied, namely, to establish no reasonable probability of confusion. *See also* *Molnlycke v. Kimberly-Clark Ltd.*, *supra* note 527 and the cases at note 573 *infra*.

⁵⁷⁰ *Tobacco Merchants Ass'n v. Macdonald Tobacco Inc.*, 39 C.P.R. (2d) 280, at 283 (1978), for registrability under sub. 12(2); *Sample Dress Mfg. v. Textron Inc.*, 30 C.P.R. (2d) 271, at 275 (Reg. 1976), for likelihood of confusion.

⁵⁷¹ *Standard Woven's Application*, 35 R.P.C. 53, at 58 (Ch. 1918) (Younger J.). *Cf. Re du Pont*, 177 U.S.P.Q. 563, at 569 (CCPA 1973).

⁵⁷² *See* the discussion later in the Survey under heading B3, "Use in Litigation". In the U.S., where rights conferred by registration closely approximate common law rights, the onus generally rests on the opponent: J. MCCARTHY, *TRADE MARKS AND UNFAIR COMPETITION* s. 19:25 (1973) [hereafter cited as MCCARTHY], but doubts on the issue of likelihood of confusion are resolved in the U.S. against the newcomer: *Medtronic v. Medical Devices*, 204 U.S.P.Q. 317, at 325 (TTAB 1980); though with consideration given to the equities: *Buitoni v. Buton*, 214 U.S.P.Q. 475 (D.C.E.D.N.Y. 1982), MCCARTHY, *op. cit.* s. 20:11.

⁵⁷³ *Oshawa Group Ltd. v. Creative Resources Co.*, *supra* note 513, at 36; *Pepsi-Cola Co. v. Coca-Cola Co.*, [1940] S.C.R. 17, at 32, [1940] 1 D.L.R. 161, at 172: "an applicant for registration must establish, if challenged, the absence of all reasonable

confused.⁵⁷⁴ The same facts which suggest that marks are confusing may also show that the applicant's mark is not distinctive and it is difficult to understand, despite expressions of view to the contrary, why the onus should be different on the issue of distinctiveness.⁵⁷⁵ On this issue, and on the issue of registrability, the courts should not be disposed to approve registration of marks that other traders may legitimately wish to use.⁵⁷⁶ Purity of the register has been another consideration.⁵⁷⁷ If the mark gets onto the register, the onus of having it expunged rests on the person attacking it;⁵⁷⁸ conversely, the onus of getting the mark on the register in the face of opposition should rest on the applicant. Thus, although in litigation the onus of proving an allegation normally rests on the party asserting it⁵⁷⁹ to satisfy the tribunal on the balance of probabilities, it is submitted that in trade mark oppositions in Canada the ultimate onus must always be on the applicant.⁵⁸⁰ As it is sometimes put in other contexts, the ultimate burden of persuasion is on the applicant⁵⁸¹ but the burden of going forward may rest on the opponent. In order to raise an issue, and thus get his opposition on its feet, the opponent may have an initial onus of putting in some evidence, and in some instances of establishing one or more facts on the balance of probabilities.⁵⁸² What he

prospect of confusion"; *Eno v. Dunn*, 15 A.C. 252, at 257 (H.L. 1890). Thorson P. got the onus wrong in *Sealy Sleep Products v. Simpson's Sears Ltd.*, 33 C.P.R. 129, at 133 (Ex. 1960). In *Beverly Bedding Co. v. Bon-Aire Bedding Mfg. Ltd.*, 38 C.P.R. (2d) 203, at 216 (1978), Hearing Officer Eaton has suggested that the applicant need not do more than satisfy the balance of probabilities.

⁵⁷⁴ *Williamson v. Procter & Gamble Co.*, 30 C.P.R. (2d) 208, at 216 (F.C. Trial D. 1976) (Collier J.). Although it is use, not registration, that may cause confusion, registration is an incentive to use.

⁵⁷⁵ *See, e.g., Dare Foods Ltd. v. Beatrice Foods Ltd.*, 61 C.P.R. (2d) 220, at 223 (1980).

⁵⁷⁶ *Cf. Dunlop Tire Co.'s Application*, 59 R.P.C. 134, at 137 (Ch. 1942) (Simonds J.).

⁵⁷⁷ *Supra* note 487.

⁵⁷⁸ *Tubeco Inc. v. Association Québécoise Inc.*, 49 C.P.R. (2d) 228, at 239 (F.C. Trial D. 1980) (Addy J.).

⁵⁷⁹ An onus frequently but, it is submitted, erroneously referred to by the Office in opposition proceedings: *Leco Indus. Ltd. v. Grace & Co.*, 62 C.P.R. (2d) 102, at 107 (1982); *Thomas Adams Distillers Ltd. v. Jordan & Ste-Michelle Ltd.*, 58 C.P.R. (2d) 212, at 213 (1980).

⁵⁸⁰ In the U.K. the Registrar's ultimate discretion alters the position a little. In considering the registrability of the geographical term "Livron", Romer L.J. said in *Boots' Trade Mark*, 54 R.P.C. 327, at 338 (C.A. 1937), that "when a case is on the borderline the Registrar has, as he has in every case, a discretion, and in cases on the borderline the Registrar will usually refuse to exercise his discretion in favour of registration".

⁵⁸¹ *Molnlycke v. Kimberly-Clark Ltd.*, *supra* note 527, is one of the recent cases which corrected a frequent misstatement in Trade Mark Office decisions that the issue, in ascertaining whether trade marks are confusing, is "whether there would be an inference of a likelihood of confusion" between the marks, the quoted words being a transposition of words in sub. 6(2) of the Trade Marks Act, which refers to whether the use of both marks in the same area "would be likely to lead to the inference" that the wares or services are manufactured, sold, leased, hired or performed by the same person.

⁵⁸² As will be seen from the following discussion, it may not be necessary for him to file evidence to do this. His mere failure to do so, or to file a statement that he does not

must do will depend on the ground of opposition, and it is to the grounds that we now turn.

(a) *Noncompliance with Section 29*

Where an applicant states in his application that he has used a mark for certain wares or services since a given date, it is now settled practice in opposition proceedings to ignore a mere allegation by the opponent that the applicant's statement of his date of first use is wrong. No onus is placed on the applicant to substantiate his unsworn allegation⁵⁸³ unless the opponent puts in evidence that raises a doubt.⁵⁸⁴ As discussed in the last Survey,⁵⁸⁵ it is unfortunate in this instance, where the opponent is obliged to assert a negative and no one but the applicant may know the facts, that the applicant is not required to come forward with evidence. At the very least the applicant should be given no earlier priority than his filing date, as in American practice.⁵⁸⁶ As long ago as 1816, Bayley J. said:

[I]f a negative averment be made by one party, which is peculiarly within the knowledge of the other, the party within whose knowledge it lies, and who asserts the affirmative is to prove it, and not he who asserts the negative.⁵⁸⁷

As long as the present practice is adhered to, the following observations in the English Court of Appeal may be useful:

Where the relevant facts are peculiarly within the knowledge of one party, it is perhaps relevant to have in mind the rule as stated in Stephen's Digest, which is cited at page 86 of Cross on Evidence:

intend to do so, does not terminate the proceedings: *Sharp Corp. v. Registrar of Trade Marks*, 61 C.P.R. (2d) 63 (F.C. Trial D. 1981) (Mahoney J.). In *British American Bank Note v. Bank of America*, 71 C.P.R. (2d) 26, at 35 (1983), Cattnach J. distinguished between "burden of proof", which may shift, and "onus", which does not. Cf. *Dunlop Holdings Ltd.'s Application*, [1979] R.P.C. 523, at 542 (C.A.), distinguishing between the "evidential burden" and the "legal burden".

⁵⁸³ For dissenting views, see *Bison Enterprises Ltd. v. Fonetron Inc.*, 44 C.P.R. (2d) 111 (1978); *Anaconda Co. v. Honickman*, 44 C.P.R. (2d) 217 (1978); *John Labatt Ltd. v. The Cotton Club Bottling Co.*, 51 C.P.R. (2d) 180, at 183 (1978); *Les Enterprises Canusa Inc. v. Revolution Records Ltd.*, 4 C.P.R. (2d) 89, at 91 (Reg. 1972); *American Cyanamid Co. v. Record Chem. Co.*, 6 C.P.R. (2d) 278, at 280 (Reg. 1972).

⁵⁸⁴ *Playboy Enterprises Inc. v. Germain*, 43 C.P.R. (2d) 271, at 276 (F.C. App. D. 1979); *Volkswagenwerk v. College Marketing & Research Ltd.*, 54 C.P.R. (2d) 115, at 118-19 (1981); *Armour Pharmaceutical Co. v. Rolmex Inc.*, 51 C.P.R. (2d) 170, at 172-76 (1976); *Marineland Inc. v. Marine Wonderland and Animal Park Ltd.*, [1974] 2 F.C. 558, at 567-68, 16 C.P.R. (2d) 97, at 105 (Trial D.). The opponent succeeded in *Butler Travel Ltd. v. Butler*, 63 C.P.R. (2d) 221, at 224 (1981); *Lanficio v. Cerruti Inc.*, 58 C.P.R. (2d) 268 (1979); *National Distillers v. Halter*, 50 C.P.R. (2d) 254, at 257-58 (1979); *Associated Textiles Ltd. v. Cojana Int'l Fashions Ltd.*, 18 C.P.R. (2d) 121, at 123-34 (Reg. 1974); *American Optical Co. v. Kono Mfg. Co.*, 30 C.P.R. 29 (Reg. 1958); *Burns Foods Ltd. v. Pioneer Take-out Corp.*, 70 C.P.R. (2d) 86 (Reg. 1982).

⁵⁸⁵ *Supra* note 7. See also *Charles Wilson Ltd. v. Star-Kist Foods Inc.*, 23 C.P.R. (2d) 224, at 226 (Reg. 1975).

⁵⁸⁶ *Procter & Gamble v. Conway*, 164 U.S.P.Q. 301 (CCPA 1970).

⁵⁸⁷ *The King v. Turner*, 5 M. & S. 206, at 211 (1816); see also *Pleet v. Canadian Northern*, 64 D.L.R. 316, at 319 (Ont. C.A. 1922).

"In considering the amount of evidence necessary to shift the burden of proof, the court has regard to the opportunities of knowledge with respect to the facts to be proved which may be possessed by the parties respectively".

"This does not mean", Sir Rupert continues, "that the peculiar means of knowledge of one of the parties relieves the other of the burden of adducing some evidence with regard to the facts in question, although very slight evidence will often suffice".⁵⁸⁸

(b) *Applicant Not Entitled to Registration*

Under section 16 of the Act, lack of entitlement to registration depends on a showing that someone other than the applicant has an earlier claim to a confusing trade mark or trade name. The opponent will have to come forward with evidence of this. The evidence that is needed will vary with the circumstances, and can be conveniently considered with reference to the various prior claims that may be asserted.

(i) *Prior Filed Canadian Trade Mark Application*

If, before the earliest date to which the applicant is entitled, someone else has previously filed a Canadian trade mark application for a confusing trade mark, the applicant is not, by section 16, entitled to registration. An opponent may rely on such an earlier application filed by a third party.⁵⁸⁹ He may be able to rely on a foreign filing date where the Convention priority requirements of section 33 of the Act have been met.

Although the applicant for registration must, under section 16, be seeking registration of a mark that is registrable, the section does not require that the allegedly confusing mark which is the subject of the earlier application itself be registrable. However, the earlier application must have been pending at the date that the application being opposed was advertised for opposition,⁵⁹⁰ so that if by that date of advertisement the earlier application has been rejected it constitutes no bar.

If the opponent puts before the Registrar an application with a filing date earlier than the earliest date asserted by the applicant, and one that was pending when the applicant's application was advertised, the onus will be on the applicant to satisfy the Registrar that the marks are not confusing. If the filing date of the application relied on by the opponent is not earlier than the date claimed by the applicant, the onus will be on the

⁵⁸⁸ Dunlop Holdings Ltd.'s Application, [1979] R.P.C. 523, at 544 (C.A. 1977), an opposition in a patent case. *See also* Cadbury-Schweppes v. Pub Squash, [1981] R.P.C. 429, at 465.

⁵⁸⁹ Firestone Tire & Rubber Co. v. B.F. Goodrich Can. Ltd., *supra* note 515, at 185. Under para. 12(1)(d) he may also rely on a registration of a third party. *Cf.* s. 17 where an opponent may not rely on previous use or making known by a third party. The opponent need not himself be entitled to registration; this is also the case in the U.S.: *Procter & Gamble v. Keystone*, 191 U.S.P.Q. 468, at 474 (TTAB 1976); *BAF v. Pro-Specialties*, 206 U.S.P.Q. 166, at 174 (TTAB 1980).

⁵⁹⁰ Trade Marks Act, sub. 16(4).

opponent to show that the applicant is disentitled to the earlier date that he claims.⁵⁹¹

The Registrar should consider the issue of likelihood of confusion as of the date of his decision and therefore should entertain whatever evidence is put before him as to the use and advertising of the marks.⁵⁹²

(ii) *Prior Use in Canada of a Confusing Trade Mark*

Subsection 17(1) of the Act provides that only a prior user or his successor in title may assert this prior claim, and the burden lies on such user or successor to establish that he had not abandoned his mark at the date of advertisement of the applicant's application.⁵⁹³ Where the opponent Borden Inc. filed an affidavit swearing to use of a mark by Borden Inc. and attaching, as evidence of that use, an analysis card which accompanied the wares, the Office astonishingly rejected the evidence because the card bore the words "Manufactured by Smith-Douglass Division of the Borden Chemical, Borden Inc." It was objected by the Office that the affiant had failed to explain whether Borden Chemical, Borden Inc. was a different legal entity than Borden Inc., though the affiant had sworn that the latter was the user.⁵⁹⁴ In *Firestone Tire & Rubber Co. v. B.F. Goodrich Ltd.*,⁵⁹⁵ the question arose whether the opponent could rely on its prior use of a mark that the opponent did not own, but for which it was registered as a user (licensee). By subsection 49(3) use of a mark by a registered user has the same effect "for all purposes of this Act" as a use thereof by the registered owner. By subsection 17(1) it is only at the instance of a person who has used a mark (or his successor) that opposition may be based on prior use. However, the Office seems to have thought that a registered user could rely on his use as a registered user, but only from the time he was registered. It would seem, with respect, that if reliance is to be placed on use by someone as a registered user, the combined effect of subsections 49(3) and 17(1) is to reserve that right to the registered owner. (Admittedly such a result does not make much common sense, but this is not the only peculiar result of the Canadian registered user provisions.) The Office suggested that the registered user might rely on any common law rights arising from its use. But having regard to the words "for all purposes of this Act" in subsection 49(3), it would seem that in an opposition proceeding under the Act the registered user could not rely on any use falling within the period and scope of use as a registered user.

⁵⁹¹ See text accompanying note 583 *supra*.

⁵⁹² See text accompanying note 513 *supra*.

⁵⁹³ See also Trade Marks Act, sub. 16(5), and *Chalet Bar-B-Q Inc. v. Foodcorp Ltd.*, 66 C.P.R. (2d) 56 (F.C. App. D. 1982) where "Swiss Chalet Bar-B-Q" was abandoned by Chalet Bar-B-Q Inc.

⁵⁹⁴ *Borden, Inc. v. Robin Hood Multifoods Ltd.*, 49 C.P.R. (2d) 133 (1979). Another case where ambiguity in the opponent's evidence was held against the opponent is *Syntex Inc. v. Etablissement Pharaon S.A.*, 58 C.P.R. (2d) 200 (1979).

⁵⁹⁵ *Supra* note 515.

To establish use, a bare conclusory statement that the opponent has used the mark in Canada since a certain date will not suffice,⁵⁹⁶ nor will the Office accept, as evidence, an unsworn statement of the opponent's date of first use appearing in a trade mark application of the opponent,⁵⁹⁷ despite the fact that the applicant may rely on his own unsworn statement of an alleged date of first use in the application being opposed.⁵⁹⁸

It has been said⁵⁹⁹ that in an opposition proceeding the onus is upon the opponent where he relies on prior use of a confusing mark. It is submitted that the onus is on the opponent merely to establish (on a balance of probabilities) that he or his predecessor has used his mark in Canada, as a trade mark, for the wares or services on which he relies, from a date prior to the applicant's date, and that he has not abandoned it at the date of advertisement of the application being opposed.⁶⁰⁰ An issue having thereby been raised, the onus then falls on the applicant to show that, at the time the issue arises for decision,⁶⁰¹ the marks are not confusing: if at the end of the day there is a doubt, the application should be refused.

The onus, on this submission, is not the onus that would rest on the opponent if he were suing the applicant for passing off. There the opponent (as plaintiff) would have to show that, at the time the applicant began to use his mark, the opponent had used his mark for a sufficiently long time so as to have established a goodwill in the area where the applicant has begun to trade, such that there was a likelihood of confusion at the date the applicant began to use his mark.⁶⁰² But as the Federal Court of Appeal has held in the *Oshawa Group* case,⁶⁰³ the date for considering whether the marks are confusing, in opposition proceedings, is not the applicant's date of first use, but is the date when the issue is decided. The opponent in an opposition proceeding is not seeking to restrain the applicant from trading in a territory or territories where the opponent has acquired a goodwill, but is seeking to block the applicant from obtaining exclusive rights to the mark throughout the whole country.⁶⁰⁴ Further, it would be illogical to enable the opponent under heading (i) above ("Prior Filed Canadian Trade Mark Application"), to succeed if he filed a proposed use application just prior to the applicant's date but cause him to fail if the opponent had actual use (but no goodwill or reputation) just prior to the applicant's date. Section 16 requires the applicant to have a

⁵⁹⁶ See, e.g., *General Foods Ltd. v. Scott Paper Co.*, 62 C.P.R. (2d) 143, at 144 (1982); *Kayser-Roth v. Kaufman* (unreported, 7 Aug. 1979).

⁵⁹⁷ *Rainbow Blues Fashion Ltd. v. Rainbow Jean Co.*, 58 C.P.R. (2d) 258 (1980).

⁵⁹⁸ See the text accompanying note 583 *supra*.

⁵⁹⁹ *Thomas Adams Distillers Ltd. v. Jordan & Ste. Michelle Ltd.*, *supra* note 579.

⁶⁰⁰ *Bradson Mercantile Inc. v. Personnel Pool of America Inc.*, 64 C.P.R. (2d) 260, at 269 (1981). Abandonment is a matter of intent, but intent may be inferred if, for example, the use was isolated or trifling.

⁶⁰¹ *Oshawa Group Ltd. v. Creative Resources Co.*, *supra* note 513.

⁶⁰² Cf. para. 7(b) of the Trade Marks Act.

⁶⁰³ *Supra* note 513.

⁶⁰⁴ S. 19 of the Trade Marks Act.

registrable mark but does not require that an opponent be in a position to succeed in a passing off action nor does it require the opponent to have used his mark sufficiently to be able to register it.⁶⁰⁵ If he establishes priority of adoption of his mark, the next issue is whether the marks are confusing. This depends on the provisions of section 6 of the Act, where the extent of use or reputation of his mark is but one of the circumstances to be considered.⁶⁰⁶

However, there is a series of decisions in the Trade Marks Office holding, incorrectly it is submitted, that an opponent who relies on prior use must establish a "reputation in trade" for his mark.⁶⁰⁷ It is well established and accepted by the Office, that trade mark use may occur before reputation is acquired.⁶⁰⁸ In calling for evidence of both prior use and reputation the Office relies upon *British Petroleum Co. v. Bombardier Ltd.*⁶⁰⁹ where Cameron D.J. cited the following passage from Dr. Fox's text, *Canadian Law of Trade Marks*:

Before an objection based on prior use of a confusing trade mark or trade name under section 16 can be sustained, it is necessary for an opponent to establish a reputation in trade in connection with a trading style, device or mark of some character, before the tribunal or court will proceed to consider whether, having

⁶⁰⁵ Cf. *Bowater-Scott v. Modo*, [1969] F.S.R. 330, at 335 (Pennycuik J.): a registration may be infringed by use of an unregistrable word. In *Standard Coil Products Ltd. v. Standard Radio Corp.*, 1 C.P.R. (2d) 155 (F.C. Trial D. 1971) the opponent was able to satisfy Cattnach J. that by the time the opposition was decided the opponent's mark *Standard* had become distinctive of the opponent's wares. His Lordship referred to the onus that rests on a person to show that a descriptive or laudatory mark has come actually to distinguish the wares. But having regard to the fact that the evidence showed that this had happened, he was not required to address the issue now being discussed, and he did not do so. The opponent in that case seems to have been interested not only in blocking the applicant's application but also in building a record from which the registrability of its own mark could be established, because the opponent did not on the appeal urge the mark was not distinctive. The *dicta* of Cattnach J. were followed by the Office in *Paint-A-Car Ltd. v. Paint Your Wagon Ltd.*, 58 C.P.R. (2d) 215 (1979); *McCain Foods Ltd. v. Shopsy's Food Ltd.*, 65 C.P.R. (2d) 186 (1981); *Consumers Distributing Co. v. Dearborn Distributing*, 66 C.P.R. (2d) 248, at 252 (1981).

⁶⁰⁶ If the mark previously adopted by the opponent is merely a descriptive term, the applicant may have a good argument that the opponent has not used it as a trade mark, or (where applicant's mark has, by contrast, some distinctiveness) that there is no likelihood of confusion with a mark that does not connote origin of the opponent's wares or services.

⁶⁰⁷ See, e.g., *Instrument Systems Corp. v. AMX Sound Corp.*, 61 C.P.R. (2d) 188 (1982); *Huk-A-Poo Sportswear Inc. v. Destro Enterprises Ltd.*, *infra* note 618, at 119-20. In *British American Bank Note v. Bank of America*, *supra* note 582, Cattnach J. accepted, without discussion, that the opponent must establish a reputation "in the trade". The same incorrect view has been taken where the opponent relies on prior use of a trade name: see, e.g., *Lefranc & Bourgeois v. Société des Couleurs*, *supra* note 552, at 135. Where the opponent relies on a prior registration no evidence is required of any reputation: *Foodcorp Ltd. v. Hardee's Food Systems Inc.*, *supra* note 546, at 239.

⁶⁰⁸ *Telecheck Services Inc. v. McLaughlin*, 62 C.P.R. (2d) 263, at 266-67 (1980).

⁶⁰⁹ 4 C.P.R. (2d) 204 (F.C. Trial D. 1971), *aff'd* [1973] F.C. 480, 10 C.P.R. (2d) 21 (App. D.).

regard to that reputation, the possibility of confusion upon reasonable user of the mark applied for will arise.⁶¹⁰

His Lordship noted that as authority for this statement Dr. Fox cited an English decision, *Arthur Fairest Ltd.'s Application*,⁶¹¹ a case which had reference to section 11 of the English Trade Marks Act 1938, which reads:

11. It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

This is an entirely different statutory provision than Canadian section 16, which requires only prior use of a confusing trade mark or trade name.⁶¹² In the case before Cameron D.J., the opponent sought to rely upon prior use which was not trade mark use at all, namely, use of the word "ski-doo" by the Castrol company on tins of oil to indicate the suitability of the oil for snowmobiles which Bombardier sold under the trade mark "Ski-Doo". There having been no prior trade mark use, the reference to Dr. Fox's work and to the *Fairest* case was unnecessary. Further, in *Bali Trade Mark*⁶¹³ Lord Upjohn has noted that under English Section 11 it is use, not reputation, that is controlling.

Determination of the date when a mark is first used as a trade mark was discussed by Romer L.J. in *Nicholson's Application*:

The next contention on the part of the Respondents is as to the meaning of the words "in use as a trade mark." They say that in order to constitute user of a trade mark two things must exist concurrently, namely, (1) the intention of the proprietor of the mark to indicate by its use the origin of the goods upon or connection with which it is used; (2) recognition of the mark as indicating origin on the part of that section of the public with whom the proprietor deals. Now I do not doubt that for the purpose of ascertaining the nature of the user of a mark one may legitimately take into consideration both the intention of the owner of the mark and the effect that the user has had upon the public, and the absence of both intention and public recognition would render it difficult, if not impossible, to treat the user as being user as a trade mark. But I can see no reason whatever for regarding both intention and recognition by the public as essential conditions of such a user. If a trader uses a mark upon or in connection with his goods with the intention of indicating their origin, surely he is using it as a trade mark from the moment of the first user, which will probably be many months before the public has come to recognise the mark as indicating origin. If public recognition be a requisite of user as a trade mark, the proprietor must necessarily remain in ignorance of whether he is or is not using a trade mark until by some means or another he has ascertained the views of the public upon the matter. How he is to do this has not been explained to me and I do not know. But it is quite clear that he can never ascertain when the

⁶¹⁰ Vol. 1, 265 (2nd ed. 1956). The same passage appears in the 3rd ed. (1972), at 246.

⁶¹¹ 68 R.P.C. 197, at 207 (Ch. 1951) (Lloyd-Jacob J.).

⁶¹² This is not to say that English decisions with reference to s. 11 cannot be helpful. See, e.g., *Conde Nast Publications Ltd. v. Gozlan Bros. Ltd.*, 49 C.P.R. (2d) 250, at 254 (F.C. Trial D. 1980) (Cattanach J.).

⁶¹³ *Supra* note 519, at 496 (H.L.).

public first regarded the mark as indicating origin, and must ever be unable to answer the question "When did you first use the mark as a trade mark?" In my opinion a trader is at any rate using the mark as a trade mark when he first uses it upon or in connection with his goods with the intention of indicating origin, assuming of course that it is a mark capable of so doing. In other words, intention without public recognition is enough. But is public recognition without intention enough? Supposing a manufacturer, for merely aesthetic or decorative motives, or merely warehouse purposes, uses a mark on or in connection with his goods, and such mark comes to be recognised by the public as indicating origin, has the mark been used as a trade mark? I can see no reason for thinking that it has not.⁶¹⁴

The opponent who relies on his own prior trade mark use must show use within the meaning of section 4 of the Trade Marks Act,⁶¹⁵ which includes use "in the normal course of trade" rather than mere token use.⁶¹⁶

In Canada the correct view was taken by Hearing Officer Scott in *Instromedix Inc. v. Isomedics Inc.*⁶¹⁷ The opponent established use in Canada of the mark "Instromedix" from the autumn of 1971. The applicant filed an application to register "Isomedics", with a priority date of 12 June 1972. Mr. Scott rejected an argument based on the *Fairest* case and on Dr. Fox's text and said that section 16 "does not impose any onus on an opponent to registration requiring the opponent to adduce evidence from which a reputation in trade can be inferred". Rather, looking at the onus on the applicant to show "the absence of all reasonable prospects of confusion", he rejected the application.

This solution deals neatly not only with the case where two persons adopt the same mark within a short time of each other (a time which may be too short for the first to have established any substantial reputation when the second commences use), but also with the case where a foreigner supplies his trade marked goods to a Canadian importer, thereby using the mark in Canada⁶¹⁸ but having acquired no reputation here, and the Canadian then resells the goods in Canada (perhaps repackaged to show

⁶¹⁴ 48 R.P.C. 227, at 260 (C.A. 1931).

⁶¹⁵ Thus, intention to use a trade mark may be insufficient: *cf.* *Consumers Distributing Co. v. Victor Co.*, 53 C.P.R. (2d) 242, at 245 (1979). In the U.S. a prior user need not rely on trade mark use, but if he alleges the likelihood of confusion with a non-distinctive term he may fail because the U.S. statute requires him to show a likelihood of damage: *Otto Roth v. Universal Foods*, 209 U.S.P.Q. 40 (CCPA 1981). In Canada, *cf.* the *Standard* case at note 605 *supra*.

⁶¹⁶ *See, e.g.*, *Canadian Schenley Distillers Ltd. v. Molson Co.*, 47 C.P.R. (2d) 137, at 142 (1978); *Imperial Group v. Philip Morris*, [1982] F.S.R. 72, at 79, 83 (C.A.); *Exxon v. Humble*, 214 U.S.P.Q. 451, at 464-65 (N.D. Texas 1982).

⁶¹⁷ 44 C.P.R. (2d) 170, at 175 (1980). *See also* *McCain Foods Ltd. v. Salada Foods Ltd.*, 44 C.P.R. (2d) 197, at 183 (Reg. 1980); *Charles Wilson Ltd. v. Star-Kist Foods Inc.*, *supra* note 585, at 227; *Société St. Raphael v. Atlantic* (unreported, 7 Nov. 1979) (Marceau J.).

⁶¹⁸ *See* *Huk-A-Poo Sportswear Inc. v. Destro Enterprises Ltd.*, 46 C.P.R. (2d) 109, at 117-19 (1979) where the foreigner failed to establish such use, and the Office held that even if he were the earlier user he had established no reputation here.

himself as the source) and applies for registration on the basis that he used it at the time of resale.⁶¹⁹

It is important to distinguish between cases where the opponent is relying on his priority, under section 16, and those where he is relying merely on use of his mark to show that the applicant's mark is not distinctive. He may of course rely upon both, but it is only in the latter case that he may be obliged to show that his mark has likely made an impact on the market;⁶²⁰ and then he may succeed without showing that he has priority, or that his use had been trade mark use.⁶²¹

As stated above, the opponent must, where he relies solely on earlier use, be relying upon trade mark (or trade name) use. The opponent failed to do this in the *Ski-Doo* case.⁶²² What constitutes trade mark use is defined in section 4 of the Trade Marks Act, and is discussed elsewhere.⁶²³ For comparative purposes it is interesting that in United States opposition proceedings the opponent is able to rely on use which is not strictly trade mark use.⁶²⁴ But in both countries the use relied upon must be *bona fide*.⁶²⁵

⁶¹⁹ See the discussion below under the heading "Ownership: Maker vs. Dealer". Such a case might alternatively be dealt with on the basis that the importer's use was not *bona fide* and that he could not, under para. 29(i), properly assert that he is satisfied that he is entitled to use the trade mark in Canada but if, as the Office decisions suggest, he is entitled to register where the supplier's mark has no reputation in Canada, the para. 29(i) allegation could be justified. As for *bona fide* use see note 512 *supra*.

⁶²⁰ In *McDonald's Corp. v. Yogi Yogurt Ltd.*, *supra* note 528, Cattanach J. was of the view that the opponent could rely on a series or family of marks beginning with Mc or Mac, and said that in opposition proceedings the onus is on such an opponent to establish use sufficient to constitute a family. See also *Molnlycke v. Kimberly-Clark Ltd.*, *supra* note 527, at 47-48; *Stiefel Laboratories Ltd. v. ICN Ltd.*, 38 C.P.R. (2d) 182 (Que. C.S. 1977); *Ayerst, McKenna & Harrison Ltd. v. Para Pharmaceutical Ltd.*, 26 C.P.R. (2d) 187, at 195-96 (Reg. 1975). In the U.S. such an opponent must show public awareness of the family: *Kera, Tips from the TTAB*, 67 T.M.R. 419 (1977). The opinion has been expressed in Canada by Hearing Officer Scott that the Canadian Act requires comparison of marks individually and that reliance may not be placed on a series or family of marks: *Oshawa Group Ltd. v. Dominion Stores Ltd.*, 45 C.P.R. (2d) 79, at 82 (1980). But note that this view has not apparently continued in the Trade Marks Office: *Langis Foods Ltd. v. General Mills Inc.*, 47 C.P.R. (2d) 221, at 226 (1979); *Jordan Valley Wines Ltd. v. Fattorie*, 51 C.P.R. (2d) 250, at 258 (1981). For a useful discussion of the *McDonald's* case, see *Fogo*, 72 T.M.R. 423 (1982).

⁶²¹ *General Foods Ltd. v. Weight Watcher Int'l Inc.*, 60 C.P.R. (2d) 83, at 90 (1979); *Burns Foods Ltd. v. Chuk Wagin Ltd.*, 65 C.P.R. (2d) 171, at 185 (1981).

⁶²² *Supra* note 609. See also *Thomas Adams Distillers Ltd. v. Jordan & Ste. Michelle Ltd.*, *supra* note 579, at 214.

⁶²³ See the last Survey, *supra* note 7, at 456-59, and this Survey under heading B, "Trade Mark Use".

⁶²⁴ J. GILSON, TRADEMARK PROTECTION AND PRACTICE s. 3.02 [1] (1982) [hereafter cited as GILSON]. The U.S. opponent may also be able to tack onto his use of one mark the earlier use of a similar mark: *op. cit.* s. 3.03.

⁶²⁵ *Supra* note 512.

(iii) *Prior Use in Canada of a Confusing Trade Name*

The same considerations apply as in respect of prior use of a confusing trade mark, except that it is use and nonabandonment of a "trade name" that is here to be established.

The Trade Marks Act in section 2 defines a trade name as follows:

"Trade name" means the name under which any business is carried on, whether or not it is the name of a corporation, a partnership or an individual.

It may shortly be stated that a trade mark (*e.g.* Ford) identifies or distinguishes wares or services, whereas a trade name (*e.g.* The Ford Motor Company) identifies or distinguishes a business, in other words, the trading entity.⁶²⁶

If one person has used a trade name in Canada, and another later adopts a trade mark that is likely to cause confusion with the trade name, the earlier use of the trade name may bar registration of the mark under section 16. It is therefore important to know what constitutes "use" of a trade name. This is not defined in the statute, but in *Heritage Life Assurance Co. v. Heritage Life Insurance Co.*⁶²⁷ the question arose whether the trade name Heritage Life Assurance Company had been used by the opponent before 1 April 1975, which was the date when the applicant filed an application to register a trade mark (which included the name "Heritage Life Insurance Company") that the applicant proposed to use for life insurance services. Before the critical date of 1 April 1975, the opponent had been incorporated under the trade name Heritage Life Assurance Company for the purpose of entering into insurance contracts, and had taken steps towards entering into such contracts. It had held organizational meetings, issued capital stock, invested funds under its trade name, rented and equipped an office with its trade name at the entrance, listed its trade name in the telephone directory, used the trade name on stationery, hired personnel, received some newspaper publicity, prepared forms of insurance contracts, and applied for a government licence to enable it to begin to enter into insurance contracts, but it was not until after the critical date of 1 April 1975 that it received the necessary licence and was able to undertake contracts of insurance.

Hearing Officer Scott noted that the statutory definition of a trade name, quoted above, refers to "any" business, and said that "any activities which occupy time and attention and labour or effort with the object of obtaining a profit are to be regarded as carrying on business". Further, he held that the opponent had before 1 April 1975 carried on "business of insurance" as defined in the relevant legislation regulating insurance

⁶²⁶ A trade name may also serve as a trade mark: *Dubiner v. Cheerio Toys & Games Ltd.*, [1965] 1 Ex. C.R. 524, at 557-60, *aff'd* [1966] S.C.R. 206, at 216.

⁶²⁷ 43 C.P.R. (2d) 203 (1979). *See also* *Hearthside Inc. v. Brooks Mfg. Co.*, 55 C.P.R. (2d) 187 (1979); *Dynamet v. Dynamet*, 201 U.S.P.Q. 129 (CCPA 1979); *Liqwacon v. Browning-Ferris*, 203 U.S.P.Q. 305 (TTAB 1979). In *Huk-A-Poo Sportswear Inc. v. Destro Enterprises Ltd.*, *supra* note 618, at 115, it was said that "a trade name has been used in Canada only if it can be established that a business has been carried out in Canada in conjunction with the trade name".

companies. On those grounds he held that the opponent had used its trade name in Canada before 1 April 1975, and he refused the trade mark application.

(iv) *Prior Making Known in Canada of a Confusing Trade Mark*

Again, the considerations referred to in (ii) above in connection with prior use of a trade mark apply, except that "making known" clearly does require the establishment of a substantial reputation in Canada, and at a date earlier than the applicant's date. What constitutes "making known" has been discussed in the last Survey,⁶²⁸ where reference was made to cases holding that it is not enough to show that the mark is well known in a part of Canada, but that knowledge of the mark must pervade the country to a substantial extent. However, that view has been qualified by a more recent decision of Marceau J. in *Valle's Steak House v. Tessier*.⁶²⁹ His Lordship concluded that it was sufficient that, in the case before him, the mark was known in the eastern Canadian provinces, and in particular in Quebec, but not elsewhere in Canada. He expressed the view that it is enough for a mark to be known in "a substantial part" of Canada, and that the Province of Quebec alone would suffice.

The Trade Marks Office has held that no account may be taken of any making known of a mark in Canada by a person before that person has begun to use the mark in a country of the Paris Union other than Canada.⁶³⁰ Further, it has been the view in Canada that the "use" of the mark in the other country of the Union must be "use" as defined in Canadian section 4, not "use" which might satisfy some other definition of that term under the law of the other country.⁶³¹

The statute in section 5 recognizes making known in Canada in only certain ways, namely, by distribution of wares in Canada in association with the mark, and by advertising wares or services in association with the mark in radio broadcasts and printed publications ordinarily received in Canada. It is to no avail to show that a mark has become well known in

⁶²⁸ *Supra* note 7, at 459-60.

⁶²⁹ 49 C.P.R. (2d) 218 (F.C. Trial D. 1980). The issue was whether the defendant infringed plaintiff's trade mark registration. The learned judge was satisfied that plaintiff's mark was well known in Canada before the defendant began to use it in November, 1972, and this was before the plaintiff applied for registration in Canada in June, 1973. He did not discuss whether the mark was well known in 1955, the date asserted in plaintiff's trade mark application.

⁶³⁰ *Ford Motor Co. v. Krupka*, 43 C.P.R. (2d) 103, at 111-12, 119 (1978). In the *Ford* case the Office misconstrued the *Gallo v. Andres* case, *supra* note 512, as a case on making well known, but corrected this in *Schlitz Brewing Co. v. John Labatt Ltd.*, 45 C.P.R. (2d) 258, at 266 (1978).

⁶³¹ *David Crystal Inc. v. La Ch  misse Lacoste*, 22 C.P.R. (2d) 78, at 81-82 (Reg. 1973); *see also* *Wian v. Mady*, 46 C.P.R. 147 (1966).

Canada through other activities: for example, because Canadians have learned of it by travelling abroad or by word of mouth.⁶³²

Judicial notice may be taken of some facts: for example, if the opponent shows that he has advertised a mark in the *New York Times*, *Newsweek*, and *The Wall Street Journal*, notice may be taken of the notorious fact that these publications enjoy a general circulation in Canada,⁶³³ though it is always prudent to put such facts in evidence.

(c) *Unregistrable*

Opponents frequently allege that a mark is not registrable because it is confusing with one or more previously registered marks (paragraph 12(1)(d) of the Act). The practice of the Office has been not to take notice of marks on the register if they are first referred to at the argument stage,⁶³⁴ in other words, at a time when the applicant has had no chance to deal with them in his evidence,⁶³⁵ but it seems that if registrations are identified in the statement of the opposition further proof of the registrations will not be insisted upon.⁶³⁶ Of course, the fact that a mark, relied upon by an opponent, is registered for certain wares or services may or may not be sufficient to raise a doubt as to likelihood of confusion with the applicant's mark, and the opponent is well advised to call evidence of circumstances which indicate that there is a likelihood of confusion (length of time the marks have been used, extent to which they have become known, *etc.*, as set out in section 6 of the Act).⁶³⁷

In *Société des Chaussures v. Daymor Dress Inc.*,⁶³⁸ the mistaken view was expressed by the Office that an opponent who relies on his own registration must show that the registered mark had not been abandoned as of the date of advertisement of the applicant's application.⁶³⁹ Such onus arises only where the opponent relies on prior use or making known of his mark (subsection 17(1) of the Act), not where he relies on confusion with a registered mark (under paragraph 12(1)(d)). Nor is there any onus

⁶³² *Motel 6 Inc. v. No. 6 Motel Ltd.*, *supra* note 549, at 651, 56 C.P.R. (2d) at 56; *Vallé's Steak House v. Tessier*, *supra* note 629, at 224-25.

⁶³³ *Motel 6 Inc. v. No. 6 Motel Ltd.*, *supra* note 549, at 656, 56 C.P.R. (2d), at 60. *Cf.* *Union Carbide Corp. v. W.R. Grace & Co.*, *supra* note 547, at 232.

⁶³⁴ *Biokosma v. Aerosol Fillers Inc.*, 49 C.P.R. (2d) 108, at 110 (1979).

⁶³⁵ Query whether this is a good policy. *Cf.* *G.H. Mumm v. Registrar of Trade Marks*, *supra* note 492.

⁶³⁶ *John Labatt Ltd. v. The Cotton Club Bottling Co.*, *supra* note 583, at 184-85; *Mars Canada Ltd. v. Folland*, 51 C.P.R. (2d) 160, at 161 (1979); *Williams & Humbert Ltd. v. Sun-Maid Raisin Growers*, 58 C.P.R. (2d) 236, at 242 (1979).

⁶³⁷ *See, e.g.*, *Canadian Swiss Hotels Ltd. v. Wylie Marketing Servs.*, 49 C.P.R. (2d) 139, at 141 (1979), where no notice was taken of the applicant's argument that the public does not go to a dining room to buy canned goods, nor normally associate a brand name on a product in a chain store with a restaurant of the same name.

⁶³⁸ 44 C.P.R. (2d) 195 (1978).

⁶³⁹ *Cf.* *Conde Nast Publications Inc. v. Gozlan Bros. Ltd.*, *supra* note 612, where *Cattanach J.* said at 253: "There is no onus on the objecting party." *See also* *Financierings v. Helmac-Roth Ltd.*, *supra* note 510, at 279.

on the opponent to show that the registered mark has any reputation.⁶⁴⁰ There is, however, no presumption of use of a registered mark.⁶⁴¹

Other grounds of lack of registrability set out in section 12 include that the mark is primarily merely the name or surname of an individual, that it is clearly descriptive or deceptively misdescriptive in English or French of the wares or services specified in the application or of their place of origin, or that it is the name of the wares or services in any language. For the opponent merely to assert these grounds, without filing evidence, may be sufficient to raise the necessary doubt, because the Registrar may take judicial notice of the content of directories and dictionaries,⁶⁴² but once again it is prudent for the opponent to adduce evidence of such matters. In cases where the basis for the objection is not self-evident, the opponent's failure to adduce evidence has led the Office correctly to reject the opposition, but in some instances to overstate the onus on the opponent⁶⁴³ which is merely to adduce some evidence which raises the issue.

The ultimate onus is concisely put by Addy J. in *Provenzano v. Registrar of Trade Marks*:

Although the onus is on the party seeking to establish that a mark is capable of being registered, to prove that it does not offend against the Act there is no requirement on such a party to lead evidence on self-evident matters or to prove in a positive fashion issues where common sense makes it unequivocally clear that there can be but one answer.⁶⁴⁴

When the applicant seeks to show that a *prima facie* unregistrable mark has acquired distinctiveness, the onus is on him.⁶⁴⁵

(d) *Nondistinctive*

A mark may be nondistinctive for a variety of reasons. It may be a generic term or too descriptive (and therefore also fall under the previous heading). It may have been improperly licensed: the opponent will have to put in evidence of this, unless, as sometimes happens, it appears from the applicant's own evidence or admissions. It may be too similar to one or

⁶⁴⁰ It seems that the Office thought there was in *Showerings Ltd. v. Andres Wines Ltd.*, 44 C.P.R. (2d) 202 (1978), and in *Kayser-Roth v. Kaufman*, (unreported, 7 Aug. 1979); but see note 639 *supra*, and *Petrofina Canada Inc. v. Fleeto Co.*, 63 C.P.R. (2d) 275, at 278 (1981); *Baxter Laboratories Inc. v. Chesebrough Ponds*, *supra* note 526, at 244.

⁶⁴¹ *Molnlycke v. Kimberly-Clark Ltd.*, *supra* note 527.

⁶⁴² *Banquet & Catering Supplies Ltd. v. Bench & Table Inc.*, 52 C.P.R. (2d) 72, at 77, 79 (Que. C.S. 1981).

⁶⁴³ See, e.g., *Canadian Schenley Ltd. v. Jordan Wines Ltd.*, 46 C.P.R. (2d) 74, at 83 (1978) (for the issue of deceptive misdescriptiveness); *Fundo Fomento v. Jordan Wines Ltd.*, 46 C.P.R. (2d) 121, at 126 (1978) (for the issue of deceptiveness); *Cookie Man Ltd. v. De Serres*, 63 C.P.R. (2d) 225, at 229 (1981) (for the recognition of the meaning of foreign words); *Canadian Amateur Hockey Ass'n v. Servotronics Inc.*, 32 C.P.R. (2d) 199, at 202 (Reg. 1976) (for the issue under s. 10 of meaning acquired by *bona fide* commercial usage).

⁶⁴⁴ 37 C.P.R. (2d) 189, at 190 (F.C. Trial D. 1977).

⁶⁴⁵ *Tobacco Merchants Ass'n v. Macdonald Tobacco Inc.*, 39 C.P.R. (2d) 280, at 283 (1978).

more words or marks⁶⁴⁶ or names that are in use by one or more others in Canada or that are known in Canada⁶⁴⁷ in which event the onus will be on the opponent to show that the other words, marks or names are likely known to some extent in the Canadian market, so that the applicant's mark may not distinguish his goods or services from those of others.⁶⁴⁸

The Office has said that the onus with respect to distinctiveness "is the usual onus upon a person making [*sic*, making] an allegation to establish that allegation on a balance of probabilities".⁶⁴⁹ With respect, however, the position was stated accurately by Hearing Officer Scott in *Super Pharmacies v. Kroger*:

In the present proceedings the question of whether the trade mark was or is distinctive of Super Pharmacies Limited [the opponent] is not material. The question here is whether the applicant can demonstrate that the trade mark is distinctive of and registrable by The Kroger Co. [the applicant].⁶⁵⁰

An opponent who relies on his own, or third party, use as evidence of nondistinctiveness need not show that such use was earlier than the applicant's date nor that it was use as a trade mark.⁶⁵¹ Nor should he have to show that such use likely made an impact in more than a substantial part of the country, where the applicant seeks registration for the whole of the country.^{651a}

(e) *Summary as to Onus in Trade Mark Oppositions*

In opposition proceedings the legal onus or burden always rests on the applicant but there is in various situations an evidential onus or burden on the opponent, in the absence of admissions. These situations include the following:

(1) Under section 29, the opponent has been required (wrongly in my opinion) to raise a doubt as to the unsworn allegation that the applicant has used or made his mark known from the date given in the application.

(2) Under sections 16 and 17:

An opponent relying on a prior application must prove that application, its filing or Convention priority date, and its pendency at the date of advertisement of the application being opposed.

An opponent relying on prior use of a trade mark must prove (on a balance of probabilities) use in Canada, within the meaning of section 4,

⁶⁴⁶ Not necessarily trade marks: see *Premier Cutlery Co. v. O'Donnell Knife Co.*, 59 C.P.R. (2d) 276, at 289 (1979); *Thank Goodness It's Friday Ltd. v. Lindy*, 62 C.P.R. (2d) 268, at 272-73 (1980).

⁶⁴⁷ *E. & J. Gallo Winery v. Andres Wines Ltd.*, *supra* note 512.

⁶⁴⁸ The opponent may rely on activities of third parties, because s. 17 does not apply to an attack of non-distinctiveness: cf. *Motel 6 v. No. 6 Motel*, *supra* note 549, at 660-61, 56 C.P.R. (2d) at 64-65. S. 17 was not correctly understood in *Sniderman v. Sylbert* (unreported, F.C. App. D., 12 Jan. 1979).

⁶⁴⁹ *Union Carbide Corp. v. W.R. Grace & Co.*, *supra* note 547, at 230. Reliance was placed upon the *Standard* case, *supra* note 605.

⁶⁵⁰ *Supra* note 554.

⁶⁵¹ *Supra* note 621.

^{651a} But see the *Penthouse* case, *infra* note 691.

by himself or his predecessor for the wares or services relied upon, at a date earlier than that to which the applicant is entitled, and nonabandonment at the date of advertisement of the application being opposed.

An opponent relying on prior use of a trade name must prove such use in Canada by himself or his predecessor, and nonabandonment at the date of advertisement of the application being opposed.

An opponent relying on prior making known of a trade mark must prove that he or his predecessor had used the mark, within the meaning of section 4, in a country of the Union other than Canada and had made the mark well known in a substantial part of Canada in one or more of the ways specified in section 5.

(3) Under section 12 an opponent relying on a previously registered mark must prove the registration.

(4) On distinctiveness:

An opponent relying on nondistinctiveness of the applicant's mark because it has been licensed will have to file evidence of this.

An opponent relying on nondistinctiveness because of the use by others of one or more words, marks or names must show a likelihood of some awareness of the latter in the Canadian market.

An opponent will of course always be well advised to go beyond the minimum effort indicated above.

5. *Quality of Evidence*

In *Wonder Bakeries Ltd. v. Ottawa Domestic Provisioners Ltd.*⁶⁵² the then Registrar ruled that in opposition proceedings he would apply the rules of evidence that are applied in court. His successors have adhered to that position.

(a) *Hearsay*

In interlocutory proceedings, courts admit affidavits on information and belief provided the source of the information and the grounds for the belief are stated. In trade mark opposition proceedings the evidence is by way of affidavit, but there are no interlocutory proceedings in which affidavits are used. Therefore there is not room for statements in affidavits that are on information and belief,⁶⁵³ or for other hearsay.⁶⁵⁴

⁶⁵² 26 C.P.R. 24 (Reg. 1956).

⁶⁵³ *Jordan Valley Wines Ltd. v. Fattorie*, *supra* note 620, at 252-53 (1979); *Huk-A-Poo Sportswear Inc. v. Destro Enterprises Ltd.*, *supra* note 618, at 114. In the latter case the Assistant Chairman declined also to consider the contents of copies of affidavits that had been filed in other proceedings, the copies being exhibited to an affidavit filed in the proceedings before him; and he refused to regard as evidence a certified copy of a judgment in another case.

⁶⁵⁴ *Sunway Fruit Products Inc. v. Productos Caseros*, [1965] 1 Ex. C.R. 42, at 47, 42 C.P.R. 93, at 97 (1964) (Gibson J.); *Kraft Foods Ltd. v. Fromageries*, *supra* note 516, at 105.

(b) *Best Evidence*

Inability to rely on information and belief is an aspect of the best evidence rule. Evidence should be furnished by the person who knows the facts. Thus, in *Corporate Foods Ltd. v. Sunshine Biscuits Inc.*, the Chairman of the Opposition Board observed:

Mr. Fernous states that the applicant had sold crackers and cookies bearing its trade mark to a distributor in the United States who subsequently re-sold them to customers in Canada. In my opinion, evidence by the distributor as to its sales in this country, ought to have been adduced by the applicant or an explanation given as to why evidence from the unnamed distributor was not available in this case, the distributor being the person most capable of providing evidence of use of the trade mark in Canada.⁶⁵⁵

However, the Office may not push this rule to the extreme. If documents are to be put in evidence, they must in general⁶⁵⁶ be put in as exhibits to affidavits.⁶⁵⁷

(c) *Opinions*

Affidavits of experts are admitted in opposition proceedings. Following the usual criteria, the affidavit must state what qualifications the expert has to give opinion evidence, set forth the facts upon which the opinion is based, and if possible exhibit literature supporting the opinion. The ultimate decision is, of course, for the Registrar,⁶⁵⁸ not for the expert. Opinions of interested parties are given little weight, and opinions of witnesses on the ultimate issue have generally been ignored.⁶⁵⁹

(d) *Cross-examination*

In order to cross-examine upon an affidavit filed in an opposition it is necessary first to obtain an order from the Registrar.⁶⁶⁰ This is obtained for the asking in most cases, and failure to cross-examine tends to be regarded as acceptance of what is stated in the affidavit.⁶⁶¹ It is no substitute for cross-examination to file an argumentative affidavit in reply.⁶⁶²

⁶⁵⁵ 61 C.P.R. (2d) 280, at 283-84 (1980).

⁶⁵⁶ Some documents are themselves admissible, e.g., certified copies and extracts from the register obtained from the Registrar: Trade Marks Act, s. 54.

⁶⁵⁷ *Compagnie Francaise des Petroles v. Chipman Chem. Ltd.*, 61 C.P.R. (2d) 198, at 200 (1979).

⁶⁵⁸ See, e.g., *Ferrero & Co. v. Canada Gum Ltd.*, 61 C.P.R. (2d) 214 (1980).

⁶⁵⁹ *S.P.A. Egidio Galbani v. Meagher's Distillery Ltd.*, 61 C.P.R. (2d) 223 (1980). But see *Jordan & Ste-Michelle Cellars Ltd. v. T.G. Bright & Co. Limited*, 71 C.P.R. (2d) 138 (1983) (Collier J.).

⁶⁶⁰ Trade Mark Regulations, C.R.C., c. 1559, s. 46.

⁶⁶¹ See, e.g., *Fury Indus. Ltd. v. Stein*, 49 C.P.R. (2d) 268, at 275-76 (1979); *Lalco Pharmaceutique Ltd. v. Gelcaps Exportadora*, 59 C.P.R. (2d) 252, at 254-55 (1979); *Dunlop Holding Ltd.'s Application*, *supra* note 588, at 545-46. But cf. *Procter & Gamble's Application*, [1982] R.P.C. 473, at 495 (C.A.).

⁶⁶² *Fabricated Metals Inc. v. Car-Sil Corp.*, 55 C.P.R. (2d) 93, at 98.

The Registrar has generally declined, before he decides an opposition, to make preliminary rulings on the propriety of questions or on the admissibility of evidence.⁶⁶³ He considers that he has no power to require that questions be answered or that undertakings be fulfilled. However, he takes the course of the proceedings into account when rendering his ultimate decision.⁶⁶⁴

6. Failure to Appeal Interlocutory Decisions

In the course of opposition proceedings, the Registrar may make various decisions or rulings. Section 56 of the Trade Marks Act provides that an appeal may be taken to the Federal Court within two months of any "decision" of the Registrar.

In *Anheuser-Busch v. Carling*⁶⁶⁵ the Federal Court of Appeal was asked to review a "decision" of the Registrar staying proceedings before him under section 44 of the Trade Marks Act.⁶⁶⁶ Counsel for the Registrar and for the respondent contended that this was not a decision within the meaning of section 56. The Court noted the undesirable consequences that could flow if appeals were to lie from the myriad of decisions or orders rendered on matters arising in the course of a proceeding prior to final decision, and concluded that in relation to section 44 proceedings it was only the Registrar's final decision that would be appealable.⁶⁶⁷

In relation to opposition proceedings, in *Mumm v. Registrar*,⁶⁶⁸ Walsh J. seems to have accepted the view that an appealable decision is not an interlocutory one which is made in the process of getting to the ultimate disposition of the matter. On the other hand, the Registrar has tended to regard any ruling he makes as being appealable.⁶⁶⁹ Absent an appeal or other review, when the time comes to decide the opposition the

⁶⁶³ A case where he did rule on admissibility of evidence alleged to be in reply was *Die Bergkelder v. Casabello Wines Ltd.*, 55 C.P.R. (2d) 286 (1979) (reported in summary only).

⁶⁶⁴ But see Aylen, *Cross Examination in Oppositions: Compelling Answers to Questions and Compliance with Undertakings*, 15 *Bull. P.T.I.C.* (Series 8) 999 (1982). Where there is litigation between the parties the court may stay the opposition proceedings, but it seems that the Registrar may not: *supra* note 509.

⁶⁶⁵ See note 509 *supra*.

⁶⁶⁶ These are proceedings in which the owner of a registered mark is required to file evidence as to whether the mark is in use in Canada. See note 710 *infra*.

⁶⁶⁷ However, the Court of Appeal went on to hold that the Registrar had no jurisdiction to grant a stay. See also *Wordex v. Wordex*, 70 C.P.R. (2d) 28 (F.C. Trial D. 1982) (Cattanach J.).

⁶⁶⁸ *Supra* note 492, at 227. Cf. *Wagner v. Kabushiki Kaisha Wako*, 217 U.S.P.Q. 78 (C.A.F.C. 1983).

⁶⁶⁹ See, e.g., *Die Bergkelder v. Casabello Wines Ltd.*, *supra* note 663 (ruling on admissibility of evidence); *Kimberly-Clark Ltd. v. Molnlycke*, *supra* note 511, at 125 (grant of extension of time to file a counterstatement); *Domkraft Ltd. v. Heitner Mfg. Co.*, 58 C.P.R. (2d) 207, at 209 (1979) (refusal to entertain a ground of opposition). Cf. *Anheuser-Busch Inc. v. Carling O'Keefe Breweries Ltd.*, 58 C.P.R. (2d) 172 (F.C. Trial D. 1981) (Jerome A.C.J.) (a decision to withhold judgment is probably not an appealable decision); *PREDATOR Trade Mark*, [1982] R.P.C. 393 (Slade J.).

Registrar will of course adhere to rulings made during the prior conduct of the opposition.⁶⁷⁰

Failure to appeal from an interlocutory decision of the Registrar should not constitute *res judicata* on appeal from his final decision.⁶⁷¹ However, it may be difficult after the final decision to persuade the Court that a wrong interlocutory decision of the Registrar was of sufficient significance to warrant interfering with his ultimate disposition of the opposition. Accordingly it has been tempting to file appeals from his interlocutory decisions, despite the opportunity of adducing additional evidence on appeal from his final decision.⁶⁷² Among matters that the Registrar may rule upon during the course of the proceedings are the following:

(1) *Whether to extend the time for filing or proceeding with an opposition.*⁶⁷³ His refusal to do so must be appealable if it would conclude the proceedings.⁶⁷⁴ But the grant of an extension does not conclude the proceedings, nor do all refusals to extend the time, and the remedy, if there is one, might be to seek prohibition or *mandamus* in the Federal Court before the opposition proceeds further.⁶⁷⁵ On appeal from the ultimate decision in the opposition the Court would not as a rule be expected to take an interest in such an interlocutory matter.

(2) *Whether a statement of opposition raises a substantial issue for decision.* As discussed in the last Survey, several appeals have been taken on this issue.⁶⁷⁶

(3) *Whether to permit a statement of opposition to be amended.* This is a matter which section 42 of the Rules leaves to the Registrar's discretion. Walsh J. has regarded this as not being an appealable decision, while indicating that the Registrar is not confined to the grounds of opposition set forth in the unamended statement of opposition.⁶⁷⁷ However, the Registrar has tended to regard failure to appeal as eliminating from consideration the subject of the desired amendment.⁶⁷⁸

(4) *Entry of an amendment to the trade mark application.* This is governed by sections 35 to 37 of the Rules, which permit only certain

⁶⁷⁰ *Ferrero v. Fiesta*, 61 C.P.R. (2d) 155, at 157 (1980) (a refusal to allow amendment of a statement of opposition).

⁶⁷¹ *Cf. in the Province of Quebec, Fraternité des Policiers de Montréal Inc. v. City of Montreal*, [1980] 1 S.C.R. 740, 32 N.R. 383.

⁶⁷² Trade Marks Act, sub. 56(5); *G.H. Mumm v. Registrar of Trade Marks*, *supra* note 492, at 225.

⁶⁷³ Trade Marks Act, s. 46.

⁶⁷⁴ *Fjord Pacific Indus. Ltd. v. Registrar of Trade Marks*, [1975] 1 F.C. 536, at 539, 20 C.P.R. (2d) 108, at 110 (Mahoney J.).

⁶⁷⁵ *Centennial Grocery v. Registrar of Trade Marks*, 5 C.P.R. (2d) 235 (F.C. App. D. 1972) (Heald J.); *Golf Lynx v. Petron Golf*, 4 I.P.D. 12 (1982) (Slade J.). *See also* the article by Aylen, *supra* note 664. In *Wordex v. Wordex*, *supra* note 667, Cattanaich J. has held that no appeal lies from the grant of an extension of time to oppose, there being at that stage no *lis* between the applicant and the opponent.

⁶⁷⁶ *Supra* note 7, at 460-61.

⁶⁷⁷ *G.H. Mumm v. Registrar of Trade Marks*, *supra* note 492, at 227.

⁶⁷⁸ *Ferrero v. Fiesta*, *supra* note 670, at 157.

amendments to be made after an application has been advertised for possible opposition. Allowance of an amendment appears not to be a decision that is appealable.⁶⁷⁹

(5) *Whether to admit certain evidence.* As noted under the previous heading, the Registrar generally declines to rule on evidence until he makes his final decision, but interlocutory rulings on evidence should not be appealable.⁶⁸⁰

7. Confusing Marks

The Canadian Trade Marks Act uses the somewhat inelegant⁶⁸¹ term "confusing" as a compendious indicator that marks which may differ and may be used for different wares or services are nevertheless, if used concurrently, likely to give rise to confusion as to the origin of the wares or services.

(a) Sponsorship

Section 2 of the Act defines an ordinary "trade mark" in terms of distinguishing wares or services "manufactured, sold, leased, hired or performed" by one person from those of another. Section 2, in defining the term "confusing", directs the reader to section 6, where the Act speaks of a likelihood of leading to the inference that the wares or services are "manufactured, sold, leased, hired or performed" by the same person. Sponsorship or approval by the same person are not referred to, and this seems to have led Trade Marks Office officials to conclude that marks are not confusing if one mark merely suggests that the wares or services with which it is associated are in some way sponsored by the owner of another mark.⁶⁸² However, in *Conde Nast Publications Ltd. v. Gozlan Bros. Ltd.*,⁶⁸³ Cattnach J. has pointed out that if the public are likely to be put into a state of doubt or uncertainty as to whether wares have been approved, licensed or sponsored by an opponent, or whether there is some business connection between the owners of the marks, they might logically infer that the opponent is the source, from which one may

⁶⁷⁹ *Hardee's Food Systems Inc. v. Hardee Farms Int'l Ltd.*, 63 C.P.R. (2d) 86 (F.C. Trial D. 1982) (Cattanach J.). Note that a later application in the same case for a prerogative writ, under s. 18 of the Federal Court Act, was rejected by the same learned judge: 70 C.P.R. (2d) 108 (1983).

⁶⁸⁰ *Hoffman-La Roche Ltd. v. Delmar Chem. Ltd.*, [1966] Ex. C.R. 713, at 716, 49 C.P.R. 97, at 100. The Registrar has erroneously indicated otherwise: *Die Bergkelder v. Casabello Wines Ltd.*, *supra* note 663; *Hardee Farms Int'l Ltd. v. Hardee's Food Systems Inc.*, 64 C.P.R. (2d) 249, at 259 (1981).

⁶⁸¹ REPORT OF THE TRADE LAW REVISION COMMITTEE TO THE SECRETARY OF STATE OF CANADA, reproduced in FOX, 2 CANADIAN LAW OF TRADE MARKS 1165 (2nd ed. 1956).

⁶⁸² *Volkswagenwerk v. College Marketing & Research Ltd.*, *supra* note 584, at 119.

⁶⁸³ *Supra* note 612. See also *Berry Bros. & Rudd Ltd. v. Planta*, 53 C.P.R. (2d) 130 (F.C. Trial D. 1980) (Cattanach J.).

conclude that the applicant has not discharged the onus that rests upon him in opposition proceedings.⁶⁸⁴

(b) *Territorial Extent of Use*

Although subsection 6(5) of the Trade Marks Act includes a list of circumstances that are to be considered in determining whether trade marks or trade names are confusing, the territorial area in which they are used is not one of the circumstances listed, for the good reason that the earlier provisions of section 6 require the assumption that the marks or names are used in the same area. The point was made in unambiguous terms by Cattnach J. in *Bonus Foods Ltd. v. Essex Packers Ltd.*, a trade mark infringement case:

The test in s-s. (2) of s. 6 is not what has happened in fact but what inference would be likely to be drawn if it did happen that the plaintiff and the defendant used the mark "Bonus" in respect of these different classes of goods in the same area. A finding must be made whether, in the purely hypothetical event of user by the plaintiff of its registered trade mark rights and user by the defendant of the mark "Bonus" in respect of its dog food in the same area, it would be likely to lead to the inference that the wares in relation to which the plaintiff used the trade mark and the wares in relation to which the defendant used it were manufactured or sold by the same person. The answer to this question might conceivably lead to the conclusion that the defendant must be deemed to have infringed the plaintiff's registered trade mark even if the plaintiff's sales were, in fact, restricted to a small area in British Columbia and the defendant's sales were in fact restricted to a small area in Newfoundland and, even if no single member of the public had ever, in fact, seen wares originating from them both. This test is apparently so framed by s. 6(2) because s. 19 confers on the plaintiff an "exclusive right to the use throughout Canada".⁶⁸⁵

In the British Columbia-Newfoundland case postulated by His Lordship, a plaintiff would have little prospect of success in a passing off action: his rights extend only to the area where he can establish that he had acquired a goodwill at the time that the defendant began his activities.⁶⁸⁶ By contrast the rights of the owner of a trade mark

⁶⁸⁴ So, also, it would seem that in *Johnson & Johnson v. Rorer Ltd.*, 44 C.P.R. (2d) 90, at 97 (1978) the Office took too narrow a view in saying that "the possibility of confusion in prescribing and dispensing pharmaceutical products is not directly related to the likelihood of confusion as to source of product, which is the issue for decision under s. 6 of our Act".

⁶⁸⁵ 43 C.P.R. 165, at 183 (Ex. 1964). See also *Monsieur Silencieux Ltd. v. Clinique de Silencieux Inc.*, 6 C.P.R. (2d) 23, at 26 (F.C. Trial D. 1972) (Pratte J.).

⁶⁸⁶ In *Valle's Steak House v. Tessier*, *supra* note 629, Marceau J. erroneously remarked at 223 that "registration confirms the owner's rights to exclusive use of its mark throughout Canada...the rights themselves exist prior to registration". While s. 19 confers an exclusive right throughout Canada, it is not a prerequisite that the applicant for registration have established a widespread territorial exclusivity before he registers; indeed, he may never have used the mark in Canada: Trade Marks Act, sub. 16(2). Statements that are made from time to time to the effect that registration confers merely procedural rights, or that the law relating to registrability or infringement is the same as that relating to passing off (e.g., *Association of Professional Engineers v. Registrar of*

registration normally have no territorial limitation within Canada.⁶⁸⁷

In *Oshawa Holdings Ltd. v. Fjord Pacific Marine Industries Ltd.*,⁶⁸⁸ the Federal Court of Appeal, in proceedings for expungement of a registered mark, has confirmed that there need not be actual use in the same area, for marks or names to be confusing within the meaning of the statute.⁶⁸⁹ The Court found that the marks and names before it were not confusing, and did not reach the question, referred to at the trial,⁶⁹⁰ of whether lack of distinctiveness in part of the country should be sufficient to invalidate a registration that purports to give exclusive rights throughout the country. The present, peculiar state of the authorities is that distinctiveness in part of the country is enough to sustain a registration, despite apparent lack of distinctiveness elsewhere in Canada.⁶⁹¹

Despite the irrelevance under the statute of whether the parties are trading in the same area, it does no harm to a party who is seeking to establish that marks or names are confusing⁶⁹² or nondistinctive⁶⁹³ to show that the marks or names are used or known in the same area.

(c) *Other Circumstances*

As noted under the last heading, the issue of whether trade marks are confusing requires, in relation to territorial area, consideration of the hypothetical situation that would exist if the marks are used in the same area. Other hypothetical circumstances may also have to be considered. These are discussed in the next section, in considering various kinds of trade mark use.

Trade Marks, [1959] Ex. C.R. 354, at 362, 31 C.P.R. 79, at 87 (Fournier J.)) do not withstand analysis in Canada.

⁶⁸⁷ Occasionally limitations are imposed on registrations for inherently non-distinctive marks pursuant to s. 31: see the last Survey, *supra* note 7, at 455. Newfoundland is sometimes excluded: s. 67. There is the possibility of a limitation on exclusivity under s. 21, but there is no reported case under that section. *Cf.* the U.S. Trademark Act of 1946, para. 2(d).

⁶⁸⁸ 55 C.P.R. (2d) 39, at 43 (F.C. App. D. 1981).

⁶⁸⁹ The Court's reference, at 44, to the fact that the marks and names were used in different areas is therefore curious, but also seems to have been unnecessary. See also *Oshawa Group Ltd. v. Creative Resources Co.*, *supra* note 513, at 37.

⁶⁹⁰ 47 C.P.R. (2d) 86, at 97-98 (F.C. Trial D. 1980) (Walsh J.).

⁶⁹¹ The *Penthouse* case, *Great Lakes Hotels Ltd. v. Noshery Ltd.*, [1968] 2 Ex. C.R. 622, 56 C.P.R. 165 (Cattanach J.). This case would be easier to understand if the registrant had been first to use the mark in Canada: *cf.* *Dunfey Hotels v. Meridien*, 209 U.S.P.Q. 678, at 686 (D.C.S.D.N.Y. 1981); or if the registrant had been the first to acquire a reputation in association with the mark in Canada: *cf.* *E. & J. Gallo Winery v. Andres Wines Ltd.*, *supra* note 512; or if the third party uses had been dismissed as insufficiently proved, sporadic or *de minimis*.

⁶⁹² *Cartem v. Souhais Renaissance Inc.*, 60 C.P.R. (2d) 1, at 3, 5 (F.C. Trial D. 1982) (Addy J.).

⁶⁹³ *Motel 6 Inc. v. No. 6 Motel Ltd.*, *supra* note 549, at 656, 56 C.P.R. (2d) at 61.

B. Trade Mark Use

What constitutes "use" of a "trade mark" is of great importance. The words "use" and "trade mark" appear in many statutory provisions. Their meaning may differ substantially from country to country, and within the legislation of a single country. This has led to difficulties and confusion. A brief overview will be attempted, with reference to Canada, the United States and the United Kingdom.

1. Entitlement to Registration (*Qualifying Use*)

In order to register a trade mark, an applicant in Canada and the United States must have used the mark, and what constitutes satisfactory use is circumscribed. As a shorthand, let us call such use "qualifying use". Some of its characteristics will be considered under the next six subheadings.⁶⁹⁴

(a) Goods and Services

In Canada and the United States registration may be obtained for both goods and services, but only for goods and services for which the mark has been used before registration is granted. Qualifying use therefore has in these countries, as a first attribute, use in relation to specific goods and services. (In the United Kingdom, registration may be obtained for goods only, but it may be granted on no more than a *bona fide* intention to use the mark.⁶⁹⁵ What is required to sustain a British registration will be referred to later).

(b) Proximity to the Goods and Services

In the United States, the applicant must have used his mark, for the goods and services specified in his application, before applying for registration, and with his application he must file specimens or facsimiles showing the mark as used.⁶⁹⁶ When the mark is to be registered for goods, the specimens or facsimiles must relate to use on the goods, or on tags or containers for the goods, or on displays that are associated with the goods when they are sold or delivered. Use in advertising is not accepted except when registration is sought for services.

⁶⁹⁴ Not all: for example, the place of use can be important, but will not be discussed in detail.

⁶⁹⁵ U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, para. 26(1)(a). This is one reason why U.K. specifications of goods tend to be wider than in the U.S. and Canada. In practice, the U.S. Patent and Trademark Office tends to allow somewhat less specific descriptions than the Canadian.

⁶⁹⁶ U.S. Trademark Act of 1946, 60 Stat. 540, ss. 1(a)(1) and (3) and Rules 56-58. There must be use in commerce which may be lawfully regulated by Congress (s. 45), unless registration is sought based on use and registration in a foreign applicant's country of origin (s. 44).

In Canada it is possible to apply for registration before the mark has been used, but there must be use for the goods or services for which registration is sought before registration will be granted.⁶⁹⁷ The use must conform to the requirements of section 4 of the Trade Marks Act;⁶⁹⁸ such use has generally⁶⁹⁹ been regarded as requiring proximity to the goods similar to that which is required in the United States. The requirement of proximity includes visibility of the mark at the time of transfer of property or possession so that the mark and the goods will be associated with each other.⁷⁰⁰ As in the United States, use in advertising is acceptable for services.⁷⁰¹

(c) *Significance*

A mark may appear in proximity to goods or services, but mere proximity is not enough to constitute qualifying use.⁷⁰² The United States Act in section 45 has the following definition:

The term "trademark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.

This identification function may, for short, be called trade mark significance, to be distinguished from, for example, mere descriptive, geographic, generic or other significance which would not suffice for registration.

The Canadian Act in section 2 defines "trade mark" in different terms⁷⁰³ but requires similar trade mark significance.

⁶⁹⁷ Trade Marks Act, sub. 39(2).

⁶⁹⁸ See also the Trade Mark Regulations, C.R.C., c. 1559, s. 33.

⁶⁹⁹ But see *Wembley Inc. v. Wembley Neckwear Co.*, 8 C.P.R. 132 (Ont. C.A. 1948), an infringement case decided in relation to the Unfair Competition Act 1932, S.C. 1932, c. 38, s. 6, which had, for goods, a definition of use similar to the present s. 4.

⁷⁰⁰ Cases not satisfying this requirement at the relevant time were: *Medox Ltd. v. Roussel (Canada) Ltée.*, 48 C.P.R. (2d) 97 (1980) (marks on tablets); *Unilever's Application*, [1980] F.S.R. 280 (Whitford J.) (stripes on toothpaste); *Re Armour*, 180 U.S.P.Q. 351 (TTAB 1973) (package inserts). As to whether a mark has been used in Canada when the goods are shipped here from abroad, see the last Survey, *supra* note 7, at 458; *Huk-A-Poo Sportswear Inc. v. Destro Enterprises Ltd.*, *supra* note 618, at 117-19; *Tubeco Inc. v. Association Québécoise Inc.*, *supra* note 578, at 232-36.

⁷⁰¹ As to what constitutes use for services, see the last Survey, *supra* note 7, at 458-59; *Motel 6 Inc. v. No. 6 Motel Ltd.*, *supra* note 549, at 651-53, 56 C.P.R. (2d) at 56-57.

⁷⁰² See *British Petroleum Co. v. Bombardier Ltd.*, *supra* note 609.

⁷⁰³ The principal part of the definition reads:

"trade mark" means

(a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,...

(d) *Trade*

In the United States, qualifying use has been said to require use in an effort to create or maintain a market for the goods or services.⁷⁰⁴

In Canada, similarly, section 4 of the Act requires a qualifying use to be "in the normal course of trade".⁷⁰⁵

(e) *Environment*

A word or symbol often does not appear alone on a label, tag, advertisement or the like but may appear in association with descriptive or other reading matter, against a background, with other symbols, or on a label or container having a style or shape. Words may be written in a certain style or colour. There may be a question of what, in all this matter, constitutes the trade mark. The whole may constitute a trade mark, but usually one or more components creates a sufficiently distinct impression to have trade mark significance and thus be recognized as a trade mark. A trade mark may be used in different environments, and be distinct therefrom.

(f) *Area*

We have seen that qualifying use involves a consideration of goods and services, proximity, significance, trade, and environment. In order to obtain registration for the entire United States, or for all of Canada, the applicant need not have used his mark throughout the whole of the country. Use anywhere in the country is, in general, sufficient, although for the United States there must have been use in commerce which may lawfully be regulated by Congress, in other words, interstate or foreign commerce.⁷⁰⁶

2. *Entitlement to Maintain Registration (Qualifying Use)*

In Canada a trade mark registration may be held invalid in infringement proceedings in the provincial or federal courts, and may be expunged by the Federal Court.⁷⁰⁷ In the United States and the United Kingdom, registrations may also be held invalid in infringement proceedings, and may be subject to what are usually called cancellation proceedings and rectification proceedings, respectively.

In order to maintain a registration in the United States the registrant must from time to time file evidence that his mark is still in use for the

⁷⁰⁴ See, e.g., *Evening at Trotters v. Nite at Races*, 214 U.S.P.Q. 737, at 741 (TTAB 1982).

⁷⁰⁵ *Siscoe Vermiculite Mines Ltd. v. Munn & Steele Inc.*, [1959] Ex. C.R. 455, 31 C.P.R. 6; see also note 616 *supra*.

⁷⁰⁶ U.S. Trade Marks Act, s. 45. In the U.S. prior nonqualifying use may be "tacked on" to later qualifying use to establish priority over another: see, e.g., *Liqwacon v. Browning-Ferris*, 203 U.S.P.Q. 305, at 308 (TTAB 1979).

⁷⁰⁷ Trade Marks Act, ss. 53, 55, 57.

goods or services for which it is registered.^{707a} Use having the same characteristics as qualifying use must be shown: if such use is not shown for certain goods or services specified in the registration, the registration may be restricted to those for which use is shown. If the mark is not in use at all, the registration may be cancelled. Discontinuance of qualifying use may also lead to cancellation proceedings on the ground of abandonment.⁷⁰⁸

In Canada a registration may also be expunged (or held invalid) on the ground that the trade mark has been abandoned,⁷⁰⁹ but a more common procedure for removing marks from the register, or restricting the goods or services for which they are registered, is to invoke section 44 of the Act. Under section 44 the Registrar of Trade Marks may require the registrant to file evidence as to whether his registered mark is in use in Canada for the goods or services for which it is registered. The Registrar may expunge the registration for non-use, or amend the registration to show the goods or services for which the mark is used. Evidence of use having the characteristics of qualifying use should be provided, or evidence that non-use has been due to special circumstances.⁷¹⁰

In Canadian expungement or infringement proceedings the issue may be raised whether the applicant was the person entitled to registration.^{710a} He would not have been if he had not had a qualifying use. This issue also appears to be open in American cancellation proceedings.^{710b} In the United Kingdom, the issue would be whether the applicant had a *bona fide* intention to use the mark when he applied.^{710c}

In the United Kingdom, although use before registration is not required, a registrant who fails to use his registered mark puts his

^{707a} U.S. Trade Marks Act, ss. 8, 9.

⁷⁰⁸ U.S. Trade Marks Act, para. 14(c). Token use will not prevent a finding of abandonment, as recently discussed in *Exxon Corp. v. Humble Explorations Co.*, 217 U.S.P.Q. 1200 (5th Cir. 1983).

⁷⁰⁹ Trade Marks Act, para. 18(1)(c), s. 57. This requires an application to the Federal Court.

⁷¹⁰ For further discussion of s. 44 proceedings, see Gadban, *Thoughts on Trade Mark Use following Pharmaco*, 11 BULL. P.T.I.C. (Series 8) 630 (1982). In the *Pharmaco* case, *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* [1981] 1 F.C. 679, 53 C.P.R. (2d) 62 (1980), the Federal Court of Appeal has affirmed the requirement that evidence be filed showing the facts relating to an assertion of use, as mentioned in the last Survey, *supra* note 7, at 464-65. But Mahoney J. has sensibly noted that "evidentiary overkill" is not required: *Union Electric Supply Co. v. Registrar of Trade Marks*, 63 C.P.R. (2d) 56, at 57 (F.C. Trial D. 1982). In *John Labatt Ltd. v. Rainier Brewing Co.*, 68 C.P.R. (2d) 266 (F.C. Trial D.), Rouleau J. considered that a mark was shown to be in use when there was no evidence of use for over a year and a half but, just prior to issuance of a s. 44 notice, the registrant had received substantial orders that were filled shortly thereafter.

^{710a} Trade Marks Act, sub. 18(1).

^{710b} MCCARTHY, *supra* note 572, s. 20:14 suggests that in cancellation proceedings the same grounds are available as in opposition proceedings, and, at s. 20:3 that this issue is open in the latter. See also *Granny's v. Granny's*, 199 U.S.P.Q. 564 (TTAB 1978).

^{710c} U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, para. 26(1)(a).

registration in jeopardy.⁷¹¹ Subsection 68(2) of the United Kingdom Trade Marks Act provides that:

References in this Act to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark, and references therein to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods.

It seems that "qualifying use" falling within this United Kingdom provision has, *inter alia*, the following characteristics:⁷¹²

(1) It must be in relation to the goods specified in the registration, or "goods of the same description".⁷¹³

(2) Proximity to the goods in the restricted American and Canadian sense does not seem to be required, provided customers are likely to perceive a trade connection between the mark and the goods.⁷¹⁴ use in advertising, on invoices, or even in orders for goods may therefore suffice.⁷¹⁵

(3) The use must have trade mark significance,⁷¹⁶ "trade mark" being defined in subsection 68(1) of the United Kingdom Act as "a mark used...in relation to the goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or registered user to use the mark...".

(4) The use must be "in the course of trade".⁷¹⁷

(5) As in the United States and Canada, environment is immaterial provided the mark has its own trade mark significance in its surroundings.

(6) Use anywhere in the United Kingdom is sufficient.⁷¹⁸

It will be noted that "qualifying use" is, generally speaking, a more liberal concept in the United Kingdom than in the United States and Canada. It has been recognized in these three jurisdictions that it is not necessarily fatal that the registrant is now using the mark in a different form than that in which it is registered. In the United Kingdom, subsection 30(1) of the Act enables a tribunal to accept use of the mark "with additions or alterations not substantially affecting its identity", and

⁷¹¹ However, the U.K. Registrar has an overriding discretion: HERMES Trade Mark, [1982] R.P.C. 425 (Ch. 1981). For a well known invented mark a so-called "defensive" registration is possible, under s. 27 of the U.K. Act, for goods for which the mark is not used by the owner.

⁷¹² For a full discussion, see Llewelyn & Brattne, *Non-Use of Registered Trade Marks under British Law*, 13 I.I.C. 319 (1982) [hereafter cited as Llewelyn]. Non-use may be excused in special circumstances, under sub. 26(3).

⁷¹³ Sub. 26(1); see also Llewelyn, *id.* at 331-32.

⁷¹⁴ Llewelyn, *id.* at 329-31.

⁷¹⁵ HERMES Trade Mark, *supra* note 711.

⁷¹⁶ Additional significance, e.g., an indication of quality, need not be fatal: Llewelyn, *supra* note 712, at 329. Nor need it be in Canada or the United States.

⁷¹⁷ Aristoc Ltd. v. Rysta Ltd., 62 R.P.C. 65, at 80 (H.L. 1944); Gallaher v. Health Educ. Bureau, [1982] F.S.R. 464, at 472 (H.C.) (Ir.).

⁷¹⁸ Subject to the unlikely possibility of a territorial restriction put on the registration under sub. 26(2): see also Llewelyn, *supra* note 712, at 332-33.

this seems to be the effect of the decisions in the United States and Canada, though expressed in somewhat different words.⁷¹⁹

3. *Use in Litigation*

(a) *Common Law Actions (Actual Use)*

In a "passing off" action,⁷²⁰ as distinct from an "infringement" action for infringement of rights flowing from a trade mark registration, courts are not confined to the limited concepts of qualifying use discussed above. The principles applied in passing off actions are much the same in all common law jurisdictions.⁷²¹ The plaintiff who has no trade mark registration has an initial evidentiary burden of establishing his rights.⁷²² Once he has called evidence to show how he actually uses his mark, the courts do not look at his mark in isolation, but consider also its environment. They do not require the proximity to goods that may be needed to qualify for registration, but will look at any manner in which he puts his mark before potential customers. They do not confine their attention to the specific goods or services for which he uses his mark, but look at the nature of his business. However, they tend to confine his protection to the geographical area where he has traded or established a goodwill at the time the defendant began the activities complained of.⁷²³

In the case of the defendant, similarly, the courts look at the totality of what he is actually doing, and decide whether his activities are likely to deceive or confuse customers to the damage of the plaintiff.

⁷¹⁹ In the U.S., *see, e.g.*, *Feed Flavors v. Kemin*, 214 U.S.P.Q. 360, at 363 (TTAB 1982): "the new and old forms create the same, continuing commercial impression...a change which does not alter its distinctive characteristics". In Canada, *see Saccone & Speed Ltd. v. Registrar of Trade Marks*, 67 C.P.R. (2d) 119 (F.C. Trial D.) (Cattanach J.) where reference is made to a "significant" or "substantial" difference such as to cause injury or deception to anyone, and to whether the "essential elements" of the mark have been preserved, and suggesting also that the tribunal should disregard changes introduced to comply with labelling regulations. *See also Carling v. Anheuser-Busch*, 68 C.P.R. (2d) 1 (F.C. Trial D. 1982) (Walsh J.).

⁷²⁰ The term "passing off" may (as in Trade Marks Act, para. 7(c)) be used in a narrow sense of palming off wares or services as and for those ordered or requested (sometimes called "substitution") or in a wider sense (encompassing Trade Marks Act, para. 7(b)) of directing public attention to one's wares, services or business in such a way as to confuse or deceive. It is used in the text in the wide sense.

⁷²¹ Differences may sometimes be perceived in the U.S. For example, it seems that in the U.S. the evidentiary burden in a common law action based on a "technical" trade mark (one that is inherently distinctive) may be less than it would be in the U.K. or Canada where it is always necessary to show that a goodwill has been built up in association with the mark. *Cf. H. NIMS, UNFAIR COMPETITION AND TRADE-MARKS* s. 319 (1947) with *KERLY, supra* note 501, at ss. 16-09 to 16-11.

⁷²² *A.G. Spalding & Bros. v. A.W. Gamage Ltd.*, 32 R.P.C. 273, at 284 (H.L. 1915); *Ball v. United Artists Corp.*, 214 N.Y.S. 2d 219 (1961).

⁷²³ Reasonable scope for expansion may be given: *see, e.g., Brestian v. Try*, [1958] R.P.C. 161 (C.A.).

(b) *Infringement Actions (Confusing Use)*

An action based on a registered trade mark is usually called an infringement action, to distinguish the action from a passing off action where reliance is not placed upon a registration.

If a mark is registered, the plaintiff may rely both on alleged infringement and passing off. In Canada both actions may be brought in a provincial court, but there is serious doubt whether the Federal Court of Canada has jurisdiction to entertain a passing off action,⁷²⁴ though it may entertain an infringement action.⁷²⁵

What types of use are relevant in an infringement action, having regard to the wide concepts applied in passing off actions and the narrower concepts of "qualifying use" required to obtain and maintain a trade mark registration?

(i) *Use by the Owner of the Registration (Qualifying Use, Actual and Potential)*

Various uses of a mark may constitute qualifying uses in a given country: different kinds of proximity may qualify (for example, use on the goods themselves, or on containers, or tags), as may use in different environments (for example, use on different labels, or on different containers). The plaintiff need not have exercised all the possibilities in order to obtain or maintain a registration, yet any one of a range of potential qualifying uses, not indulged in by him, would sustain his registration.

In a passing off action it is essential to consider how the plaintiff has actually used his mark, whereas in an infringement action it is necessary to consider the scope of the registration. The scope of the registration appears to be of greater significance in the United Kingdom and Canada than in the United States, despite the fact that in all three jurisdictions a trade mark registration confers, by statute, an exclusive right, something which a plaintiff need not establish in a passing off action in order to obtain relief.⁷²⁶

An infringement action in the United States proceeds on the basis that the registration of a trade mark is *prima facie* evidence of the registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration. The registration therefore confers an initial procedural advantage on the plaintiff, but registration is essentially confirmatory of his common law rights.⁷²⁷ Thus, an American court always considers likelihood of confusion, mistake or deception in

⁷²⁴ See the text accompanying note 851 *infra*.

⁷²⁵ Trade Marks Act, s. 55.

⁷²⁶ *Warnink v. Townend & Sons Ltd.*, [1980] R.P.C. 31, [1979] F.S.R. 397 (H.L. 1979); *Purcell v. Summers*, 145 F. 2d 979 (4th Cir. 1944).

⁷²⁷ Though some substantive rights are also obtained in the U.S. by registration: GILSON, *supra* note 624, at s. 4.01.

an infringement action⁷²⁸ as it must do in a passing off action,⁷²⁹ though less emphasis may be placed on the plaintiff's get-up, or other environment that is not part of his registered mark, than in a passing off action.⁷³⁰ There is, however, no need for the American plaintiff to establish that his present use is a qualifying use;⁷³¹ that issue arises only if the validity of his registration is attacked. Though the plaintiff's registration may be for the entire United States, his territorial rights under the registration may yield to common law territorial rights acquired by others.⁷³²

Such territorial yielding may occur, but in fewer instances, in the United Kingdom and in Canada,⁷³³ where it is unlikely to avail the defendant to show that the plaintiff has no trade or goodwill in the area where the defendant is trading: registration confers enforceable rights throughout the nation unless its validity is successfully challenged.⁷³⁴ Nor is there an onus on the plaintiff to call a tittle of evidence as to how he actually uses the registered mark.⁷³⁵ Attention must be focussed on the exclusivity conferred by the registration, rather than upon how the

⁷²⁸ U.S. Trademarks Act, sub. 32(1).

⁷²⁹ *S.C. Johnson & Son Inc. v. Johnson*, 175 F. 2d 176, at 178 (2d Cir. 1949); *Curtis-Stephens-Embry Co. v. Pro-Tek-Toe Skate Shop Co.*, 199 F. 2d 407, at 415 (8th Cir. 1952); *G. Leblanc Corp. v. H.A. Selmer Inc.*, 310 F. 2d 449, at 460 (7th Cir. 1962); *Spring Mills v. Ultracashmere*, 215 U.S.P.Q. 1057, at 1062, n. 6 (D.C.N.Y. 1982).

⁷³⁰ *MCCARTHY*, *supra* note 572, at ss. 2:2, 8:1; *Nabisco v. Quaker Oats*, 216 U.S.P.Q. 770, at 774 (D.C.N.J. 1983).

⁷³¹ U.S. Trademarks Act, para. 33(a).

⁷³² For a discussion of territorial considerations under the U.S. Act, see *Alexander & Coil, Geographic Rights in Trademarks and Service Marks*, 68 T.M.R. 101 (1978) and, as to users who are senior in time of use to the registrant, see *Wrist-Rocket v. Saunders*, 198 U.S.P.Q. 257 (8th Cir. 1978), and *Weiner King v. Weiner King*, 204 U.S.P.Q. 820 (CCPA 1980).

⁷³³ Prior users are given some protection under the U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, s. 7 and under the Canadian Trade Marks Act, s. 21, and in rare cases there may be a territorial restriction on the register: U.K. Act, sub 26(2), Canadian Act, ss. 31, 67; note 687 *supra*. There may be a question whether the Canadian Government has jurisdiction to legislate to take away prior common law rights: *Maybee, Desired Revisions at the Unfair Competition Act*, [1935] PROCEEDINGS OF THE PATENT INSTITUTE OF CANADA, at 23-24.

⁷³⁴ Trade Marks Act, s. 19 emphasizes this by providing that a registration "unless shown to be invalid" gives to the owner the exclusive right to the use of the mark "throughout Canada" in respect of the wares or services for which it is registered; as has been seen in the text, *supra* note 685, issues of whether marks are confusing under ss. 6 and 20 are decided on the assumption that the parties trade in the same area. By contrast, under the U.S. paras. 7(b) and 33(a), a registration is only *prima facie* evidence of an exclusive right.

⁷³⁵ See in the Canadian Act, sub. 54(3); U.K. Act, s. 58. This is one of the well accepted benefits of having a trade mark registration: *A.G. Spalding & Bros. v. A.W. Gamage Ltd.*, *supra* note 722, at 284-85; *Smith Bartlett & Co. v. The British Pure Oil Grease and Carbide Co.*, 51 R.P.C. 157, at 160 (Ch. 1933) (Maugham J.). Thus, in *Pepsi-Cola Co. of Canada v. Coca-Cola Co. of Canada*, [1940] S.C.R. 17, at 22, [1940] 1 D.L.R. 161, at 163-64 (1939), it was the plaintiff's strategy not to call evidence of its own commercial activities.

plaintiff happens at the moment to be conducting himself.⁷³⁶ For example, in *Lever Brothers Ltd. v. Sunniewite Products Ltd.*⁷³⁷ the plaintiffs had a registration of the mark "Sunlight". They used it for various soaps but not for soapless detergents, though the specification of goods in their registration was wide enough to cover the latter. The defendant began to sell "Sunniewite" soapless detergents. Romer J. held that there was infringement, saying:

I am satisfied that if the Plaintiffs applied their mark, as they are entitled to do, to a product of precisely the same description as "Sunniewite", i.e. a soapless detergent, a considerable degree of confusion would be inevitable.

This decision was followed in South Africa in *Adidas v. Walt*⁷³⁸ where the plaintiff relied on its registration of a mark consisting of three lateral stripes on a shoe. The evidence was that the plaintiff always used this mark with the word "Adidas", but this was not part of the registered mark. Botha J. said:

...the fact that the owner of the registered mark has not used it in respect of the goods in question is irrelevant in infringement proceedings, and...it must follow, in my view, that use in any particular manner is equally irrelevant. As far as protection against infringement is concerned, the owner of a mark who has used it in a particular fashion cannot be in a worse position, I consider, than the owner of a mark who has not used it at all.

In *Carling Breweries Ltd. v. Anheuser-Busch Inc.*⁷³⁹ the plaintiff's predecessor had registered "Kingsbeer" as a word mark under the Canadian Unfair Competition Act, 1932. The labels used with the word "Kingsbeer" had changed considerably over the years, but Walsh J. said that he was concerned with the word only and not with any design.

⁷³⁶ Although registration may confer substantial advantages, a passing off action may succeed where an infringement action would fail or where a valid registration is not obtainable. For example:

- (i) "Yorkshire Relish" was removed from the register as being descriptive in Powell's Trade Mark, 11 R.P.C. 4 (H.L. 1894), yet Powell succeeded in a passing off action in respect of the mark in *Powell v. Birmingham*, 14 R.P.C. 720 (H.L. 1897).
- (ii) In *Dubiner v. Cheerio Toys and Games Ltd.*, [1965] 1 Ex. C.R. 524, 44 C.P.R. 134, (1964) (Noel J.), *aff'd* [1966] S.C.R. 206, 48 C.P.R. 226, 55 D.L.R. (2d) 313 (1965), the registration of "Cheerio" was held invalid, but an action under para. 7(b) of the Trade Marks Act succeeded in *Cheerio Toys & Games Ltd. v. Cheerio Yo-Yo & Bo-Lo Ltd.*, [1965] 1 Ex. C.R. 562, 44 C.P.R. 169 (1964) (Noel J.).
- (iii) In *Sweetarts Co. v. Sunline Inc.*, 380 F. 2d 923 (8th Cir. 1967) a registration of the mark Sweetarts for prunes was held invalid for non-use, but the mark was in use for candy and an action for passing off was held to lie.
- (iv) In *Warnink v. Townend*, *supra* note 726, a passing off action succeeded in respect of misleading use of the generic term "advocaat".

⁷³⁷ 66 R.P.C. 84, at 98 (Ch. 1949).

⁷³⁸ [1976] (1) S.A.L.R. 530, at 535 (TPD 1975). See also *Roamer Watch Co. v. African Textile Distrib.*, [1980] R.P.C. 457, at 467 (S. Af. S.C. 1979).

⁷³⁹ *Supra* note 719.

(ii) *The Defendant's Use (Infringing Use)*

There are significant differences between a United States and a United Kingdom infringement action (we shall look at Canada later) when the defendant's activities are examined. The United States Act in subsection 32(1) provides remedies in respect of the use or advertisement of the registered mark or any "counterfeit, copy or colorable imitation" where, in relation to "any" goods or services, the use or advertisement "is likely to cause confusion, or to cause mistake, or to deceive".⁷⁴⁰ As noted above,⁷⁴¹ the American courts, as in a passing off action, look at what the defendant is doing in the marketplace. His use need not be such that, if done by the plaintiff, it would have constituted a qualifying use. Subsection 32(1) makes it clear that the defendant's goods or services need not be ones specified in the registration. In addition, use as a trade name or use in advertising may infringe.⁷⁴²

In the United Kingdom, unlike the United States, a registration is infringed only if the defendant uses the mark in relation to goods that fall within the specification of goods in the registration.⁷⁴³ There is infringement if the mark used by the defendant is the registered mark or a mark "so nearly resembling it as to be likely to deceive or cause confusion".⁷⁴⁴ Use in advertising is an infringement.⁷⁴⁵ But most importantly, in a British infringement action the court need not have regard to the totality of what the defendant is doing. The approach is explained in several cases. A typical statement is that of Lord Greene M.R., in *Saville Perfumery Ltd. v. June Perfect Ltd.*⁷⁴⁶

In an infringement action, once it is found that the defendant's mark is used as a trade mark, the fact that he makes it clear that the commercial origin of the goods indicated by the trade mark is some business other than that of the plaintiff avails him nothing...

[T]he statutory protection is absolute in the sense that once a mark is shown to offend, the user of it cannot escape by showing that by something outside the mark itself he had distinguished his goods from those of the registered proprietor.⁷⁴⁷

⁷⁴⁰ *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F. 2d 857, at 861 (5th Cir. 1967).

⁷⁴¹ *Supra* note 729. See also MCCARTHY, *supra* note 572, at s. 23:15, under heading H, "Defendant's Addition of Clarifying Matter". See also note 748 *infra*.

⁷⁴² *Philip Morris Inc. v. Imperial Tobacco Co. (of Gr. Britain & Ir.)*, 282 F. Supp. 931, at 933 (D. Va. 1967).

⁷⁴³ *Spillers Ltd.'s Application*, 70 R.P.C. 51 (C.A. 1953).

⁷⁴⁴ U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, sub. 4(1). See also KERLY, *supra* note 501, at s. 14-15.

⁷⁴⁵ *R.J. Reuter Co. v. Mulhens*, 70 R.P.C. 235, at 250 (C.A. 1935).

⁷⁴⁶ 58 R.P.C. 147 (C.A. 1939).

⁷⁴⁷ *Id.* at 161. This was said in relation to a mark registered on Part A of the U.K. register. In the U.K. there is a Part B of the register with which we are not here concerned, there being no Canadian counterpart. On Part B one may register a mark which is not distinctive but which has the capacity to become distinctive. If sued on a Part B registration the defendant may be able to rely on the sort of thing that Lord Greene said is to be excluded from consideration. The U.S. has a Supplemental Register rather like the U.K. Part B, but in the U.S. what Lord Greene said is wholly inapplicable.

This will be referred to below as the *June Perfect* principle. No such principle has developed in the United States.⁷⁴⁸ Whereas the American legislation is construed as looking to the likelihood of confusion having regard to the facts of the marketplace, the British legislation is construed as providing greater exclusivity (sometimes called "*proprietary rights*"),⁷⁴⁹ though limited to the registrant's specification of goods in his trade mark registration. The question is not how the plaintiff actually uses his mark (as it would be in a passing off action, or in deciding his entitlement to maintain his registration), nor whether the defendant is using his mark in a manner that is likely to cause confusion or deception, but whether the defendant is doing something within the purview of the plaintiff's exclusivity. If he is, the environment in which his mark is used is irrelevant.

As a preliminary to considering what the position is in Canada, it is useful to compare the significant portions of section 4 of the United Kingdom Act (the section which defines the rights conferred by registration) with sections 19 and 20 of the Canadian Act:

<i>Canada</i>	<i>United Kingdom</i>
Section 19...the registration of a trade mark	Section 4(1)...the registration...of a trade mark
in respect of any wares or services	...in respect of any goods
unless shown to be invalid,	shall, if valid,
gives to the owner	give...to that person [the proprietor]
the exclusive right	the exclusive right
to the use throughout Canada	to the use
of such trade mark	of the trade mark
in respect of such wares or services.	in relation to those goods
Section 20. The right of the owner of a registered trade mark to its exclusive use	and, without prejudice to the generality of the foregoing words, that right
shall be deemed to be infringed	shall be deemed to be infringed
by a person not entitled to its use under this Act	by any person who, not being the proprietor...or a registered user...
who sells, distributes or advertises wares or services in association with	uses...in the course of trade, in relation to any goods in respect of which it is registered...
a confusing trade mark or trade name...	a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion

⁷⁴⁸ See, e.g., *Ye Olde Tavern Cheese Products Inc. v. Planters Peanuts Div.*, 261 F. Supp. 200 (D. Ill. 1966), *aff'd* 394 F. 2d 833 (7th Cir. 1967); *King Research Inc. v. Shulton Inc.*, 324 F. Supp. 631, at 636-38 (S.D.N.Y. 1971), *aff'd* 454 F. 2d 66 (2d Cir. 1972); *W.E. Bassett Co. v. Revlon Inc.*, 435 F. 2d 656 (2d Cir. 1970); *Visa International Service Assn. v. Visa Hotel Group Inc.*, 218 U.S.P.Q. 261, at 266 (D.C.D. Nev. 1983); though the fact that the parties use their trade names in association with their marks may only be an element to be considered: *Decatur v. Peach State*, 203 U.S.P.Q. 406, at 412 (N.D. Ga. 1979). Consideration will also be given to the fact that get-up may be absent when the marks are used in advertising or on the radio: *cf. American Home Products v. Johnson*, 200 U.S.P.Q. 417, at 421 (2d Cir. 1979).

⁷⁴⁹ G.E. Trade Mark, 90 R.P.C. 297, at 332 (H.L. 1973).

[The last two extracts from United Kingdom subsection 4(1) have been set out in reverse order.]

The parallelism between the Canadian and British sections ends here. The Canadian section 20 goes on to make some exceptions not material for present purposes, but the British section 4 goes on to specify the two types of use which the latter part of section 4 condemns as infringements, namely use likely to be taken either "as being use as a trade mark" or (simplifying) use on goods or in advertising that refers to the trade mark proprietor or his goods. The latter provision, inserted it seems to deal with comparative advertising, has led to difficulties in ascertaining the scope of the British section 4⁷⁵⁰ but that section encompasses some uses that, if done by the proprietor, would not be qualifying use in the United Kingdom. As already noted, it extends to a use which refers to the proprietor (who is not the source) or to his goods.⁷⁵¹ But it seems that infringing use in the United Kingdom must be in "a trade mark sense" rather than in merely a descriptive sense.⁷⁵²

The latter part of the British section 4 is linked to the earlier part by the words "without prejudice to the generality of the foregoing". It assumes that the earlier part of the section, in referring to an "exclusive right", brings certain activities into the net of infringement. The latter part of the section widens the net.⁷⁵³

Dr. Fox, the chairman of the committee which drafted the Canadian sections 19 and 20, has suggested a different approach to their construction, namely, that section 19 confers an exclusive right but that section 20 constitutes the definition of what is to be regarded as an infringement of that right.⁷⁵⁴ The effect of section 19 would, on this reading, be to relieve the plaintiff of having to prove (as he would have to prove in a passing off action) that he has acquired a goodwill in the mark.⁷⁵⁵ It would establish his right to sue, leaving to section 20 a definition of the scope of that right.

Such a reading of the sections would comport nicely with the provisions in the Canadian Act dealing with the registration of trade

⁷⁵⁰ See KERLY, *supra* note 501, at s. 14-05. The Canadian draftsmen opted for a separate s. 22 to deal with comparative advertising, but the effect was not wholly successful: *Clairol Int'l Corp. v. Thomas Supply & Equip. Co.*, [1968] 2 Ex. C.R. 552, 55 C.P.R. 176 (Thurlow J.), discussed at note 779 *infra*.

⁷⁵¹ See also *Gallaher v. Health Educ. Bureau*, *supra* note 717, holding that an infringing use, unlike a qualifying use, need not be "in the course of trade" but need only be "in relation to" the goods.

⁷⁵² *British Northrup Ltd. v. Texteam Blackburn Ltd.*, [1973] F.S.R. 241, at 266 (Ch. 1973) (Megarry J.); *Autodrome Trade Mark*, [1969] F.S.R. 320, at 328 (Ch.) (Plowman J.). A descriptive term may, however, be used in a trade mark sense: *Picot Ltd. v. Goya Ltd.*, [1967] R.P.C. 573, at 578 (Ch.) (Stamp J.).

⁷⁵³ KERLY, *supra* note 501, at s. 14-05.

⁷⁵⁴ See his editorial notes to *Bonus Foods Ltd. v. Essex Packers Ltd.*, 29 Fox Pat. C. 1 (1965), and to *Clairol Int'l Corp. v. Thomas Supply & Equip. Co.*, 38 Fox Pat. C. 176 (1968), and his textbook *CANADIAN LAW OF TRADE MARKS* 334 (3rd ed. 1972) [hereafter cited as FOX].

⁷⁵⁵ *Supra* note 735.

marks. Like section 20, some of these provisions are concerned with whether marks or names are confusing: for example, under paragraph 12(1)(d) one must consider whether a mark for which registration is sought is confusing with one already registered; under section 16 one must consider whether the mark for which registration is sought is confusing with a trade mark or trade name that has previously been used. These latter provisions, though speaking of "confusing" marks or names, must clearly encompass marks that are identical with the applicant's⁷⁵⁶ and that are used for identical wares or services, as well as encompassing marks that differ and are used for different wares or services.

However, in trade mark infringement actions, the Federal Court and its predecessor, the Exchequer Court, have read section 19 in the way that the British courts have read the first part of section 4; *i.e.*, as itself dealing with certain cases of infringement. In *Clairol Int'l Corp. v. Thomas Supply & Equipment Co.*,⁷⁵⁷ section 19 was read as covering, and being confined to, acts of a defendant which, if done by the plaintiff, would be a qualifying use. Other trial decisions have similarly treated sections 19 and 20 as dealing with different matters, namely, infringement and deemed infringement.⁷⁵⁸ Section 20 clearly goes beyond acts that could constitute qualifying use; it extends, *inter alia*, to the advertising of goods, to trade name use, and to goods and services not specified in the registration.

Read in the way that the Canadian courts have read section 19, that section fits neatly into the British pattern, and logically brings with it the principle enunciated in the *June Perfect* case.⁷⁵⁹ Dr. Fox acknowledged that there might be an argument that if section 20 were the sole section governing infringement, requiring "confusing" marks or names, the *June Perfect* principle might be inapplicable in Canada,⁷⁶⁰ but he does not seem to have accepted that argument.⁷⁶¹ Nor should it be accepted. What section 20 speaks of is "a confusing trade mark or trade name", not of "get-up" or other environment. Section 6, which defines when marks or names are confusing, lists a number of circumstances for consideration when comparing marks or names. There is a general reference in subsection 6(5) to considering "all the surrounding circumstances", but this

⁷⁵⁶ *Manhattan Indus. Inc. v. Princeton Mfg. Ltd.*, 4 C.P.R. (2d) 6, at 9 (F.C. Trial D. 1972) where Heald J. said: "In this case, the trade marks of the respondent and the applicant are not only confusing, they are identical, and I accordingly hold that said trade marks are confusing within the meaning of section 6 of the Trade Marks Act".

⁷⁵⁷ *Supra* note 750, at 563-65, 55 C.P.R. at 188-90.

⁷⁵⁸ *Bonus Foods Ltd. v. Essex Packers Ltd.*, 43 C.P.R. 165, at 171 (Ex. 1964) (Cattanach J.); *Mido G. Schaeren & Co. S.A. v. Donat Turcotte*, [1965] Ex. C.R. 451, at 455 (Noel J.); *Lovable Brassiere Co. v. Lovable Knits Inc.*, 1 C.P.R. (2d) 128, at 131 (Ex. 1971) (Noel J.).

⁷⁵⁹ *Supra* note 746.

⁷⁶⁰ See the editorial note to *Silhouette Products Ltd. v. Prodon Indus. Ltd.*, 30 Fox Pat. C. 129 (1960).

⁷⁶¹ FOX, *supra* note 754, at 325-26, 393-94, 445.

has to do with whether the marks or names are confusing,⁷⁶² not with environment (such as accompanying labelling, names of suppliers) which might, in a passing off action, exculpate the defendant.⁷⁶³ The issue is whether the trade mark or trade name complained of is confusing with the plaintiff's registered mark. As to the latter, we have seen under the previous heading that it is not necessary for the plaintiff to call evidence as to how he is currently using his registered mark, nor how he may have used it in the past.⁷⁶⁴ To be prevented is use of a mark or name likely to give rise to confusion with the plaintiff's mark in relation to any normal and fair use thereof,⁷⁶⁵ in other words, in relation to any potential qualifying use of the registered mark by the plaintiff.

This is not to say that the plaintiff may not be assisted in an infringement action by calling evidence as to his actual use of the mark, the reputation it enjoys, the trade channels that he exploits, and so on. These are clearly relevant under section 6 of the Act. The court should consider whether the marks would be confusing if used fairly, and this may require consideration of the environment in which the marks might fairly be used.⁷⁶⁶ The point is that the rights of the plaintiff are not confined to his actual mode of use.

It is therefore submitted that in Canada a defendant will infringe a trade mark registration if he engages in any use which, if done by the plaintiff, would constitute a qualifying use (for which environment is irrelevant, the environment not being part of the mark), but he may also infringe by use that would not be qualifying but that would be confusing with a qualifying use, ignoring environment (as in the *June Perfect* case).⁷⁶⁷ Infringement in the latter instance may occur where the defendant's trade mark or trade name:

- (i) is used for goods or services not specified in the registration;
- (ii) is not in proximity to the goods or services;
- (iii) has trade mark or trade name significance;
- (iv) is used in the sale, distribution or advertisement of goods or services not connected with the owner of the registered mark;
- (v) environment being immaterial⁷⁶⁸ and
- (vi) with no need for a geographical overlap of the parties' activities in Canada.

⁷⁶² See J. Osborne, at p. 4 of his paper entitled *Trade Mark and Copyright Acts* delivered as part of the topic "Product Labelling and Advertising" at the Canadian Bar Association's FIFTH ANNUAL INSTITUTE ON CONTINUING LEGAL EDUCATION (1980).

⁷⁶³ As already noted, the geographical area where the parties trade is also an irrelevant circumstance: note 685 *supra*.

⁷⁶⁴ *Supra* note 735.

⁷⁶⁵ See the cases at note 826 *infra*.

⁷⁶⁶ See, e.g., the cases discussed at notes 828 and 829 *infra*.

⁷⁶⁷ *Supra* note 746.

⁷⁶⁸ However, if the defendant is using the mark in an environment that enhances the likelihood of confusion (environment appropriately considered in a passing off action) the court may be influenced towards finding infringement: cf. *Honey Dew Ltd. v. Rudd*, [1929] Ex. C.R. 83, at 86-87 (Maclean J.).

The third factor, trade mark or trade name significance, seems to be required by the references in sections 19 and 20 to a trade mark or trade name.⁷⁶⁹ In *Carling Breweries v. Anheuser-Busch Inc.*,⁷⁷⁰ Walsh J. found that use of the term "King of Beers" infringed a registration of "Kingsbeer", though he thought "King of Beers" was unregistrable as a trade mark because he regarded it as descriptive or misdescriptive. However, he did not address the issue whether "King of Beers" was being used by the defendant as a trade mark. It seems that it was being so used as it appeared on the defendant's label below its trade mark, "Budweiser", and was being used to distinguish the beer of the defendant from that of others.⁷⁷¹

With respect to factor (v), environment, it is of course necessary to decide what is being used by the defendant as a trade mark or trade name. In the foregoing "King of Beers" case, the latter term, though located on the defendant's label close to the defendant's mark "Budweiser", was clearly separated therefrom, creating its own impression apart from its environment. The learned judge did not discuss this, but accepted the argument that infringement was not avoided by the fact that the term "King of Beers" was surrounded by other distinctive material of the defendant's "Budweiser" label, thereby distinguishing the case from one for passing off.

The *June Perfect* principle therefore seems to apply in Canada.⁷⁷² It was accepted in Canada before 1954⁷⁷³ under the Unfair Competition Act which, like present section 19, conferred in section 4 an exclusive right in the registered mark, and there is no reason to think that the present Act was intended to reduce the rights of the owners of registered marks.⁷⁷⁴ There are some old decisions which indicate that where the defendant's mark is not the same as the registered mark the issue is the same as in a

⁷⁶⁹ Cf. *B & L Sales Associates v. H. Daroff & Sons Inc.*, 421 F. 2d 352 (2d Cir. 1970).

⁷⁷⁰ *Supra* note 719.

⁷⁷¹ Note, however, the inference in para. 20(b) that infringement may occur through use of certain terms other than as a trade mark if the use is in bad faith, or is an inaccurate description, or is in a manner that is likely to have the effect of depreciating the value of the goodwill attaching to a registered mark. Cf. U.S. Trademark Act, para. 33(b)(4).

⁷⁷² In *Conde Nast Publications Inc. v. Union des Editions Modernes*, 46 C.P.R. (2d) 183, at 188 (F.C. Trial D. 1979) Cattnach J. assumed that it applies, but there he was concerned with trade mark opposition proceedings. In the earlier case of *Bonus Foods Ltd. v. Essex Packers Ltd.* *supra* note 758, he said that he had doubts whether the actual label and other literature employed by the defendant were relevant in an action involving the registered word "Bonus".

⁷⁷³ *Kitchen Overall & Shirt Co. v. Elmira Shirt & Overall Co.*, [1937] Ex. C.R. 230, at 232-33. See also *Coca-Cola Co. of Canada v. Pepsi-Cola Co. of Canada*, [1938] Ex. C.R. 263, at 296 in relation to pre-Unfair Competition Act registrations (*rev'd on other grounds, supra* note 735, 59 R.P.C. 143).

⁷⁷⁴ Cf. *FOX, supra* note 754, at 324-25, 393-94. Note that at page 324 the printer has unfortunately omitted key words in a quotation from *Lissen Ltd. v. Harley*, 46 R.P.C. 11, at 12 (Ch. 1929).

passing off action.⁷⁷⁵ But it is submitted that the following statement by Kerly applies equally in Canada:

[I]n infringement, the question is whether the marks as such are confusingly similar [for Canada, substitute "confusing"], whilst in passing off, the question is rather whether what the defendant has actually done is confusing or deceptive in the light of the plaintiff's actual reputation.⁷⁷⁶

An important conclusion from the foregoing is that "actual" use by a defendant, as it would be regarded in a passing off action, may differ from what may be called "infringing" use. In considering the latter, factors relevant in a passing off action may be disregarded because of the proprietary rights that flow from registration. This must be kept in mind when we consider, below, proceedings for invalidating registrations and for opposing applications for registration.

(iii) *Comparative Advertising*

Subsection 4(1) of the British Act concludes with paragraph (b) which deems it to be an infringement if the defendant uses the plaintiff's registered mark in such a way as to import a reference to the plaintiff's goods. Such use may be "upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public". In *Bismag Ltd. v. Amblins Chemists Ltd.*⁷⁷⁷ it was held that the defendant infringed by distributing a pamphlet in which the plaintiff's registered mark "Bisurated" was used in a comparison chart which showed the analysis and price of the plaintiff's goods and the comparable analysis and lower price of competitive goods.

In the United States, use such as that in the "Bisurated" case, whether in advertising or otherwise, would not be a trade mark infringement unless it was likely to cause confusion or mistake, or to deceive.⁷⁷⁸

In Canada subsection 22(1) of the Trade Marks Act provides:

No person shall use a trade mark registered by another person in a manner likely to have the effect of depreciating the value of the goodwill attaching thereto.

⁷⁷⁵ Some of these are referred to in FOX, *id.* at 325-26, 393-94 and 445, and the learned author seems to have accepted that they apply under the present s. 20. See also *Colgate-Palmolive Ltd. v. Pattron*, [1978] R.P.C. 635, at 642 (C.A. 1974) (Trinidad and Tobago).

⁷⁷⁶ KERLY, *supra* note 501, at s. 17-01.

⁷⁷⁷ 57 R.P.C. 209 (C.A. 1939).

⁷⁷⁸ U.S. Trademark Act, s. 32. *Smith v. Chanel Inc.*, 402 F. 2d 562 (9th Cir. 1968). In the U.S. comparative advertising may be tackled under para. 43(a) which does not deal with trade mark infringement but with, *inter alia*, false representations: GILSON, *supra* note 624, at s. 5.09[2] [b]. S. 7 of the Canadian Act may provide a Canadian counterpart but its constitutionality is in doubt: see note 7 *supra*. In the *Clairal* case, *supra* note 750, complaints based on s. 7 failed on the facts. No attempts has been made here to discuss all possible grounds for complaint; see Dworkin, 'Knocking Copy' *Comparative Advertising — A Survey of United Kingdom Practice*, [1979] 1 EUROPEAN INTELLECTUAL PROPERTY REVIEW 41; *Frank Flaman Wholesale Ltd. v. Firman*, 65 C.P.R. (2d) 152 (Sask. Q.B. 1982).

There is no requirement in this section that there be a likelihood of confusion, mistake or deception or that there be a false representation. Nor, as Thurlow J. observed in *Clairol v. Thomas*,⁷⁷⁹ does it seem that the defendant need be using the mark for goods or services specified in the registration, nor need he be a competitor. But where the parties are competitors he concluded that one,

may not use his competitor's trade mark for the purpose of appealing to his customers in his effort to weaken their habit of buying what they have bought before or the likelihood that they would buy his competitor's goods or whatever binds them to his competitor's goods so as to secure the customer for himself, for this is not only calculated to depreciate and destroy his competitor's goodwill but is using his competitor's trade mark to accomplish his purpose.⁷⁸⁰

However, His Lordship also had to decide what section 22 means in saying that no person shall "use" a trade mark to have the foregoing effect. The "use" to which section 22 refers cannot mean what we have called qualifying use that would entitle the defendant to obtain a registration: use of a mark within section 22 must be referable to someone else's goods or services, namely, the plaintiff's. But Thurlow J. thought that the requirements of section 4 of the Canadian Act must be fulfilled. He directed his attention to the requirement of proximity in relation to goods. For the defendant to show the plaintiff's registered mark on packages for goods would satisfy section 4's proximity requirement, but to show the mark in advertising the goods would not. His Lordship thought that subsection 22(1) might be read as follows:

No person shall use in association with wares within the meaning of section 4 a mark that is used by another person for the purpose of distinguishing or so as to distinguish wares manufactured etc. by him from those manufactured etc. by others and which mark has been registered by him as his trade mark, in a manner likely to depreciate the value of the goodwill attaching thereto.⁷⁸¹

On this reading of section 22 it seems that, in relation to goods, the use referred to would approximate qualifying use. In other words, it would be:

- (1) in association with goods at the time of transfer of property or possession, thereby excluding, for example, slanderous comments made at some other time;
- (2) in proximity to the goods;
- (3) in a trade mark sense but, where a comparison is being made, signifying goods of someone else, namely, the plaintiff;^{781a}
- (4) in the normal course of trade.

⁷⁷⁹ *Supra* note 750, at 569, 55 C.P.R. at 195.

⁷⁸⁰ *Id.* at 575, 55 C.P.R. at 201-02.

⁷⁸¹ *Id.* at 570, 55 C.P.R. at 196.

^{781a} S. 22 speaks of "a trade mark registered by another person", not a mark confusing therewith, but in *Source Perrier v. Fira-Less*, 70 C.P.R. (2d) 61 (F.C. Trial D. 1982), Dube J. invoked the section in granting an interlocutory injunction against use by the defendant of a bottle that differed somewhat from the plaintiff's registered mark.

There was no need in the *Clairol* case to consider what we have called "environment", or area: these could influence the decision as to whether there is a likelihood of depreciating the value of the goodwill attaching to the mark⁷⁸² but seem immaterial on the issue whether the mark is being used, provided the use is somewhere in Canada.

The result of the *Clairol* case is anomalous because it allows comparisons of goods to be made in Canadian advertising⁷⁸³ but not on Canadian packaging. Section 20 of the Canadian Act does not so limit "deemed infringement", though like section 19 it is concerned with cases where the mark used by the defendant is referable to the defendant's goods or services rather than to the plaintiff's.⁷⁸⁴

Mr. Justice Thurlow seemed anxious to read the Act so that it is internally consistent in its references to "use" of a "trade mark", but the Act is not consistent. For example, under section 21 of the Act the Federal Court may in certain circumstances allow someone other than the registered owner of the mark to "continue to use" a confusing trade mark or trade name, but surely this does not limit him to use that would be qualifying, precluding even minimal advertising.⁷⁸⁵ Sections 19 and 20 refer to a "trade mark" and to a "confusing trade mark", yet it seems that non-trade mark use may be an infringement having regard to paragraph 20(b) which exempts certain non-trade mark use only if it is *bona fide*, not likely to have the effect of depreciating the value of the goodwill attaching to the registered mark, and so on.⁷⁸⁶

Mr. Justice Thurlow thought it unlikely that section 22 was intended to include a conversation in which a person adversely criticizes goods which he identifies by reference to their trade mark, or a case where a shopkeeper exhibits on his counter a comparative price list indicating by reference to their trade marks the goods of several traders, or reference to a trade mark by a sales clerk in the course of discussing the trade mark owner's goods with a customer, whether in comparison with the goods of other traders or not.⁷⁸⁷ But it is suggested that activities of that kind, if a trade mark owner finds them to be worth pursuing at all, are likely to be

⁷⁸² *Supra* note 750, at 572-73, 55 C.P.R. at 199.

⁷⁸³ However, in *Syntex v. Apotex*, 69 C.P.R. (2d) 264 (F.C. Trial D. 1982) (Mahoney J.) and in *Smith, Kline & French v. Apotex* 71 C.P.R. (2d) 146 (1983) (Cattanach J.) plaintiffs succeeded in obtaining interlocutory injunctions against display of their registered marks in the defendant's advertising. In relation to services, comparison in advertising may fall within s. 22 because under sub. 4(2) a display in advertising may be a use for services.

⁷⁸⁴ See the *Clairol* case, *supra* note 750, at 564-68, 55 C.P.R. at 190-94. Thus, it would not be actionable under ss. 19 or 20 to refer to the plaintiff's goods or services, as for example by stating that one's parts fit "Ajax" automobiles, or by stating that one sells or can repair "Ajax" automobiles: cf. *Kodak Ltd. v. London Stereoscopic & Photographic Co.*, 20 R.P.C. 337, at 348 (Ch. 1903) (Swinfen Eady J.); *Irving's Yeast Vite Ltd. v. Horsenail*, 51 R.P.C. 110, at 115 (H.L., 1934).

⁷⁸⁵ See also sub. 31(2) as to evidence of distinctiveness.

⁷⁸⁶ See also *Wembley Inc. v. Wembley Neckwear Co.*, *supra* note 699.

⁷⁸⁷ *Supra* note 750, at 567-70, 55 C.P.R. at 195-96. The comparative price list is not unlike the pamphlet found to infringe in *Bismag Ltd. v. Amblins Chemists Ltd.*, *supra* note 777.

de minimis either in extent or in effect. Arguably, also, His Lordship may have been too liberal in his observations about what is likely to have the effect of depreciating the goodwill attaching to a trade mark. However, the anomalous results of the *Clairol* decision may pass into history because indications are that section 22 will be dropped from Canadian legislation on the next revision of the Trade Marks Act.

4. Use in Trade Mark Invalidity Proceedings

(a) Qualifying Use

Lack of qualifying use may invalidate a trade mark registration. This has already been discussed.⁷⁸⁸

(b) Confusing Use

A Canadian trade mark registration may be held invalid, and may be expunged, if the mark was confusing with the trade mark or trade name of another.⁷⁸⁹ Similar attacks may be made on an American⁷⁹⁰ or British⁷⁹¹ registration.

In the United Kingdom the question whether a mark should be registered⁷⁹² or whether its registration should be expunged⁷⁹³ is considered from the point of view of what rights registration confers. As stated by Lord Morris of Borth-y-Gest in "*Bali*" *Trade Mark*⁷⁹⁴ where the registered mark "Bali" was ordered to be expunged having regard to the earlier use of the mark "Berlei":

Thus, there was evidence that the BALI brassieres are at present tailor-made and might be regarded as of different quality from those which are mass-produced by Berlei. There is a difference in the colours of the packages in which the respective goods are marketed. But methods of manufacture and style of product may change from time to time and prices may vary and be adjusted. What has to be had in mind is the use that could reasonably and properly be made of a mark if fairly and normally used.

This principle was applied by Thorson J. in *British Drug Houses Ltd. v. Battle Pharmaceuticals*⁷⁹⁵ where the issue, under the Unfair Competition Act of 1932, was whether the registered word mark "Multivims" should be expunged because it was similar to the petitioner's previously registered mark "Multivite". The learned judge said that the Court was not concerned with differences in the bottles and labels used by the parties,

⁷⁸⁸ See the text at notes 707 to 719 *supra*.

⁷⁸⁹ Sub. 18(1) read with para. 12(1)(d) and s. 16.

⁷⁹⁰ MCCARTHY, *supra* note 572, at s. 20:14B.

⁷⁹¹ U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, s. 32 read with s. 11.

⁷⁹² *Infra* note 809.

⁷⁹³ U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, s. 32.

⁷⁹⁴ 86 R.P.C. 472, at 486 (H.L. 1969).

⁷⁹⁵ [1944] Ex. C.R. 239, at 246. See also *American Fork & Hoe Co. v. Lansing Engineering Ltd.*, 7 C.P.R. 51, at 54 (Ex. 1947) (Cameron J.); *C. Turnbull Co. v. Dominion Woollens Ltd.*, [1932] Ex. C.R. 218, at 235 (Angers J.).

for there is no reason why either party should continue the use of the present bottles or labels.... The protection given the registration extends to any normal use of the trade mark and is not confined to any particular use of it such as its use with a particular shape of bottle or on a particular form of label.

The old Canadian Unfair Competition Act of 1932 distinguished between word marks and design marks⁷⁹⁶ and that distinction enhanced the importance of ignoring nonverbal features when comparing word marks.⁷⁹⁷ However the principle that Thorson J. followed is submitted to be applicable under the present Trade Marks Act. The tests of whether marks are confusing are the same whether they arise under the present Canadian expungement section (18), under the infringement section (20), or under the application and opposition sections (36 and 37). It has been said that in the United States the test in cancellation proceedings is the same as in opposition proceedings and in infringement litigation⁷⁹⁸ but the weight given to marketplace factors in infringement proceedings modifies this thesis. Note the following statement of the Trademark Trial and Appeal Board in a cancellation proceeding, *Eikonix v. Iconics*, where it was contended that the goods of the parties in fact travelled in different channels of trade:

[T]here are differences between the "real world" or marketing arena in which all the parties' operations are visible and are open to close scrutiny and comparison based on use and the circumstances that control the determination as to the registrability of trademarks and the scope of protection to be afforded the registrations once they are issued. It may be described as "the real v. the artificial world".... More often than not, the architect of the application is carried away in an effort to garner for the applicant "a broad claim" comprehending goods beyond those on which the mark is actually used and channels of trade and classes of purchasers beyond the reasonable expectations of the applicant. The reason for this apparent discrepancy between use and registration lies principally in the fact that section 7(b) of the statute bestows upon a registration a number of prima facie presumptions, including the presumption of use of the registered mark upon all goods or types of goods encompassed by the identification of goods and movement of those goods through all normal channels of trade for such goods to all potential purchasers of such goods.... When involved in a cancellation, the registrant, in defending its right of registration, cannot show and argue the narrow or peculiar character of its products or any restricted trade channels or specific class of purchasers. In essence it is "stuck" with the goods as set forth in its registration including any inferences that may be drawn from a broad identification of goods and/or from the absence of any restrictions as to trade channels or class of purchasers.⁷⁹⁹

These issues in invalidity proceedings are approached in the same way as they should be in opposition proceedings, and will be further analyzed in the following discussion of use in opposition proceedings.

⁷⁹⁶ S.C. 1932, c. 38, subs. 2(c), (o).

⁷⁹⁷ Subs. 2(k), 3(c), s. 52.

⁷⁹⁸ MCCARTHY, *supra* note 572, at s. 20:14, heading B.

⁷⁹⁹ 208 U.S.P.Q. 849, at 856 (1981).

5. Use in Trade Mark Opposition Proceedings

(a) Qualifying Use by the Applicant

Where a Canadian trade mark application is based on proposed use, the applicant must file evidence of use before registration, the evidence being filed after the opposition stage.⁸⁰⁰ In all other cases, the applicant must have used the mark somewhere before filing his Canadian application, and the use must have been a qualifying use, the characteristics of which have been discussed above. In these latter cases, the opponent may raise the issue of whether the applicant has engaged in the qualifying use which he alleges, for if he has not, his application will not comply with the formal requirements of section 29 of the Act, and he may not be the person entitled to registration. In the United States, it also seems that the applicant's lack of qualifying use may be relied upon in opposition proceedings.⁸⁰¹ As previously noted, in the United Kingdom only a *bona fide* intent to use is required to obtain registration.

(b) Confusing Use

Opposition in Canada may also be based on the ground that the applicant's mark is not registrable because it is confusing with a registered mark, or on the ground that the applicant is not entitled to registration because his mark is confusing with a mark for which the opponent has an earlier priority date by reason of earlier use in Canada, or earlier making known in Canada, or earlier filing of a trade mark application. What constitutes confusing use is dealt with in section 6 of the Trade Marks Act, bringing into play the same considerations as infringing use under section 20.⁸⁰²

We have seen that in considering whether marks are confusing the Canadian Act requires that one look at "all the surrounding circumstances" including a list of specific circumstances set out in subsection 6(5). These make relevant a consideration, *inter alia*, of the marks themselves, of the goods or services, of the nature of the trade, and of the extent to which the marks are known.

We have also noted that whether two marks are confusing may be tested in both a hypothetical or a real situation. In a passing off action the court looks at the realities: it does not confine its attention to words or marks that appear on a label, but looks at the whole label or container. It looks at the goods or services with which the parties actually deal and the trade channels through which they pass. Where the registration of trade marks is in issue, hypothetical questions cannot be avoided.

⁸⁰⁰ Trade Marks Act, sub. 39(2).

⁸⁰¹ MCCARTHY, *supra* note 572, at s. 30:3; see also Roux v. Clairol, 166 U.S.P.Q. 34, at 40 (CCPA 1970).

⁸⁰² Additionally, however, the court in an infringement action may consider threatened expansion of the defendant's activity: cf. Cochrane-Dunlop Hardware Ltd. v. Capital Diversified Indus. Ltd., 11 C.P.R. (2d) 137, at 152 (Ont. H.C. 1973) (O'Driscoll J.).

(i) *Use by the Applicant (Qualifying Use, Actual and Potential)*

Where an application is based on proposed use by the applicant, the Trade Marks Office may have no way of knowing what environment may accompany the mark when it is put into use on a label or container or in advertising. If the mark is registered, the registrant will obtain the exclusive right to the mark, potentially in perpetuity, and irrespective of accompanying get-up, for the goods or services specified in the registration. The specification of goods, though it seems to be specific, may be quite wide. For example, if registration is sought for "plastic trays", these may be kitchen trays sold in retail stores, or trays sold only to mineral refineries. The Office is obliged to take into consideration all the potential qualifying uses within the scope of the application.

Is the Office entitled to treat differently an applicant who bases his application on actual use? His actual qualifying use may have been with the mark displayed adjacent his name, on a container of unique shape, for stacking trays used by bakers, yet the applicant may fully intend to vary the range of trays that he supplies if he is able to interest the public in plastic trays of his provenance suited to different packaging, labelling and travelling in different channels of trade. It will be a rare case where a trade mark application does not in some respect extend to potential qualifying uses in which the applicant has not engaged. The Office must consider, as one of the "surrounding circumstances" referred to in subsection 6(5), the fact that the applicant may potentially use the mark in a variety of ways,⁸⁰³ for a variety of goods or services within the specification in his application, passing through a variety of trade channels.⁸⁰⁴ An applicant who seeks breadth of protection must be able to defend his entitlement to it. Registration will confer upon him exclusive rights against the world, not merely against someone who presently opposes him. There is a public interest at stake:⁸⁰⁵ a trade mark registration is for the whole country normally, and the environment in which a party uses his mark is usually not of public record.

(ii) *Use by the Opponent*

(1) *Oppositions based on prior registrations or applications (qualifying use, actual and potential)*

In opposition proceedings in Canada an opponent may rely upon any prior registration or application for a mark that is alleged to be

⁸⁰³ *E.g.*, in a colour which may make it resemble the opponent's mark: *Worthington Co.'s Trade Mark*, 14 Ch. D. 8 (C.A. 1879); *Philip Morris Inc. v. Rothmans Ltd.*, 31 C.P.R. 89, at 92 (Reg. 1959). In *Bristol Laboratories Inc. v. Ciba Ltd.*, 1960 (1) S.A.L.R. 864, at 868, Ogilvie Thompson J.A. said: "I agree with the Registrar that the appellant's application for registration must be tested, not solely by what the appellant says it intends to do, but by what it will be legally entitled to do if its application be granted."

⁸⁰⁴ *Dad's Cookies Ltd. v. The Original Cookie Co.*, 66 C.P.R. (2d) 122, at 125-26 (1981).

⁸⁰⁵ *Cf. Baxter Laboratories Inc. v. Chesebrough-Ponds*, *supra* note 526, at 248.

confusing with the applicant's mark. In such cases it is submitted that the Office must have regard to all potential qualifying uses within the scope of the cited registration or application, just as it must have regard to all potential qualifying uses within the scope of the application being opposed. It is of course relevant to look at the way the marks have actually been used, and at the actual wares that have been sold and at the channels of trade that have been used. These may point unequivocally to a likelihood of confusion,⁸⁰⁶ and failure of the opponent to adduce evidence of use and advertising of his mark may reduce his prospects of showing a likelihood of confusion.⁸⁰⁷ But having regard to the scope of the registrations or potential registrations, exclusive rights must not be granted that are inconsistent with rights to which others are entitled.

That registrations and applications must be taken at face value, and not limited in scope to the manners in which the owners have actually traded, is clearly established in both the United States⁸⁰⁸ and in the United Kingdom.⁸⁰⁹ In *Smith Hayden & Co.'s Application*,⁸¹⁰ objection was taken under section 12 of the British Act, which precludes registration of a mark that so nearly resembles a previously registered mark as to be likely to deceive or cause confusion.⁸¹¹ The opponent Hovis, Ltd. relied on its registered marks "Hovis" and "Ovi". The applicant's mark was "Ovax". Evershed J. stated the test in terms that are apposite in Canada:

Assuming use by Hovis Ltd. of their marks "Hovis" and "Ovi" in a normal and fair manner for any of the goods covered by the registrations of those marks (and including particularly goods also covered by the proposed registration of the mark "Ovax") is the Court satisfied that there will be no reasonable likelihood of deception or confusion among a substantial number of persons if Smith Hayden & Coy., Ltd., also use their mark "Ovax" normally and fairly in respect of any goods covered by their proposed registration?⁸¹²

But despite the logic and importance of taking, as one of the surrounding circumstances, the scope of protection that the applicant is seeking and that the opponent, who relies on a registration or application,

⁸⁰⁶ Dundas Ltd.'s Application, 72 R.P.C. 151, at 156 (Ch. 1955) (Lloyd-Jacob J.).

⁸⁰⁷ See, e.g., Reid Electric & Equip. Co. v. Earle, 44 C.P.R. (2d) 187, at 194 (1978). On the other hand it is irrelevant on the issue of infringement that the opponent's mark as used differs from the mark as registered: KERLY, *supra* note 501, at ss. 10-04, 15-38.

⁸⁰⁸ CBS Inc. v. Morrow, 218 U.S.P.Q. 198, at 199 (CAFC 1983); Wella v. California Concept, 194 U.S.P.Q. 419, at 421 (CCPA 1977); DuPont v. Thompson-Hayward, 183 U.S.P.Q. 439, at 441 (TTAB, 1974). It seems that the U.S. Office may depart from the rule where there is unmistakable evidence that a cited registration has been abandoned: American Optical v. Siemens, 213 U.S.P.Q. 510, at 514 (TTAB 1982).

⁸⁰⁹ KERLY, *supra* note 501, at s. 17-24. Pianotist Co.'s Application, 23 R.P.C. 774, at 777 (Ch. 1906) (Parker J.); Hack's Application, 58 R.P.C. 91, at 103 (Ch. 1940) (Morton J.).

⁸¹⁰ 63 R.P.C. 97 (Ch. 1946). As noted in the text, at notes 611-613 *supra*, decisions based on s. 11 of the U.K. Act are not apposite in Canada if they require the opponent always to establish that his mark has acquired a reputation.

⁸¹¹ Under U.K. Trade Marks Act, 1938, 1 & 2 Geo. 6, c. 22, s. 12 it is necessary that the goods of the parties be the same, or of the same description, a requirement that does not exist under the Canadian test of "confusing" marks.

⁸¹² *Supra* note 810, at 101.

has been granted or is seeking, Canadian tribunals have surprisingly often been diverted by evidence showing that the parties in fact trade in a more restricted way than their applications or registrations might indicate,⁸¹³ overlooking the fact that circumstances may change while the parties still operate under the umbrella of what they specify in their applications and registrations.⁸¹⁴ There is ample Canadian authority that to be so diverted is the wrong approach, and that applications and registrations should be taken at face value.

In *Sunway Fruit Products Inc. v. Productos Caseros*⁸¹⁵ the applicant sought to register "Fresk" for goods substantially the same as those specified in the opponent's "Freshie" registration, and Gibson J. adopted the following statement from *Halsbury*:

The scope of the inquiry into the possibility of confusion where one mark is already registered involves consideration of any possible user by the registered proprietor and is, therefore, wider than that under the more general prohibition of registration of similar marks where both marks may be unregistered.

In *Cartem v. Souhairs Renaissance Inc.*,⁸¹⁶ Addy J. granted an application to expunge the word "Cartem" from the register. The

⁸¹³ See the last Survey, *supra* note 7, at 454, referring at note 348 to the case of *Endo Laboratories Inc. v. Dow Chem. Co.*, 8 C.P.R. (2d) 149 (F.C. Trial D. 1972) (Noel A.C.J.), a case frequently cited where reference is made to what the parties actually do. Other examples are: *Ortho Pharmaceutical Corp. v. Mowatt & Moore Ltd.*, 6 C.P.R. (2d) 161, at 166-67 (F.C. Trial D. 1972) (Heald J.) which referred to opponent's advertising and to prominence of another of opponent's marks; *Globetrotter Management Ltd. v. General Mills Inc.*, [1972] F.C. 1187, at 1191-92, 8 C.P.R. (2d) 143, at 146 (Trial D.) (Heald J.) which referred to different packaging; *Sun-Maid Growers v. Williams & Humbert Ltd.*, 54 C.P.R. (2d) 41, at 48 (F.C. Trial D. 1981) (Jerome A.C.J.) which referred to opponent's actual labels, but the opponent was not represented; *Petrofina Canada Ltd. v. Air Canada*, 62 C.P.R. (2d) 127 (1980) where an applicant's "credit card services" were used only for air travel related business. The Office has been prone to focus on the parties' actual trade channels: *McDonald's Corp. v. Yogi Yogurt Ltd.*, *supra* note 517, at 101; *Instrument Systems Corp. v. AMX Sound Corp.*, 61 C.P.R. (2d) 188, at 190 (1980); *Friendly Ice Cream Corp. v. B.C. Patty Co.*, 54 C.P.R. (2d) 260, at 268 (1979). In *Petrofina Canada Inc. v. Fleeto Co.*, 63 C.P.R. (2d) 275 (1981) where the opponent relied on its registration of FINA for paints and enamels, and adduced no evidence of its channels of trade, the Office correctly held at 278 that there was no onus on the opponent to adduce such evidence, but incorrectly thought it was free to consider the position as if the opponent's mark were used only in sales through its FINA service stations.

⁸¹⁴ See *Eminence S.A. v. Registrar of Trade Marks*, 39 C.P.R. (2d) 40, at 43 (F.C. Trial D. 1977) (Dube J.) for possible change in type of outlet; *Avondale Mills v. Lever Bros. Ltd.*, 44 C.P.R. (2d) 129, at 134 (1978) for a possible change of trade channels; *San Fernando v. J.F.D.*, 196 U.S.P.Q. 1, at 2 (CCPA 1978) for a possible change from sophisticated market to market for children's science kits; *Vornado v. Breuer*, 867 O.G. 729 (CCPA 1969) for possible change in style in which registered words may be displayed.

⁸¹⁵ *Supra* note 654, at 47, 42 C.P.R. at 96. In *Schonbrunn & Co. v. Mario Importing and Distrib. Ltd.*, 32 C.P.R. 18, at 20 (1959), the Registrar said that alleged similarity of the containers of the parties had no bearing on the outcome of an opposition to the word *Moca D'oro* based on a registration of *Medaglia D'oro*. See also *Foodcorp Ltd. v. Hardee's Food Systems Inc.*, *supra* note 546, at 226.

⁸¹⁶ *Supra* note 692.

applicant was prior user of the trade name Cartem Inc. It was shown that the registered mark was used in script, and in association with the trade name Souhais Renaissance Inc., but the learned judge said that these circumstances were not material, though they might be of considerable importance in a passing off action.⁸¹⁷

In *Sico Inc. v. Borden Inc.*,⁸¹⁸ Cattnach J. held that the Registrar erred in looking at the opponent's wares and the uses thereof as described in its evidence rather than at the wares as set forth in its registered trade marks. In *Ditta v. Johnson & Johnson Ltd.*, His Lordship considered it obligatory to consider whether the marks are confusing, not whether purchasers might place more reliance on the trade names of the parties,⁸¹⁹ nor was it relevant that the wares actually sold by the parties were destined for uses more specific than their descriptions revealed.⁸²⁰

In *Oshawa Group Ltd. v. Creative Resources Co.*⁸²¹ the Federal Court of Appeal held that the Office had gone wrong in finding that the services of the parties were dissimilar. The Court looked at the application which specified, *inter alia*, advertising services, consultancy in public relations and marketing. It also looked at the opponent's registrations which specified "[a]ll services connected with, inherent in or incidental to counselling and assisting others in all phases of the operation of drug stores, supermarkets and department stores", and found that this wide specification would include the applicant's services.

It is surprising that the Office generally raises no objection to a specification of services as wide as the one just quoted.⁸²² It is difficult to imagine a case where a trader can state that he has engaged in "all services connected with, inherent in or incidental to" anything, and such a specification hardly qualifies as "a statement in ordinary commercial terms of the specific...services" required by paragraph 29(a) of the Trade Marks Act. But if a registration has such a wide specification it is submitted that the correct procedure would be for the Registrar or adverse party to take the relatively simple steps that the Act provides for restricting the specification.⁸²³ There is precedent, however, particularly

⁸¹⁷ See also *Andres Wines Ltd. v. Jordan & Ste-Michelle Cellars Ltd.*, 52 C.P.R. (2d) 270, at 279-80 (1979).

⁸¹⁸ *Supra* note 524, at 230. Office decisions adopting the correct approach as to wares are: *Puma v. Consol. Footwear Co.*, *supra* note 517, at 208; *Caterpillar Tractor Co. v. Clark Equip. Co.*, 61 C.P.R. (2d) 92, at 100 (1980).

⁸¹⁹ 13 C.P.R. (2d) 105, at 110 (F.C. Trial D. 1974).

⁸²⁰ *Id.* at 109. See also *Cohen v. Registrar of Trade Marks*, [1948] Ex. C.R. 513, at 520-21, 8 C.P.R. 113, at 121 (Cameron J.).

⁸²¹ *Supra* note 513, at 34.

⁸²² Objection was taken to such a wide specification by Hearing Officer Eaton in *General Foods Ltd. v. Carnation Co.*, 45 C.P.R. (2d) 282, at 287 (1978), but the Office continues to issue registrations with such specifications.

⁸²³ Trade Marks Act, ss. 43, 44. In *Plough (Canada) Ltd. v. Aerosol Fillers Inc.*, *supra* note 710, at 684, 53 C.P.R. (2d) at 66, where the registration was for "pharmaceutical preparations", the Federal Court of Appeal considered that, when called upon by the Registrar to furnish evidence of use, the registrant should name the preparations in respect of which the mark is alleged to be in use. The Office has for several years

in respect of the excessively wide specification "pharmaceutical preparations", for ignoring the scope of the registration and looking at what the registrant has actually sold.⁸²⁴

In considering potential qualifying uses, it is to be assumed that the parties trade in the same territorial area.⁸²⁵ Such potential uses should, however, be confined to normal and fair uses of the marks.⁸²⁶ Parties sometimes are able to suggest unusual circumstances where there could be a likelihood of confusion, but these should not be considered, at least where there is no good reason to think the parties will indulge in them. Normal and fair use may of course be indicated by the way the parties actually trade. Thus, in *Oshawa Holdings Ltd. v. Fjord Pacific Marine Industries Ltd.*,⁸²⁷ the appellant dealt in ice cream and butter, and the respondent in pickled herring. The fact that the appellant's ice cream was marketed in cardboard containers and its butter packaged in wrapping paper, and that respondent's pickled herring was marketed in glass jars, was noted by the Federal Court of Appeal in considering, under section 6, the "nature of the trade". This is fair enough in a case where the nature of the goods, and of the trade, would make it abnormal for the goods not to be so differentiated.⁸²⁸ As another example, in *Farrow's Trade Mark*⁸²⁹ the applicants sought to register, for mustard, a picture of a charging buffalo. The opponent relied on its registration, for mustard, of a picture of the head of a bull. It was common to sell mustard in tins with yellow wrappers of a certain style, and in fact both parties had used their marks on such wrappers. Considering this to be a fair use of the marks, Stirling J. concluded that the applicant's mark if so used would be "calculated to deceive".⁸³⁰

declined to accept "pharmaceutical preparations" as satisfying the requirement in para. 29(a) of "a statement in ordinary commercial terms of the specific wares" for which registration is desired.

⁸²⁴ See the last Survey, *supra* note 7, at 454 (n. 348). Cf. *Ortho Pharmaceutical Corp. v. Laboratoire Sigma Ltée.*, 2 C.P.R. (2d) 285, at 286 (Reg. 1971); *Hydrotech v. Hydrotech*, 196 U.S.P.Q. 387, at 390 (TTAB 1978) and *David Crystal v. Soo*, 176 U.S.P.Q. 326, at 327 (CCPA 1973) where the opponent's registration was construed in the manner most favourable to the opponent.

⁸²⁵ As discussed at note 685 *supra*, the area where a party has traded is immaterial under s. 6. The same is generally true in the U.S.: *Giant Food v. Nations Foodservice*, 214 U.S.P.Q. 614, at 644 (TTAB 1982).

⁸²⁶ *G.E. Trade Mark*, *supra* note 749, at 321; *British Drug Houses Ltd. v. Battle Pharmaceuticals*, [1944] Ex. C.R. 239, at 247, 4 C.P.R. 48, at 56 (Thorson J.); *Rorer (Canada) Ltd. v. Johnson & Johnson*, 48 C.P.R. (2d) 58, at 63 (F.C. Trial D. 1980) (Mahoney J.); *Re Robertson*, 197 U.S.P.Q. 556, at 557 (TTAB 1977).

⁸²⁷ *Supra* note 688, at 44.

⁸²⁸ Similarly, it is legitimate to consider whether, from the size or nature of the goods, marks may be difficult to read or become blurred: *Lyndon's Trade Mark*, 3 R.P.C. 102, at 106 (C.A. 1886) (marks stamped on cutlery).

⁸²⁹ 7 R.P.C. 260 (Ch. 1890).

⁸³⁰ *Id.* at 264.

(2) *Oppositions based on prior use or making known (qualifying use, and potential infringing use)*

(aa) *What activity is citable?*

An opponent may not be relying upon a prior registration or application, but may be relying upon his prior market activity. In Canada, this may be prior use of a trade mark in Canada, in which event the prior use must be a qualifying use.⁸³¹ Or it may be prior making known of a trade mark in Canada: this requires use abroad (use which would be qualifying if it occurred in Canada) plus extensive publicity in Canada.⁸³² Or it may be prior use of a trade name in Canada.⁸³³

In the United States, an opponent who relies on prior use of a trade mark need not establish prior qualifying use: use in advertising goods may suffice, for example,⁸³⁴ and the same is true in the United Kingdom.⁸³⁵ Clearly this is preferable to the position in Canada, because such nonqualifying use may constitute an infringement.

(bb) *Confusing?*

In all these cases, evidence of the opponent's activity in the market place is required, and this activity is to be compared with what the applicant is seeking to arrogate to himself. Accordingly it seems appropriate to consider whether the opponent's activity, assuming it is citable under the principles mentioned above, would, if continued, infringe the applicant's sought-for rights if granted.

In considering trade mark infringement in Canada we have seen that where the defendant uses the very mark registered by the plaintiff, for goods or services specified in the registration, he infringes under the *June Perfect* principle,⁸³⁶ regardless of environment or other considerations that would be relevant in a passing off action. This is a particular case of marks being confusing.⁸³⁷ Where there are differences in the marks or goods of the parties, or in both, the differences are of course important, but matters irrelevant under *June Perfect* must similarly be irrelevant here. "Infringing" use is a different concept than "actual" use as considered in a passing off action. Section 6 requires the same comparisons of marks whether the proceedings are infringement proceedings or

⁸³¹ Trade Marks Act, s. 16. *See also* General Foods Ltd. v. Weight Watchers Int'l Inc. (No. 1), 60 C.P.R. (2d) 83, at 88 (1979), noting at 90 that non-trade mark use by the opponent might render the applicant's mark nondistinctive.

⁸³² "Making known" is defined in s. 6 and is discussed in the text at note 629 *supra*.

⁸³³ S. 16. What constitutes use as a trade name is discussed in the text at note 627 *supra*.

⁸³⁴ *See, e.g.,* American Stock Exchange v. American Express, 207 U.S.P.Q. 356, at 363-64 (TTAB 1980).

⁸³⁵ KERLY, *supra* note 501, at s. 8-71.

⁸³⁶ *See* the text accompanying note 746 *supra*.

⁸³⁷ *Supra* note 756. *See also* sub. 47(2) which refers to "confusing" marks but clearly must include identical ones.

opposition proceedings, so that the issue is whether the prior use or making known by the opponent would constitute infringement of the registration if granted. Section 6 does not require a likelihood of confusion based on the way the parties actually trade, but is equally concerned with acts which "would cause confusion".⁸³⁸

Willingness to apply an infringement test is shown by the decision of Cattanach J. in *Conde Nast Publications Inc. v. Union des Editions Modernes*.⁸³⁹ The applicant (respondent) sought to register "Mlle Age Tendre" for "*journaux et periodiques*" and was opposed by the owner of a registration of "Mademoiselle" for a periodical publication. Copies of the magazines of both parties were before the Court. His Lordship purported to apply the British test of infringement in the following passage in which he quoted from a decision of the Court of Appeal in *J.B. Stone & Co. v. Steelace Manufacturing Co.*:⁸⁴⁰

Lawrence, L.J., said at p. 418 that it was no answer for a person to say:

Oh, yes, we use the whole of your mark, but we are using it in such a way as we consider it will not cause deception or interfere with your trade.

He continued to say:

In my opinion, such an answer affords no defence to an action by a registered owner of a trade mark when the mark is being used by a rival trader upon or in connection with the goods of the latter for whatever purpose it may be so used.

This, in my view, is precisely what the respondent has done. He has appropriated the appellant's mark in its entirety and added thereto as a suffix the words "age tendre".⁸⁴¹

Unfortunately, on the facts before him it escaped His Lordship's attention that the British *June Perfect* (or *Steelace*) principle applies only to cases where a party seeks to rely upon use of something outside the marks in issue when urging that there is no likelihood of confusion.⁸⁴² In the case before Cattanach J. the words "Age Tendre" were part of the

⁸³⁸ Sub. 6(1).

⁸³⁹ *Supra* note 772, at 188.

⁸⁴⁰ 46 R.P.C. 406, at 418 (1929).

⁸⁴¹ His Lordship considered infringement of the opponent's rights rather than possible infringement of the applicant's rights if he obtained registration, but the result should be the same, the issue either way being whether the marks are confusing.

⁸⁴² In the *Steelace* case, *supra* note 840, the plaintiff owned a registration for the word "Alligator" for steel belt lacing. The defendant advertised "Steelace Beltlacing (Alligator Pattern)". The Court of Appeal rejected the argument that the defendant was not using "Alligator" as a trade mark when it added the word "Pattern". Having concluded that "Alligator" was being used as a trade mark, it held that there was an infringement. In the *June Perfect* case, *supra* note 746, the registered mark was the word "June" written in characters of special form across a bar with a garland of flowers depending from the bar, registered for "perfumery (including toilet articles, preparations for the teeth and hair and perfumed soap)". One product of the defendant was shampoo in a bottle with a label having (*inter alia*) the words "A June Hair Curler Product", and this bottle was sold in a carton on which were the words "Manufactured by June Hair Co. Specially recommended for use with June hair curlers". It was held that the defendant was using the word "June" as a trade mark, that the remaining indications of commercial origin were irrelevant, and that the word "June" so nearly resembled the plaintiff's registered mark as to be likely to deceive or cause confusion.

applicant's mark, and parts of the marks in issue are not to be ignored: under the infringement test, one may ignore only "environment", in other words, that which accompanies the mark complained of but can fairly be regarded as not being part of the mark.⁸⁴³ Some part of a mark may be a dominant part, and this is relevant to the issue whether marks are confusing, but it is trite law that marks must be compared as a whole.

There is insufficient analysis or consistency in the Canadian decisions. For example, in *British American Bank Note v. Bank of America*^{843a} the applicant sought to register "The BA Bank Note Group" as a trade mark for services including the printing of currency and stock certificates. The opponent relied on its prior use in Canada of the letters "BA" on travellers cheques. If the learned judge had had his mind directed to the infringement test, he should have considered whether such use by the opponent would infringe the applicant's rights if registration were obtained, ignoring the environment in which the opponent's "BA" mark was used. But instead, His Lordship noted that the opponent's "BA" mark was used in conjunction with the opponent's trade mark "Bankamerica", and said that the letters "BA" are "used as background and as such fade into relative insignificance". On the *June Perfect* test, however, the appropriate question would be whether "BA" was used by the opponent as a trade mark, and if so whether the marks were confusing, ignoring the environment in which the opponent used the mark.

6. Summary as to Modes of Use

In a passing off action the court is concerned with the actual use by both parties including all the surrounding circumstances including the areas of use.

To obtain a Canadian trade mark registration the applicant or his predecessor must have used the mark somewhere in the manner required by section 4 of the Trade Marks Act. Thus, the use must have been a "qualifying" use for all the goods and services specified in the application. Failing this, the application may be rejected by the Registrar, or may be successfully opposed in opposition proceedings, or the resultant registration may be expunged.

To preserve a Canadian registration the registered owner must not abandon the mark (paragraph 18(1)(c)), or fail to use it in Canada unless he can show that the non-use has been due to special circumstances (subsection 44(3)). If the owner relies upon use he may fail unless the use is a "qualifying" one within section 4.

In an action for infringement of a registered trade mark the court must consider not only any actual "qualifying" uses of the registered

⁸⁴³ The Office also missed this crucial point in *Avmor Ltd. Corcoran*, 63 C.P.R. (2d) 256 (1981) in applying the same test. A similar error was made in the South African case of *Zenith Clothing Indus. Ltd. v. Carducci Clothing Corp.*, [1981] 2 S.A.L.R. 62, at 67 (TPD 1980). The right approach is shown in *Re U.S. Plywood-Champion*, 171 U.S.P.Q. 762, at 763 (TTAB 1971).

^{843a} 71 C.P.R. (2d) 26 (1983) (Cattanach J.).

owner in Canada but also all fair and normal potential "qualifying" uses by him in Canada in order to assess the scope of the rights granted by the registration. The defendant's actual use must be considered, but if he is using or advertising his mark or name in such a way as to have trade mark or trade name significance he cannot rely on something outside the mark or name (for example, upon environment) to show that there is no likelihood of confusion. Thus, "infringing" use is a narrower concept than "actual" use. The defendant need not be using his mark or name for goods or services falling within the registration, but differences of wares or services are relevant to the issue of likelihood of confusion.

In opposition or expungement proceedings where likelihood of confusion with another mark or name is asserted, all fair and normal potential "qualifying" uses of the mark being attacked must be considered. Also, where the attacker relies on a mark which is the subject of a trade mark application or registration, all fair and normal potential "qualifying" uses of the latter mark must be considered. Where the attacker relies on a mark which is not the subject of an application or registration, or on a trade name, the issue is whether the use which has been made of the latter mark or name would be an "infringing" use.

Where a plaintiff has a registered trade mark and relies upon section 22 of the Canadian Trade Marks Act, there is no need for a likelihood of confusion. The goodwill attaching to the plaintiff's mark is important, not the plaintiff's mode of use. As for the defendant, if the *Clairol* case^{843b} was rightly decided, his use must be a "qualifying" use within section 4 except that the mark complained of signifies the goods or services of another.

C. *Statutory vs. Common Law Rights*

Some important differences between statutory and common law rights have been discussed already. Some further points of difference may be noted.

1. *Remedies*

The kinds of remedy available in an action for trade mark infringement are unlikely to differ from those in a passing off action, but because the scope of rights differ in the two actions the court may be more inclined to grant an injunction in absolute terms in an infringement action. The position was explained as follows by Clauson J. in *Lissen Ltd. v. Harley*:

[I]f you are restraining the infringement of a registered trade mark, you can restrain the man from using the mark; but, if it is what is known as an unregistered trade mark, all you can do is to restrain him from selling the article under a label containing that word without clearly distinguishing his goods from the goods of the plaintiffs, which is quite a different thing. The

^{843b} *Supra* note 779. But see note 783 *supra*.

Defendant is perfectly entitled to use the word "Lissen" as it is not a registered trade mark; he is perfectly entitled to put the word "Lissen" on his goods if he puts a statement below: "But please take notice that, although this is called 'Lissen', it is not made by the Plaintiffs but is made by me and has nothing to do with the Plaintiffs." I am not suggesting that as a matter of business he would put that on, but he is entitled to do that because the Plaintiffs have not registered their trademark.⁸⁴⁴

Commonly a passing off injunction will restrain the defendant from using a mark, name, get-up or the like without clearly distinguishing his goods, services or business from those of the plaintiff. But passing off injunctions are not invariably so limited. The court will consider all the circumstances of the case. In declining to set aside a passing off injunction absolutely prohibiting the defendant from selling beer under the term "Stone Ales", Lord Macnaghten made the frequently quoted observation: "Thirsty folk want beer, not explanations."⁸⁴⁵

Where the plaintiff has successfully relied on a registered trade mark, the exclusivity conferred upon him by statute should, in accordance with the *June Perfect* principle discussed earlier,⁸⁴⁶ entitle him to an unqualified injunction against use as a trade mark of the defendant's infringing mark, name, or get-up. But the injunction may not prevent non-trade mark use. For example, in the *June Perfect* case, the House of Lords did not think it appropriate, in the circumstances of that case, to enjoin the defendant from using the infringing mark "June" as part of the defendant's trade name.⁸⁴⁷

An unqualified injunction may be less readily obtainable in the United States, where the test in an infringement suit is always whether the defendant's activity is likely to cause confusion or mistake, or to deceive. Mr. Justice Holmes once said, in overturning the grant of an unqualified injunction in an infringement suit:

When the mark is used in a way that does not deceive the public, we see no such sanctity in the word as to prevent it being used to tell the truth. It is not taboo.⁸⁴⁸

Courts should tailor the wording of the injunction to suit the circumstances of the case.⁸⁴⁹

⁸⁴⁴ *Supra* note 774, at 12.

⁸⁴⁵ *Montgomery v. Thompson*, 8 R.P.C. 361, at 368 (H.L. 1891).

⁸⁴⁶ *Supra* note 746.

⁸⁴⁷ *Id.* at 171, 176.

⁸⁴⁸ *Prestonettes v. Coty*, 264 U.S. 359, at 368 (1924), a case where the defendant was using the plaintiff's marks on goods obtained from the plaintiff but repackaged.

⁸⁴⁹ A good example of an injunction framed to preserve only that to which the court thought the plaintiff was entitled is discussed in *King-Seely Thermos Co. v. Aladdin Indus. Inc.*, 321 F. 2d 577 (2nd Cir. 1963).

2. Legislative Competence: Choice of Court

Paragraph 7(b) of the Canadian Trade Marks Act provides that no person shall

direct public attention to his wares, services or business in such a way to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another.

The jurisdiction of the federal government to enact this statutory counterpart to the common law action of passing off⁸⁵⁰ has been the subject of debate since the Supreme Court of Canada decision in *MacDonald v. Vapor Canada Ltd.*,⁸⁵¹ where Parliament was held not to have jurisdiction to legislate generally against acts and business practices contrary to honest industrial or commercial usage in Canada.

In *Motel 6 Inc. v. No. 6 Motel Ltd.*,⁸⁵² Addy J. concluded that paragraph 7(b) of the Trade Marks Act is unconstitutional, with the consequence that the Federal Court has no jurisdiction to try an action under paragraph 7(b) or a common law action for passing off.⁸⁵³ In reasoning that paragraph 7(b) does not round off federal legislation regarding trade marks he noted that in a passing off case the rights of the parties are judged at the date when the defendant's acts commenced, whereas the validity of a registered trade mark is judged, where the issue of distinctiveness is raised under paragraph 18(1)(b), at the time when the registration is attacked. Furthermore, where the issue of entitlement to registration is raised under sections 16, 17 and 18, the issue is decided at the time when the registered mark was adopted.⁸⁵⁴ He pointed out that when a trade mark registration is declared to be invalid the decision is *in rem*,⁸⁵⁵ whereas a passing off decision is *inter partes*. In summary, he found substantial differences in the "chose" or right protected, the cause of action, the grounds on which the action is founded, the nature of the evidence to be adduced, and the time to which the evidence must be related.

There has been no unanimity of judicial views on the constitutionality of paragraph 7(b)⁸⁵⁶ but since the provincial courts have jurisdiction both at common law and under the Trade Marks Act⁸⁵⁷ they are getting more business in this branch of the law.

⁸⁵⁰ But the common law action is potentially wider and more flexible: Oxford Pendaflex Canada Ltd. v. Korr Marketing Ltd., 23 O.R. (2d) 545, at 550-52, 46 C.P.R. (2d) 191, at 196-98 (H.C. 1979) (Hughes J.).

⁸⁵¹ [1977] 2 S.C.R. 134, 22 C.P.R. (2d) 1, 66 D.L.R. (3d) 1 (1976).

⁸⁵² *Supra* note 549.

⁸⁵³ *Cf.* Pacific Western Airlines v. The Queen, [1980] 1 F.C. 86, at 89 (App. D. 1979).

⁸⁵⁴ *Supra* note 549, at 77 (though on the issue whether marks are confusing consideration should be given to present circumstances: *cf.* the text at note 513 *supra*). He might have added that under s. 18 registrability of a mark is judged at the date of registration, and under s. 57 rights of the registered owner may be judged at the time proceedings are begun in the Federal Court.

⁸⁵⁵ *Id.* This would not be so in a provincial court.

⁸⁵⁶ The cases on this point are collected in note 7 *supra*.

⁸⁵⁷ S. 53.

3. Stay of Proceedings

In *Skipper's Inc. v. Skipper's Fish & Chips Ltd.*,⁸⁵⁸ a company in British Columbia applied to register "Skipper's Fish and Chips" on the basis of proposed use. It was opposed by an American company, Skipper's Inc. (formerly Skipper's Fish & Chips, Inc.). That opponent operated numerous "Skipper's" restaurants in the north-western United States and although it had no places of business in Canada its restaurants were known to, and patronized by, many residents in British Columbia. An important issue in the opposition proceedings was the distinctiveness of the applicant's proposed mark having regard to the reputation in Canada of the opponent's mark.⁸⁵⁹ The applicant began to use the mark, whereupon the opponent commenced an action in the Supreme Court of British Columbia for passing off and unfair competition. The opponent asked the Registrar to stay the opposition proceedings in the Trade Marks Office. The Registrar refused the stay, but on appeal to the Federal Court the stay was granted. Cattanach J. noted that the applicant alleged in its British Columbia pleadings that "Skipper's" was distinctive of the applicant's business, and he concluded that the substantial point in both proceedings was the same. He added:

The decision of the Supreme Court of British Columbia will resolve that issue and its decision will resolve the like issue before the Registrar in the opposition proceedings.

...[I]f the appellant [the opponent] should succeed in its action in the Supreme Court of British Columbia that would really dispose of the application before the Registrar.⁸⁶⁰

It has subsequently been held by the Federal Court of Appeal that the Registrar has no jurisdiction to stay proceedings before him, nor should he indefinitely postpone his decision in such proceedings.⁸⁶¹ But for this procedural difficulty, Cattanach J.'s substantive approach might have been appropriate in the case before him.⁸⁶² He pointed out that the court is far better equipped to ascertain the facts than is the Registrar. As far as his reasons reveal, it seems that the passing off action was concerned with only the marks and names in issue in the opposition proceedings, not with other matters such as similarities in building, decor, advertising or the like. If the applicant were to be enjoined from using the very mark that it was seeking to register it would follow that the mark was not distinctive of the applicant's services, and the opposition should succeed, the relevant dates not being much different in the *Skipper's* case.

However, it should be recognized that an opponent might fail in a passing off action and yet succeed in opposition proceedings. Differences

⁸⁵⁸ 51 C.P.R. (2d) 29 (F.C. Trial D. 1980) (Cattanach J.).

⁸⁵⁹ Cf. *E. & J. Gallo Winery v. Andres Wines Ltd.*, *supra* note 512, a case which was also discussed in the last Survey, *supra* note 7, at 448.

⁸⁶⁰ *Supra* note 858, at 38-39.

⁸⁶¹ *Anheuser-Busch Inc. v. Carling Breweries Ltd.*, *supra* note 509.

⁸⁶² Cf. the U.S. cases discussed in GILSON, *supra* note 624, at s. 8.03[7].

in decor, prices and the like might obviate any likelihood of confusion with the plaintiff's business yet, as noted earlier, such matters would be irrelevant in the case of an application to register a proposed word mark. Also there is a line of authority that a foreigner who has conducted no business within the jurisdiction has no foundation for a passing off action,⁸⁶³ though he might win an opposition.⁸⁶⁴

In *Cassidy's Ltd. v. Douulton Canada Inc.*,⁸⁶⁵ Cassidy's had registered a trade mark in Canada. Douulton brought an action in the Federal Court seeking to expunge Cassidy's registration and to restrain further use of the mark. Cassidy's brought an action against Douulton in the Supreme Court of Ontario claiming trade mark infringement and passing off. Douulton obtained an order staying the Ontario action, but Grange J. granted leave to appeal from the order. Though the Federal Court has exclusive jurisdiction to expunge a trade mark registration,⁸⁶⁶ Grange J. considered that the Federal Court has no jurisdiction in a passing off action. He did not see how any decision of the Federal Court on the validity of the registration would affect the passing off action in the Ontario court.⁸⁶⁷

4. Licensing

Historically a trade mark was regarded as a symbol of, and inseparable from, the goodwill of a business. If the owner of the business allowed someone else to use the mark for goods or services not emanating from that business he might be allowing a deception and lose his right to prevent deceptive use of the mark by interlopers. When the present Canadian Trade Marks Act was enacted, provisions were introduced in section 49 to permit licensing provided the trade mark is registered for the goods or services for which it is to be licensed and provided the licensee is approved by the Registrar of Trade Marks as a user. Such approval is obtainable if it appears to the Registrar that the trade mark owner is able to control the quality of goods or services to be furnished by the licensee in association with the mark. The tendency has been to regard those provisions as exceptions to a rule against licensing, and to require a strict construction of the provisions.⁸⁶⁸ This view may draw support from section 51 (formerly 50) of the Trade Marks Act which provides that the use of a trade mark by a licensee before 1 July 1954 (the date the Act came into force) and within one year thereafter shall not be held to invalidate the mark if:

⁸⁶³ "Crazy Horse rides again?" See text accompanying note 926 *infra*.

⁸⁶⁴ E. & J. Gallo Winery v. Andres Wines Ltd., *supra* note 512.

⁸⁶⁵ 36 O.R. (2d) 305, 62 C.P.R. (2d) 24 (H.C. 1982) (Grange J.).

⁸⁶⁶ Trade Marks Act, s. 57.

⁸⁶⁷ See also the cases at note 736 *supra*.

⁸⁶⁸ Motel 6 Inc. v. No. 6 Motel Ltd., *supra* note 549, at 658, 56 C.P.R. (2d) at 62; Dubiner v. Cheerio Toys and Games Ltd., *supra* note 736, at 539-40, 44 C.P.R. at 147 (discussed in the last Survey, *supra* note 7, at 443-44). See also McGregor Trade Mark, [1979] R.P.C. 36, at 52-53 (Ch. 1978) (Whitford J.).

(1) the licensing was between related companies⁸⁶⁹ (but the Act does not say that the mere existence of such relationship is sufficient after 1 July 1955);

(2) the Exchequer or Federal Court declares that to hold the mark valid will not adversely affect any existing right of a party acquired before 1 July 1954 or be contrary to the public interest (no such order seems ever to have been made, or now seems likely to be made); or

(3) an application to register the licensee as a registered user was made within one year after 1 July 1954 and the licensee was so registered.

If a registered trade mark is used in Canada by a licensee who is not registered as a user, the Federal Court has shown little inclination to do other than hold that the registration is invalid.⁸⁷⁰ If the owner of a registered mark and his proposed licensee apply to the Registrar for registration of the licensee as a user, there is always some delay in processing the application in the Registrar's office. In *Motel 6 Inc. v. No. 6 Motel Ltd.*, Addy J. has said that one cannot impute such delays to the parties,⁸⁷¹ but he held the defendant's registration of a mark invalid where the defendant had permitted others to use the mark without applying to register them as users, despite the fact that the defendant had participated in the licensed operations in a supervisory or managerial capacity.

In *Lindy v. Registrar of Trade Marks*⁸⁷² the actual user of a registered mark was Friday's Ltd. Friday's had assigned the registered mark to Lindy, but Friday's was not registered as a user. Although Lindy controlled Friday's, Dubé J. said that there are no provisions in the Act which would permit an unregistered legal entity, controlled by the registered owner, to use the registered mark in Canada with the same effect as a use by the owner. Lindy, the owner, was not using the mark, and was not therefore able to reply in a satisfactory manner to a notice under section 44 of the Trade Marks Act requiring him to furnish evidence of use. The Registrar's decision to expunge the registration was affirmed.

At the time of the last Survey⁸⁷³ the *Off!* case was awaiting decision in the Supreme Court of Canada. Reversing the Federal Court of Appeal, the Supreme Court has now held that the registration of the trade mark "Off!" was not invalidated by the fact that the registered user showed only its own name on containers of "Off!" insect repellent made and sold in

⁸⁶⁹ Related companies are defined in s. 2 as "companies that are members of a group of two or more companies one of which, directly or indirectly, owns or controls a majority of the issued voting stock of the others".

⁸⁷⁰ For recent comments on one of the few liberal pronouncements in the Federal Court, see the text following note 881 *infra*.

⁸⁷¹ *Supra* note 549, at 660, 56 C.P.R. (2d) at 64. Query whether this view holds if, when the registered user application is filed, there is only a pending application to register the mark. The Act provides that registration of the user will not occur until registration of the mark, sub. 49(8), and the Act has certain built-in delays, e.g., in s. 37.

⁸⁷² [1982] 1 F.C. 241, 123 D.L.R. (3d) 292 (Trial D. 1981).

⁸⁷³ *Supra* note 7, at 444.

Canada by the registered user.⁸⁷⁴ The mark was distinctive of wares of the trade mark owner because subsection 49(3) of the Act provides that use of the mark by the registered user has the same effect "for all purposes of this Act" as used by the registered owner. It is to be kept in mind, however, that in the *Off!* case there was no suggestion that the trade mark owner and the registered user had not scrupulously observed the provisions of section 49 of the Act in relation to the licensing of trade marks. Also, it is a wise precaution for a trade mark owner to require a licensee to show clearly who the trade mark owner is, whenever the mark is displayed, to avoid fragmenting the goodwill associated with the mark.⁸⁷⁵

In the United Kingdom and Australia there have been several judicial statements or suggestions that licensing of a trade mark need not be destructive of common law rights in a mark,⁸⁷⁶ the statutory provisions for registering users being construed as permissive, not compulsory. We still await a Canadian decision that addresses itself directly to this important question, but it will be pursued at the end of the next topic.

5. Shared Goodwill

Closely related to the issues that arise in relation to the licensing of trade marks are those related to the use of a mark or name by a group of traders.

A trade mark does not satisfy the definition of "distinctive" in the Canadian Trade Marks Act if the mark does not distinguish wares or services of its owner from those of others. As noted in the last Survey⁸⁷⁷ this has been fatal to the validity of registrations in the name of one company but used by other companies with which it is or has been closely associated.

In *Chalet Bar-B-Q Inc. v. Foodcorp Ltd.*⁸⁷⁸ the Federal Court of Appeal held that a registration of the trade mark "Chalet Bar-B-Q" was invalid in the following circumstances. Two Montreal restaurants had initially been opened by the same operators in the 1940's. But from 1960 each of the restaurants was being operated by a different corporation. The corporations did so in close association, but for their own separate accounts and not as partners or with an agency relationship. The

⁸⁷⁴ *S.C. Johnson & Son Ltd. v. Marketing Int'l Ltd.*, [1980] 1 S.C.R. 99, 44 C.P.R. (2d) 16, 105 D.L.R. (3d) 423 (1979). See also the excellent case comments: Sim, 18 OSGOODE HALL L.J. 295 (1980), and Fogo, 69 T.M.R. 505 (1979).

⁸⁷⁵ See also Barrigar, *Getting the Message Across in Canada*, 8 BULL. P.T.I.C. (Series 8) 428 (1980).

⁸⁷⁶ See this writer's review of Dr. Fox's textbook in 51 CAN. B. REV. 538, at 543-44 (1973); the last Survey, *supra* note 7, at 450; and the following cases: *Hensher Ltd. v. Restawile Upholstery Ltd.*, [1975] R.P.C. 31, at 37 (Ch. 1972) (Graham J.); *Tavener Rutledge Ltd. v. Trexapalm Ltd.*, [1977] R.P.C. 275 (Ch. 1975) (Walton J.); *Pioneer Electronic Corp. v. Registrar of Trade Marks*, [1978] R.P.C. 716, at 725-27 (H.C. Aust.); *Children's T.V. Workshop v. Woolworths*, [1981] R.P.C. 187 (N.S.W.S.C.); *J.H. Coles Proprietary Ltd. v. Need*, 50 R.P.C. 379, at 386-88 (P.C. 1933) (Aust.).

⁸⁷⁷ *Supra* note 7, at 447-49.

⁸⁷⁸ *Supra* note 593.

controlling shareholders were not the same, though they were members of the same family. The Court said:

[I]f, as was urged, the message to the public was that the trade mark indicated a family group of companies dominated by Marcel Mauron — or by the same management — it plainly was not being used to indicate or identify a particular one of such companies to the exclusion of the other or others and thus be distinctive of the services of that one alone so as to entitle that one to have it registered and maintain such registration or to assign rights entitling anyone else to obtain its registration.⁸⁷⁹

Between 1966 and 1967, one of the corporations had executed an assignment of the mark to a Toronto company which had registered the mark and registered the assignor as a user. The Court held that the registration was invalid, reversing the trial judge who had relied⁸⁸⁰ on an earlier trial decision, *Gray Rocks Inn Ltd. v. Snowy Eagle Ski Club Inc.*⁸⁸¹ In the *Gray Rocks* case, the plaintiff had registered the trade mark "Snow Eagle" for, *inter alia*, operation of a school for skiers, and allowed the director of its school to use the mark in operating a club for skiers who participated in skiing competitions. The registration was upheld, but it was not clear that the club operated independently of the plaintiff. The Federal Court of Appeal said that the results in the *Gray Rocks* case might be supportable on its particular facts, but that the decision did not stand for the proposition that:

[I]n determining distinctiveness the Court will treat use of a trade mark by what was referred to as a 'trading entity' consisting of permitted use by one or more separate corporations of the group making up the entity as not destructive of its distinctiveness or of its ability to distinguish the goods or services of the registered owner of the trade marks from those of others.⁸⁸²

By contrast, in the United Kingdom the statutory definition of a trade mark is satisfied if the mark indicates a "connection in the course of trade" between the goods and the owner of the mark⁸⁸³ and a sufficient connection has been thought to exist, both under the statute and at common law, if the owner of the mark has control over the quality of goods sold by others under the mark.⁸⁸⁴ A similar position exists in the United States, both at common law and under the federal Trademarks Act which recognizes that a trade mark owner may permit its use by

⁸⁷⁹ *Id.* at 68.

⁸⁸⁰ *Foodcorp Ltd. v. Chalet Bar-B-Q. Inc.*, 55 C.P.R. (2d) 46, at 56-57 (F.C. Trial D. 1981).

⁸⁸¹ 3 C.P.R. (2d) 9 (1972).

⁸⁸² *Supra* note 593, at 66. *See also* *British American Bank Note v. Bank of America*, *supra* note 843a, where Cattanaach J. said, "I do not accept the concept of a 'single organization' such as conceived by Anger J. in the *Good Humour* case [1937, Ex. C.R. 61, at 74] unless there is a partnership...". To the same effect *see* *Mayborn v. Registrar*, 70 C.P.R. (2d) 1, at 10 (F.C. Trial D. 1983) (Cattanaach J.).

⁸⁸³ U.K. Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, sub. 68(1).

⁸⁸⁴ *See* the discussion in *G.E. Trade Mark*, 87 R.P.C. 339, at 372, 395 (C.A. 1970). *But see* *Holly Hobbie Trade Mark*, [1983] F.S.R. 138 (Whitford J.), *aff'd* 28 Apr. 1983 (C.A.).

others provided the owner has control over the nature or quality of the goods or services in connection with which the mark is used.⁸⁸⁵

At common law there is no need for the plaintiff to have an exclusive right; his rights may be shared with others.⁸⁸⁶ Recent cases in the United Kingdom have thrown considerable light on the effects at common law of use of similar marks and names by groups of traders. Because the same common law principles should apply in Canada, brief reference to the British cases will be made. In *Revlon Inc. v. Cripps and Lee Ltd.*⁸⁸⁷ it was found that a mark which included the word "Revlon" signified goods of a group of companies, not just goods of those of the group who traded in the United Kingdom, so that the latter could not complain of the importation into the United Kingdom of the trade marked goods of another member of the group.⁸⁸⁸ It may be otherwise if in the United Kingdom the mark is shown to signify goods of a different quality than the imported goods.⁸⁸⁹

If a mark or name signifies goods or services of a group of traders, and the group splits up, each member of the group is likely to be free to continue its use,⁸⁹⁰ subject to contractual obligations.

It is a commonplace of trade mark law that trade mark protection is lost when the mark denotes the product, not the producer. Anyone may then use the mark to denote the product. As the United States Supreme Court said in the *Shredded Wheat* case:⁸⁹¹ "Sharing in the goodwill of an article unprotected by patent or trade mark is the exercise of a right possessed by all." But if the mark is used by another to denote a product of a different quality or class than the public expects, traders who sell what the public expects may be injured and have a cause of action for passing off⁸⁹² for injury to the goodwill which they share. The *Advocaat* case, *Warnick v. Townend & Sons Ltd.*,⁸⁹³ is now the leading one. The plaintiff and others sold the drink known by the generic term Advocaat. Unlike Champagne,⁸⁹⁴ Sherry⁸⁹⁵ and Scotch whiskey,⁸⁹⁶ Advocaat did

⁸⁸⁵ U.S. Trademarks Act, ss. 5, 45; *American Petrofina v. Petrofina*, 189 U.S.P.Q. 67, at 79 (D. Cal. 1976).

⁸⁸⁶ *J. Bollinger v. Costa Brava Wine Co.*, 78 R.P.C. 116, at 120 (Ch. 1960) (known as the *Champagne* case). See the last Survey, *supra* note 7, at 449-50. Occasional references may be found in passing off cases to an exclusive right, e.g., in *Jarman v. Barget*, [1977] F.S.R. 260, at 269 (C.A.), where the question of shared exclusivity did not arise.

⁸⁸⁷ [1980] F.S.R. 85 (C.A. 1979).

⁸⁸⁸ The manufacturer of the goods in question was one of the plaintiffs, and one would expect the passing off action to fail unless it were shown that the mark signified something more than origin. Cf. the *Seiko* case discussed at note 913 *infra*.

⁸⁸⁹ *Wilkinson v. Cripps & Lee*, [1982] F.S.R. 16.

⁸⁹⁰ *Habib Bank Ltd. v. Habib Bank A.G. Zurich*, [1982] R.P.C. 1 (C.A. 1980); *Robinson v. Finlay*, 9 Ch. D. 487 (C.A. 1887).

⁸⁹¹ *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, at 122 (1938).

⁸⁹² There is also a possible cause of action under s. 7 of the Canadian Trade Marks Act, and under para. 43(a) of the U.S. Act.

⁸⁹³ *Supra* note 726.

⁸⁹⁴ *J. Bollinger v. Costa Brava Wine Co.*, *supra* note 886.

⁸⁹⁵ *Vine Products v. McKenzie*, 86 R.P.C. 1 (Ch. 1967).

⁸⁹⁶ *John Walker & Sons Ltd. v. Henry Ost Co.*, 87 R.P.C. 489 (Ch. 1970).

not come from any defined geographical area. But it had been consistently made from eggs and spirit. The defendant began to undersell the plaintiff by selling, under the name Keeling's Old English Advocaat, a product made with wine rather than spirit, and the plaintiff proved that it was losing sales. It was not shown that anyone had bought the defendant's product thinking it to come from anyone other than the defendant, but it was found that the defendant was misrepresenting its product in calling it Advocaat. The House of Lords held that this constituted passing off. Lord Diplock suggested⁸⁹⁷ that earlier cases made it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off:

- (1) a misrepresentation;
- (2) made by a trader in the course of trade;
- (3) to prospective customers of his or ultimate consumers of goods or services supplied by him;
- (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and
- (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

Their Lordships held that it was unnecessary for all the traders who are injured or who are likely to be injured to join in the action. Lord Fraser of Tulleybelton focussed on what a plaintiff must show to succeed in the particular case where he alleges that he has a cause of action by reason of the defendant's false description of his goods. He provided a list which is set out below and will be seen to relate primarily to Lord Diplock's fourth and fifth characteristics, namely establishing that the plaintiff has a goodwill that is likely to be injured by the defendant's misrepresentation in using a false description or "trade name" such as Advocaat. Lord Fraser said⁸⁹⁸ that a plaintiff must show:

- (1) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;
- (2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;
- (3) that because of the reputation of the goods, there is goodwill attached to the name;
- (4) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; and
- (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

Members of the class of potential plaintiffs are those who have traded long enough to have built up a goodwill in association with the name,⁸⁹⁹ which must be for a product having recognizable and distinctive

⁸⁹⁷ *Supra* note 726, at 93, [1979] F.S.R. at 405.

⁸⁹⁸ *Id.* at 105-06, [1979] F.S.R. at 418.

⁸⁹⁹ *Id.* Lord Diplock, at 95, [1979] F.S.R. at 407; Lord Fraser, at 104, [1979] F.S.R. at 417. In any passing off case sufficient time must have elapsed for the plaintiff

qualities.⁹⁰⁰ The larger the class the more difficult it may be to show that the range of products sold by members of it have such recognizable qualities, and the more difficult it will be for an individual trader to establish more than minimal damage.⁹⁰¹

The *Advocaat* case was concerned with a descriptive name. The same principle has been applied in South Africa with respect to get-up. In *Stellenbosch Wine Trust Ltd. v. Oude Meester Group Ltd.*,⁹⁰² it was shown that South African sparkling wines were commonly sold in bottles of a certain appearance. The respondents sold a less expensive and different class of wine in similar bottles. This was held to constitute passing off.

If at common law a group of traders may share goodwill in a mark which indicates quality, it should surely follow that such a group may share goodwill in a mark which indicates that someone controls the quality of the goods or services of the group, or where it indicates some other significance associated with and requiring membership in the group.⁹⁰³ If a trade mark owner licenses his mark, the licensor and licensees make up a class that the court can readily identify. In a passing off action where the plaintiff seeks to rely on the concept of shared goodwill it seems that the important question is what the mark signifies to the public, and whether the plaintiff uses the mark in a way that carries that significance. If the mark signifies a quality that is in fact maintained by licensees, it seems entirely open to argument that the licensor need not in fact exercise quality control, or have the right to exercise it, for there was no such right in the *Advocaat* case.⁹⁰⁴ However, the prudent licensor will try to ensure that the mark also signifies control or source within the licensed group.⁹⁰⁵ Absent such significance, it would seem that at common law anyone outside the group may use the mark provided he maintains the quality or other significance associated with the mark. A licensor should also strive to ensure that his licensees do not use the mark in a manner that is likely to deceive the public. Deception could occur if the mark signifies a certain quality or source and a licensee is permitted to use it for goods or services not having the signified attributes. Likelihood of deception has been the classic objection to the licensing of trade marks and trade names, but mere licensing should not provoke the automatic

to have acquired a goodwill in association with his mark or name: *Licensed Victuallers Newspaper Co. v. Bingham*, 38 Ch. D. 139, at 142-43 (C.A. 1888).

⁹⁰⁰ *Id.* Lord Diplock, at 98, [1979] F.S.R. at 410.

⁹⁰¹ *Id.* Lord Diplock, at 95, [1979] F.S.R. at 407.

⁹⁰² [1977] (2) S.A.L.R. 221 (C.P.D.).

⁹⁰³ This is recognized by the Canadian Trade Marks Act in relation to certification marks, discussed at G below. The Act does not require a mark to be registered in order to constitute a certification mark, and indeed it has been said that a mark must be used as a certification mark before application to register it may be filed: note 968 *infra*.

⁹⁰⁴ *Supra* note 726. However, in *G.E. Trade Mark*, 86 R.P.C. 418, at 454 (Ch. 1969), Graham J. said that the "essential requirement is that as a fact he [the licensor] should always be in a position to exercise the necessary control...".

⁹⁰⁵ *Tavener Rutledge Ltd. v. Trexapalm Ltd.*, *supra* note 876, at 281.

conclusion that all rights in the mark or name have been forfeited, for otherwise the defendant may be free to practice real deception.⁹⁰⁶

D. *Passing Off*

1. *Significance to the Public*

The cases discussed under the previous heading illustrate that the key to success in a passing off action is to show that the defendant is not providing what the public has come to expect,⁹⁰⁷ that the defendant is therefore making a misrepresentation, and that this is likely to damage the goodwill of the plaintiff. A mark or name used by one or more traders may be shown to signify the origin of the goods, as in the *Revlon* case,⁹⁰⁸ or origin coupled with a certain quality, as alleged in the recent *Wilkinson* case,⁹⁰⁹ or only a certain quality, as in the *Advocaat* case.⁹¹⁰ The plaintiff in a passing off action must show that he has, or shares in, a goodwill associated with the mark or name. That goodwill may include one or more of the elements of source, class or quality of goods, or quality of services,⁹¹¹ and an interloper who uses the mark to signify something else, or something less, may be making a misrepresentation. Conventionally, a trade mark for goods signifies not only that goods come from a particular source but also that the goods are new, so that it may constitute passing off to sell second hand or deteriorated trade marked goods as new ones.⁹¹²

The recent Ontario case of *Seiko Time Canada Ltd. v. Consumers Distributing Co.*⁹¹³ involved a combination of the elements of source of goods and quality of services for the goods. A Japanese company, Hattori, owned the registered trade mark "Seiko" in Canada and elsewhere, for watches. Hattori had a wholly owned American subsidiary which was exclusive distributor for "Seiko" watches in the United States and the American subsidiary had a wholly owned Canadian subsidiary, the plaintiff, which was exclusive distributor of "Seiko" watches in

⁹⁰⁶ J.H. Coles Proprietary Ltd. v. Need, *supra* note 876, at 388.

⁹⁰⁷ As noted by Learned Hand D.J. in *Bayer Co. v. United Drug Co.*, 272 F. 505, at 509 (S.D.N.Y. 1921), "The single question, as I view it, in all these cases, is merely one of fact: What do the buyers understand by the word for whose use the parties are contending?"

⁹⁰⁸ *Supra* note 887. That the plaintiff is somehow mixed up with the goods, for example by sponsorship, may suffice.

⁹⁰⁹ *Supra* note 899.

⁹¹⁰ *Supra* note 726.

⁹¹¹ The court will consider the entire marketing image of what the plaintiff is offering in identifying the relevant reputation and goodwill: *Cadbury-Schweppes Ltd. v. Pub Squash Co.*, [1981] R.P.C. 429 (P.C. Aust. 1978); *Wilkinson v. Cripps & Lee*, *supra* note 889, at 26. A somewhat puzzling decision, which however recognizes that the public should get what they have been led to expect from a particular sales method, is *Salusa (Pty) Ltd. v. Eagle Int'l Traders*, [1979] (4) S.A.L.R. 697 (C.P.D.).

⁹¹² *Wilts v. Robinson*, 75 R.P.C. 94, at 102 (C.A. 1958); *Warnink v. Townend*, *supra* note 726, at 92, [1979] F.S.R. at 404.

⁹¹³ 29 O.R. (2d) 221, 50 C.P.R. (2d) 147, 112 D.L.R. (3d) 500 (H.C. 1980), *aff'd* 34 O.R. (2d) 481, 60 C.P.R. (2d) 222 (C.A. 1981).

Canada. The arrangements between these three companies were oral. The American company and the plaintiff Canadian company were expected to restrict their marketing to their respective countries.

The plaintiff ordered "Seiko" watches and warranty booklets from Hattori, the owner of the trade mark in Canada. The watches were supplied from manufacturing sources authorized by Hattori. Hattori exercised no control over marketing in Canada, this being left to the plaintiff. The plaintiff at its own expense set up service centres in Canada, and selected, as authorized dealers, fine jewellery stores or large department stores. It trained employees of those dealers so that the employees would be well informed about "Seiko" watches and could make bracelet adjustments at the time of sale to the public. The plaintiff employed knowledgeable salesmen, supplied advertising material and showcases to the authorized dealers, conducted national advertising, and assisted authorized dealers financially with local advertising. The plaintiff also supplied the authorized dealers with watches and warranty booklets, and took a generous approach to warranty problems. Through these efforts, conducted at its own expense (though it could, had it wished, have charged the cost of servicing watches to the trade mark owner) the plaintiff had, in the opinion of the Court, acquired for itself a valuable goodwill in Canada both with authorized dealers and with the public.

The defendant, Consumers Distributing, was not an authorized dealer of the plaintiff, but issued catalogues for goods that the defendant showed at showrooms, which were staffed by employees who were not knowledgeable about watches of the plaintiff. The defendant provided no service, nor was the defendant authorized by the plaintiff to sell "Seiko" watches or to provide warranties. However, the defendant obtained genuine "Seiko" watches and warranty booklets from some undisclosed source, and sold the watches in Canada and, at times, supplied the warranty booklets. These booklets included a coupon to be filled in by an authorized dealer, giving the dealer's name, the serial number of the watch, and the date of purchase, the warranty being good for one year from the date of purchase. In cases where the plaintiff knew that an unauthorized dealer such as the defendant had sold the watch, the warranty was not honoured by the plaintiff.

The plaintiff distributor, not being the trade mark owner, could not sue for trade mark infringement⁹¹⁴ but succeeded in a passing off action against the defendant, based on the premise that the plaintiff had a goodwill in Canada generated by its marketing practice in selling a "Seiko" "product". This "product" consisted not merely of a watch, but it also included further components, namely, point of sale service, a warranty properly filled out by an authorized dealer, and after sale service. The goodwill was said to be in the use of the name "Seiko", though the plaintiff did not own the registered mark. The goodwill was that of the relationship established by the plaintiff with its retail dealers and the public. The defendant offered only the watch, and an invalid

⁹¹⁴ Cf. *Roamer Watch Co. v. African Textile Distrib.*, *supra* note 738, at 467.

warranty, and this was a different product in the eyes of the judge. The Court was satisfied that the defendant's activity was likely to confuse the public. Indeed, there was evidence of complaints adversely affecting the plaintiff's goodwill.

The judge referred to flexibility of the common law. The passing off action is to protect the plaintiff's proprietary interest in his goodwill. The judge referred to the *Advocaat* case, and applied the criteria set out by Lord Diplock:

(1) a misrepresentation, *i.e.*, holding out that the defendant was selling "Seiko" watches "including all the components which I have found attached to that name";

(2) made by the defendant in the course of trade;

(3) to prospective customers;

(4) calculated to injure the business or goodwill of the plaintiff as a reasonably foreseeable consequence; and

(5) actually damaging the business and goodwill of the plaintiff and probably to continue.⁹¹⁵

The plaintiff was one of a class of persons entitled to use the name "Seiko", as only the plaintiff or its authorized dealers could supply the market with a product having the recognizable and distinctive qualities of what the plaintiff offered. Thus it would seem that, just as the plaintiff in the *Advocaat* case was one of those entitled to use the term "Advocaat" in association with what the public expected, namely, a drink made of eggs and spirit, so here the plaintiff was one of those entitled to use the term "Seiko" in relation to a sales and service package, and the defendant had not provided the latter.

The Court also found that the defendant was improperly holding itself out as an authorized dealer. The defendant was enjoined "from holding itself out as an authorized 'Seiko' dealer of the plaintiff by advertising and selling 'Seiko' watches and as internationally guaranteed". However, the more interesting injunction was, purely and simply, against "advertising or selling 'Seiko' watches in Canada."⁹¹⁶ This would prohibit the defendant from selling genuine "Seiko" watches with a clear disclaimer of any service or warranty.

In affirming the trial decision, the Ontario Court of Appeal considered that to delete the second injunction "would allow the appellant to continue trading on the goodwill of the plaintiff and would permit a deception of the public".⁹¹⁷ With respect, it seems incredible that the defendant would be unable to sell genuine "Seiko" watches without deceiving the public:⁹¹⁸ the defendant might, for example, offer the watches affixed to a card stating prominently that "this watch is sold by Consumers Distributing, who is not an authorized 'Seiko' dealer, and

⁹¹⁵ *Supra* note 913, at 235, 50 C.P.R. (2d) at 161, 112 D.L.R. (3d) at 513-14.

⁹¹⁶ *Id.* at 222-23, 50 C.P.R. (2d) at 149, 112 D.L.R. (3d) at 501.

⁹¹⁷ *Supra* note 913, at 481, 60 C.P.R. (2d) at 223.

⁹¹⁸ In *Habib Bank Ltd. v. Habib Bank A.G. Zurich*, *supra* note 887, at 25 Oliver L.J. said: "It is *misrepresentation* which lies at the root of the action...."

without any service or other warranty".⁹¹⁹ Such activity would, it is true, be trading on the goodwill associated with the trade mark "Seiko", but it has frequently been observed that not all activities which injure a trader's goodwill are actionable.⁹²⁰ The case is now on appeal to the Supreme Court of Canada.

The "Seiko" decision recognizes that at common law persons other than the owner of a trade mark may share in the goodwill associated with the mark.⁹²¹ The decision provides an interesting contrast on parallel imports with the *Revlon* case,⁹²² where it was held that neither the local owner of a trade mark, being a member of a group of Revlon companies, nor others of the group could object to sale of genuine Revlon products coming from one of the group. In that case, however, the passing off action failed because there was no misrepresentation. There was no service aspect to the *Revlon* case.

Another recent passing off case showing the importance of deciding what the plaintiff's mark or name signifies to the public is *Ayerst, McKenna and Harrison Inc. v. Apotex Inc.*⁹²³ The plaintiff sold a drug, in tablet form, for treatment of hypertension and other cardio-vascular problems. The tablets were of a particular colour, shape and size. The defendant began to sell the drug in tablets of the same colour, shape and size. Although the tablets of the plaintiff bore the trade mark "Inderal" and those of the defendant bore the mark "APO", these marks would be seen only on careful examination. The tablets were sold to the public on prescription only, and were therefore advertised only in professional journals, not in advertisements directed to the public. The plaintiff alleged that by using the same colour, shape and size for its tablets the

⁹¹⁹ *Supra*. In *United States Surgical Corp. v. Downs Surgical Canada Ltd.*, 67 C.P.R. (2d) 140 (S.C.O. 1982) White J. granted an interlocutory injunction which would not prevent the defendant from selling plaintiff's goods with such a disclaimer. See also *N.M. Morris v. Weinstein*, 175 U.S.P.Q. 130 (5th Cir. 1972); *Prestonettes v. Coty*, *supra* note 848. However, in *Sony of Canada Ltd. v. Hi-Fi Express Inc.*, 38 O.R. (2d) 505, 138 D.L.R. (3d) 662 (H.C. 1982) Gray J. granted an interlocutory injunction in absolute terms despite the defendant's offer to consent to one in which it would be permitted to make a disclaimer. Making an adequate distinction should generally be open to the defendant in a passing off action: cf. *Tartan Breweries Ltd. v. Carling Breweries (B.C.) Ltd.*, [1970] S.C.R. 323, 15 D.L.R. (3d) 773 (1969) and the discussion following note 844 *supra*. Templeman L.J., in the *Revlon* case, *supra* note 887, regarded the efforts of the plaintiffs as being an attempt to enforce price fixing by the back door. Many of these "parallel imports" cases are just that.

⁹²⁰ *Victoria Park Racing Co. v. Taylor*, 58 C.L.R. 479, at 523 (H.C. Aust. 1937); *Sales Affiliates Ltd. v. Le Jean Ltd.*, 64 R.P.C. 103, at 111 (Ch. 1947) (Evershed J.); *H.P. Bulmer Ltd. v. J. Bollinger S.A.*, [1978] R.P.C. 79, at 99 (C.A. 1977); *Warnink v. Townend*, *supra* note 726, at 107, [1979] F.S.R. at 419. See also cases on "puffing" and the discussion following note 779 *supra* of Trade Marks Act, s. 22. If the plaintiff has adopted a mark or name having little distinctiveness, some non-actionable confusion may be inevitable: *Office Cleaning Servs. Ltd. v. Westminster Window & General Cleaners Ltd.*, 63 R.P.C. 39, at 43 (H.L. 1946).

⁹²¹ *Supra* note 913, at 240, 50 C.P.R. (2d) at 166, 112 D.L.R. (3d) at 518.

⁹²² *Supra* note 887.

⁹²³ 36 O.R. (2d) 495, 64 C.P.R. (2d) 169 (H.C. 1982) (Keith J.).

defendant was passing off and enabling others to pass off the defendant's goods as and for those of the plaintiff.

The learned judge was clearly impressed by evidence that governments encourage the substitution of generic drugs for the originals without concern for the appearance of the drugs, that generic drug manufacturers tend to make their products look like the originals, that this facilitates obtaining government approval of their formulations, that medical practitioners expressed the opinion that interchangeable prescription drugs should look alike, and that there was no rational basis for a patient to choose one over the other.⁹²⁴ One may, with respect, doubt the relevance of such evidence to the issue of passing off. However, His Lordship found that medical practitioners and druggists would not be confused, and that the ultimate consumer would not associate tablets of the colour, shape and size in question with a single source. On these findings the case for passing off had to fail, but the Ontario Court of Appeal, persuaded that the plaintiff may not have had a fair trial, has ordered a new one.^{924a}

2. *Crazy Horse Rides Again?*

The last Survey⁹²⁵ announced prematurely the demise of the *Crazy Horse* doctrine⁹²⁶ in which Pennycuik J. had refused to grant an interlocutory injunction against use of the name Crazy Horse Saloon in London where the owners of the famous Crazy Horse Saloon in Paris were unable to show that they had any business activity in England apart from publicizing their name in England. Graham J. had declined to follow that decision in the *Maxim's* case,⁹²⁷ and judges in other jurisdictions had not insisted that carrying on business within the jurisdiction is a prerequisite to success in a passing off action. In *Seagoing Uniform Corp. v. U.S. Dungaree Seafarers Ltd.*,⁹²⁸ the British Columbia Court of Appeal focussed on deception of the public rather than protection of goodwill acquired through local use. But more recently, British judges have, in interlocutory applications, swung back to the more conventional view that there must be sufficient evidence of likely damage to a local business goodwill of the foreigner, and this may require evidence that the foreigner has dealt locally with customers.⁹²⁹ In *obiter*,

⁹²⁴ Contrast the policy issues stated in *Ciba-Geigy v. Bolar*, 215 U.S.P.Q. 769 (D.C.N.J. 1982).

^{924a} 41 O.R. (2d) 366 (1983).

⁹²⁵ *Supra* note 7, at 453.

⁹²⁶ *Bernardin et Cie v. Pavilion Properties Ltd.*, [1967] R.P.C. 581 (Ch.).

⁹²⁷ *Maxim's Ltd. v. Dye*, [1977] F.S.R. 364 (Ch.).

⁹²⁸ 34 C.P.R. (2d) 240, at 242 (B.C.C.A. 1977).

⁹²⁹ *C. Morcom, Athletes Foot and Grunts, Passing Off Actions by Foreign Traders*, [1980] 2 EIPR 169; *The Athletes Foot Marketing Associates Inc. v. Cobra Sports Ltd.*, [1980] R.P.C. 343 (Walton, J.), distinguishing between reputation and goodwill; *Home Box Office v. Channel 5*, [1982] F.S.R. 449 (Peter Gibson J.). For a case where the local imitator succeeded against the foreign originator see *Taco Bell v. Taco*, [1982]

Addy J. has stated the more simplistic view: "In the absence of any statutory entitlement no person can acquire a right in respect of a trade name in Canada unless he can show that he has actually carried on business here."⁹³⁰

If this view is accepted in Canada, where the Federal Court may have no passing off jurisdiction, a plaintiff might fail in a passing off action in an Ontario court though his business in the neighboring province of Quebec is well known throughout the country. That conclusion was not accepted by Marceau J. in *Vallé's Steak House v. Tessier*.⁹³¹ He enjoined the use in Montreal of a restaurant name copied from the name used by the plaintiffs in the United States. The plaintiffs sued both for infringement of trade mark⁹³² and for breach of paragraph 7(b) of the Trade Marks Act, which His Lordship treated as giving to the Federal Court a jurisdiction similar to passing off jurisdiction, there apparently having been no argument made to him that the section is unconstitutional.⁹³³ Mr. Justice Marceau was satisfied that the plaintiffs' name had become well known in the province of Quebec before the defendants copied it.⁹³⁴ He placed some reliance on decisions which would, in similar circumstances, deny a federal trade mark registration to the defendants.⁹³⁵

The *Crazy Horse* line of decisions suggests that possible deception of the public gives rise to no cause of action by a plaintiff who has no recognizable goodwill that is injured. Professor W.E. Cornish has suggested:

Perhaps the conflicting authorities will be reconciled by requiring that there be a significant sector of the English public which is confused by the defendant's copying of the plaintiff's name or mark and that this will probably injure goodwill associated with his foreign business. To go further could mean that anyone with an established reputation in one country could claim priority for it throughout the world.⁹³⁶

A.T.P.R. 40-277 discussed by D. Shannon, *Transnational reputation — the myopic view of the common law*, [1982] 9 EIPR 239, and compare *Brewster Transport v. Rocky Mountain Tours*, [1931] S.C.R. 336. Irish judges have suggested a distinction between cases involving trade names and those involving trade marks and get-up, *Adidas v. O'Neill*, [1983] F.S.R. 76, at 85 but, with respect, the principles should be the same.

⁹³⁰ *Tubeco Inc. v. Association Québécoise Inc.*, *supra* note 578, at 238.

⁹³¹ *Supra* note 629.

⁹³² They had obtained registration based not on use in Canada but on use and registration in the U.S. and making known in Canada, relying on Trade Marks Act, ss. 5, 14 subs. 16(1), (2).

⁹³³ See the text accompanying note 850 *supra*.

⁹³⁴ *Supra* note 629, at 226. This is the relevant date under para. 7(b). His Lordship did not consider whether it had become well known in 1955, the date asserted in the plaintiffs' trade mark application.

⁹³⁵ *E. & J. Gallo Winery v. Andres Wines Ltd.*, *supra* note 512; *Williamson Candy Co. v. W.J. Crothers Co.*, [1924] Ex. C.R. 183, *aff'd* [1925] S.C.R. 377, [1925] 2 D.L.R. 844.

⁹³⁶ Cornish, *The Passing-Off Action in English Common Law*, [1982] INDUSTRIAL PROPERTY MONTHLY REVIEW OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION 186, at 188. There is support for this view in comments of *Megarry V.-C.*, in *Metric Resources v. Leasemetrix*, [1979] F.S.R. 571, at 575-77.

E. *Ownership: Maker vs. Dealer*

A trade mark may be recognized as such although purchasers do not know who the trade mark owner is.⁹³⁷ Few Canadians are likely to be able to name the owner of such well known trade marks as, for example, "Duncan Hines" for cake mixes (Procter & Gamble Inc.), "McVitie" for biscuits (United Biscuits (Canada) Limited), or "Hunt's" for tomato sauce (Norton Simon Canada Inc.), nor do we try to think who owns the mark when we purchase the goods. Yet these marks are all distinctive marks, distinguishing the goods of their owners from those of others.

But although recognition of the owner's name is not required for his mark to be valid, an association of the mark with a particular source or with a group may play an important part in ascertaining who owns a mark and whether a mark is distinctive of the goods or services of a person who claims to own it. As discussed above under the heading "*Shared Goodwill*", a mark (for example, "Chalet Bar-B-Q")⁹³⁸ may have become associated with a group of companies and no member or former member of the group may then be able to claim the mark as his own.

A trade mark may be owned by a manufacturer ("Maytag" washing machines) or by a merchant or dealer ("Kenmore" washing machines). Disputes sometimes arise as to whether it is the maker or the dealer who owns a mark for goods made by the one and exclusively distributed by the other.⁹³⁹ These controversies may come to the surface when the maker or the dealer seeks to register the mark, or when the relationship ends. An importer of goods may have invested heavily in local promotion of a mark applied to the goods by a foreign manufacturer, and seek to register the mark locally, in his own name, so that if he loses his source of supply he may find an alternative source and continue to have the mark applied to the goods which he sells.

As between the manufacturer and the dealer the question of trade mark ownership may be governed by contract, express or implied. If not, the ordinary presumption is that the manufacturer owns the mark that he applies to his goods, and that a dealer acquires no rights in the mark by purchasing the goods for resale to others,⁹⁴⁰ but the position is otherwise where a dealer has contracted out the manufacture of the goods.⁹⁴¹

⁹³⁷ G.E. Trade Mark, *supra* note 904, at 447-48; *see* note 14 in Wilkinson Sword (Canada) Ltd. v. Juda, [1968] 2 Ex. C.R. 137, at 155, 34 Fox Pat. C. 77, at 95, 51 C.P.R. 55, at 72 (1966) (Jackett P.); Great Atlantic & Pacific Tea Co. v. Registrar of Trade Marks, [1945] Ex. C.R. 233, at 238 (Thorson P.).

⁹³⁸ *Supra* note 878.

⁹³⁹ Trade Marks Act, s. 48 contemplates the possibility of a mark being converted from a manufacturer's to a dealer's mark, or *vice versa*.

⁹⁴⁰ Turban Brand Products Ltd. v. Khan, 51 C.P.R. (2d) 71 (F.C. Trial D. 1980) (Grant D.J.); Weber Semad Electronics Ltd. v. Toyo Electronics Indus. Corp., *supra* note 560; Foil v. R.M. Distributors, 214 U.S.P.Q. 394, at 398-99 (Fla. 1982).

⁹⁴¹ J. Defries & Sons Ltd. v. Electric & Ordinance Accessories Co., 23 R.P.C. 341, at 343 (Ch. 1906) (Joyce J.); Lasek & Miller v. Rubin, 201 U.S.P.Q. 831, at 833 (TTAB 1979).

If a mark is not in fact distinctive of goods or services of a purported owner he will have difficulties in obtaining or defending registration in his own name. In *Montres Fortis S.A. v. Jusko & Co.*,⁹⁴² the Assistant Chairman of the Trade Mark Opposition Board said:

However, the question of whether the trade mark is to be regarded as the property of the importer or the foreign manufacturer can only be answered after examining the manner of use of the trade mark and whether the public regards the wares as being those of the importer or of the exporter.

In the case before him, there was evidence that the mark "Flipper" was put on watches which also bore the trade marks ("Rideau" and "Cartier") of retailers other than the importer or the manufacturer, and that "Flipper" was not therefore distinctive of wares of the importer who was seeking to register it.

Who appears to be the owner of the mark may be of relevance in other situations. A third party may oppose a manufacturer's application to register a mark on the ground that the manufacturer's distributor has so associated his name with the goods that the mark is not distinctive of goods of the manufacturer.⁹⁴³ Or an opponent to an application, relying on his own prior registration, may stumble because it emerges that the mark on which he relies is found not to distinguish his wares but rather those of his distributor.⁹⁴⁴

Another situation arose in *Marchands Ro-Na Inc. v. Tefal S.A.*⁹⁴⁵ A French company made cooking and kitchen utensils in France. Its sole North American representative was an American company. This American company handled all orders for the goods from Canadian distributors, but the goods were shipped by the French manufacturer directly to Canada and these goods did not pass through the hands of the American company. The mark "T-Fal" had been used on such goods since 1958. In 1961 the American company applied to register the mark, based on proposed use of the mark in Canada. Before registration could be granted, the American company was required to file a declaration that use of the mark had been commenced in Canada, and in 1963 it filed what Addy J. characterized as "a rather craftily worded and ambiguous affidavit" stating "that the use of the trade mark identified in the above trade mark application has been commenced in Canada in respect of all the wares identified in the said application".⁹⁴⁶ The mark was registered, and the registration was later assigned to the French company, but the learned judge said that it was clear that the American company never used nor intended to use the mark in Canada, and that the registration must be

⁹⁴² 48 C.P.R. (2d) 10, at 20 (1979). See also *Karo Step Trade Mark*, [1977] R.P.C. 255, at 272 (Ch. 1975) (Whitford J.).

⁹⁴³ *Gasbec Inc. v. Gastec Corp.*, 62 C.P.R. (2d) 210, at 217 (1980).

⁹⁴⁴ *Trafalgar Sportswear Ltd. v. Sabre (Sportswear) Ltd.*, 62 C.P.R. (2d) 243, at 248 (1981).

⁹⁴⁵ 55 C.P.R. (2d) 27 (F.C. Trial D. 1981). See also *Re Eucryl*, 193 U.S.P.Q. 377 (TTAB 1976).

⁹⁴⁶ *Id.* at 29-30.

struck from the register. Only the French company had used the mark in Canada.

A second registration had been obtained by the French company (after assignment of the first to it) and this registration was held to be valid. The goods which it shipped to Canada had labels which showed the French origin of the goods but gave the additional information "T-Fal 1 Montgomery Street, Belleville, New Jersey 07109" or "made and packaged in France for T-Fal Housewares, 1 Montgomery Street, Belleville, New Jersey 07109".⁹⁴⁷ Mr. Justice Addy was not satisfied that the public was misled by this information into believing that anyone other than the French company was the owner of the mark, and he sustained the validity of the second registration.

An American supplier succeeded in expunging a registration obtained by its former Canadian distributor in *Saxon Industries Inc. v. Aldo Ippolito & Co.*⁹⁴⁸ This distributor purchased goods from the American supplier in boxes bearing the mark and resold them in Canada in the original boxes, or took orders for the goods which the American supplier then shipped and billed to the Canadian customers. For a particular promotion, the American supplier had provided the Canadian distributor with goods in boxes having stickers indicating that the mark was a trade mark of the distributor. Mr. Justice Cattanach regarded this incident as a licence for a limited purpose, transferring no interest in the mark. He held that a registration obtained for the mark by the former distributor was invalid because the mark was not distinctive of the goods of the latter. Whether it was distinctive of goods of the American supplier he did not have to decide.

F. Publicity Rights

1. Common Law

The last Survey⁹⁴⁹ reported two Ontario decisions in which financial awards were made for use of the name⁹⁵⁰ and likeness⁹⁵¹ of professional athletes. More recently, Montgomery J. has declined to strike out a Statement of Claim in which a professional actor sought an injunction and damages arising out of unauthorized use of his name and likeness in advertising a commercial television training course which he had attended.⁹⁵²

⁹⁴⁷ *Id.* at 31.

⁹⁴⁸ 66 C.P.R. (2d) 79 (F.C. Trial D. 1982) (Cattanach J.). See also *Canada Foundry Co. v. Bucyrus Co.*, 47 S.C.R. 484, at 491, 10 D.L.R. 513, at 517 (1913).

⁹⁴⁹ *Supra* note 7, at 450-52.

⁹⁵⁰ *Racine v. C.J.R.C. Radio Capital Ltee.*, 17 O.R. (2d) 370, 80 D.L.R. (3d) 441 (Ct. Ct. 1977).

⁹⁵¹ *Athans v. Canadian Adventure Camps Ltd.*, 17 O.R. (2d) 425, 80 D.L.R. (3d) 583 (H.C. 1977).

⁹⁵² *Heath v. Weist-Barron School of Television Canada Ltd.*, 34 O.R. (2d) 126 (H.C. 1981).

In *Saccone v. Orr*,⁹⁵³ the plaintiff and the defendant had a telephone conversation, and unknown to the plaintiff the defendant recorded the conversation. Later, and over the objection of the plaintiff, the defendant played the recording at a municipal council meeting. The County Court judge characterized this as a breach of confidence and an invasion of privacy. Although he found that the action of the defendant was not directed intentionally toward harming the plaintiff, but rather was to vindicate himself, and although the plaintiff had suffered no material loss, damages of \$500 were awarded for the embarrassment suffered by the plaintiff.

2. Section 9 of the Trade Marks Act

Subsection 9(1) of the Canadian Trade Marks Act provides:

No person shall adopt in connection with a business, as a trade mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for...

(k) any matter that may falsely suggest a connection with any living individual;

(l) the portrait or signature of any individual who is living or has died within the preceding thirty years....

By subsection (2) such matter may be used⁹⁵⁴ with the consent of the person intended to be protected. By paragraph 12(1)(e) a mark, the adoption of which is prohibited by section 9, is not registrable. In *Carson v. Reynolds*⁹⁵⁵ the respondent Reynolds applied to register "Here's Johnny" as a trade mark for portable trailers and outhouses and lavatory facilities, and for the services of renting such conveniences. The well known entertainer, Johnny Carson, opposed the application on the ground, *inter alia*, that the mark falsely suggested a connection with him, as prohibited by paragraph 9(1)(k). He adduced survey evidence to show that to a significant number of people in Canada the words "Here's Johnny" suggest a connection with him. The words were used regularly to introduce him on his television show. Mr. Justice Mahoney upheld the opposition, noting that section 9 makes an absolute prohibition, not dependent upon proof of injury or damage.⁹⁵⁶

⁹⁵³ 34 O.R. (2d) 317 (Cty. Ct. 1981).

⁹⁵⁴ And therefore "adopted": s. 3.

⁹⁵⁵ [1980] 2 F.C. 685, 49 C.P.R. (2d) 57, 115 D.L.R. (3d) 139 (Trial D.).

⁹⁵⁶ His Lordship noted that in the U.S. Trademark Act, para. 2(a) prohibits the registration of "matter which may disparage or falsely suggest a connection with persons, living or dead". In *Carson v. Here's Johnny Portable Toilets*, 209 U.S.P.Q. 266 (1981), Judge Cook dismissed a common law action to restrain the use of the words "Here's Johnny" in association with portable toilets. But a majority in the 6th Circuit Court of Appeals has subsequently held that Carson's common law right of publicity was violated: 698 F. 2d 831 (1983).

Subsection 9(1) also prohibits the adoption, without consent, of

(n) any badge, crest, emblem or mark...

(iii) adopted and used by any public authority in Canada as an official mark for wares or services, in respect of which the Registrar has, at the request of...the...public authority...given public notice of its adoption and use....

In *Registrar of Trade Marks v. Canadian Olympic Association*,⁹⁵⁷ the question was whether the respondent association was a "public authority" within the meaning of section 9. The Federal Court of Appeal said that regard must be had to use of the term "public authority" in the context of the Act, as well as to the nature of the functions that the association performs. It noted that the association was the only body authorized by the International Olympic Committee to arrange for Canada's participation in international Olympic competition and that this was beneficial to the Canadian public. The degree of control exercised by the appropriate government was relevant, and a sufficient degree of government control over the association was found "to reinforce its public character" as a public authority within the meaning of section 9. The Court did not think it necessary that the association have obligations or duties which could be enforced by a member of the public or by the government or any agency thereof. The Court cited decisions under other statutes suggesting that a public authority may make a profit for itself, but that it should not be a commercial undertaking entitled to trade for the benefit of its incorporators, nor would it be a public authority merely because it is created by statute and required to do things for the public benefit.

In *Insurance Corporation of British Columbia v. Registrar of Trade Marks*,⁹⁵⁸ the applicant was incorporated in the Province of British Columbia as an agent of Her Majesty in the right of that Province. Counsel argued that the applicant was a "public authority". The applicant requested the Registrar to give notice under paragraph 9(1)(n) of its adoption and use of the word "Autoplan" in a stylized form as an official mark for insurance, reinsurance, repair, salvage, medical and hospital services. Mr. Justice Cattanach held that the word "mark" in paragraph 9(1)(n) was not restricted by the preceding words "badge, crest, emblem", and that what the applicant presented was a "mark". Further, it was an "official" mark, having been derived from and sanctioned by persons appointed by a board of directors consisting of the responsible Minister and others appointed by the Lieutenant-Governor in Council. There was no need for the mark to be used "to regulate wares or services"; its use could be the same as ordinary trade mark use. He also held that when a public authority makes a "request" for public notice to be given of an official mark the Registrar has no discretion but must comply. The Registrar cannot object that the official mark would not be registrable as an ordinary trade mark because it is clearly descriptive or

⁹⁵⁷ 67 C.P.R. (2d) 59 (F.C. App. D. 1982), *aff'd* [1982] 2 F.C. 274, 59 C.P.R. (2d) 53 (Trial D. 1982) (Mahoney J.).

⁹⁵⁸ [1980] 1 F.C. 669, 44 C.P.R. (2d) 1 (Trial D. 1979).

otherwise objectionable under section 12 of the Act. His Lordship observed, in *obiter*, that "it appears evident to me that the normal commercial trade mark registered by a trader must defer to the official mark..."⁹⁵⁹

But it is submitted that this is so only if the non-official mark was adopted by a trader after public notice of the official mark was given under section 9. This was the view taken by Gerald Metcalfe as Chairman of the Trade Mark Opposition Board in *Deputy Attorney General of Canada v. Cluett, Peabody & Co. of Canada Ltd.*,⁹⁶⁰ where the applicant, a well known shirt maker, applied to register "Team Canada" for shirts before public notice was given under paragraph 9(1)(n) of the adoption and use by Her Majesty the Queen in right of Canada, as represented by the Minister of National Health and Welfare, of the mark "Team Canada" for certain services related to hockey competitions. Section 3 of the Act provides that a trade mark is deemed to have been "adopted" by a person when he commenced to use it or to make it known in Canada, or when he filed an application for its registration in Canada.

Mr. Metcalfe also observed that Cluett, Peabody's shirts "cannot be said to have so much as a remote relationship to the services specified" in the Registrar's subsequent "Team Canada" notice. There is nothing in subsection 9(1) of the Act that expressly limits the prohibitions therein to any wares or services, but the reference in subparagraph 9(1)(n)(iii) to "wares or services" may imply a limitation on the rights flowing from a notice thereunder.⁹⁶¹ Registrar Carson avoided direct reference to the differences in wares and services when considering a section 9 objection in *The Queen v. Kruger*.⁹⁶² Notice had been given of the adoption and use by Her Majesty the Queen in right of Canada, as represented by the Minister of National Health and Welfare, of the official mark "Sport Canada" for "wares and services including, departmental programmes, publications, [and] other products associated with departmental functions from time to time as deemed appropriate". The applicant sought to register a mark which included a maple leaf design and the term "cana sport" for boats, canoes, cartop boats, kayaks, motorized water scooters, trailers and sleighs. Opposition was filed on behalf of Her Majesty. The Registrar said:

A person familiar with the opponent's mark but having an imperfect recollection thereof would not be likely to mistake the applicant's mark therefor.

In some respects the protection provided under s-s. 9(1)(n)(iii) is broader than the protection afforded by way of tests for confusion and in other respects the resemblance test provided by s-s. 9(1)(n)(iii) is narrower than the test for confusion in s. 6 of the *Trade Marks Act*. If the mark in use by a person so nearly resembles the prohibited mark as to be mistaken therefor, the use of that

⁹⁵⁹ *Id.* at 686, 44 C.P.R. (2d) at 16.

⁹⁶⁰ 55 C.P.R. (2d) 203, at 209, 211 (1979).

⁹⁶¹ *Cf.* Canadian Club v. Clubs on Voyages Ltd., 45 C.P.R. (2d) 86, at 100 (1980).

⁹⁶² 44 C.P.R. (2d) 135, at 139 (Reg. 1978).

mark may be prohibited even in those cases where there is no likelihood of confusion. The test under s-s. 9(1)(n)(iii) is restricted to resemblance between the prohibited mark and the adopted mark. In determining the likelihood of confusion under s. 6 reference is had to all the surrounding circumstances including those set out in s-s. 6(5) of the *Trade Marks Act*, the degree of resemblance between the marks is only one of numerous surrounding circumstances taken into consideration.

G. *Certification Marks*

A "certification mark" is defined in section 2 of the Canadian Trade Marks Act as a "mark" that is used for the purpose of distinguishing wares or services of a defined standard from those which are not. By section 23 of the Act, the owner of such a mark must not be engaged in the manufacture, sale, leasing or hiring of wares or the performance of services such as those in association with which the certification mark is used.⁹⁶³ The owner of the mark may licence others to use it in association with wares or services that meet the defined standard, and such use of the mark is deemed to be use of the mark by the owner.

The statutes of the United States and of the United Kingdom also provide for certification marks. In those jurisdictions, the owner of the mark may be obliged to certify goods (as well as services in the United States) that meet the required standard.⁹⁶⁴ This is not so in Canada, except in cases governed by section 25 where the certification mark is descriptive of the place of origin and registered by the administrative authority there or by a commercial association with an office or representative there.

1. *Defined Standard*

Section 2 of the Act in defining a certification mark provides that the standard certified by the mark may be with respect to the character or quality of the wares or services, the working conditions under which the wares have been produced or the services performed, the class of persons by whom the wares have been produced or the services performed, or the area within which the wares have been produced or the services performed. An applicant for registration of a certification mark is required by paragraph 29(f) of the Act to give, *inter alia*, particulars of the defined standard that the use of the mark is intended to indicate. In a Practice Notice in the Trade Marks Journal of 18 September 1974, the Office stated that a "meaningful standard" was required and that it would no longer accept a defined standard in very general terms, for example:

[T]he wares shall be produced according to specifications fixed by the trade mark owner and shall be of a quality satisfactory to the trade mark owner.

⁹⁶³ In *Corn Products Refining Co. v. Chocolate Products Ltd.*, 32 C.P.R. 55 (Reg. 1959), it appears that a mark was denied registration as a certification mark for soft drinks where the applicant provided syrups used in making soft drinks.

⁹⁶⁴ U.K. Act., sub. 37(7); U.S. Act, para. 14(e).

However, this position was retracted without explanation by a Notice in the Journal of 17 February 1982. It may be significant that under paragraph 49(5)(c) of the Act, which requires "particulars of any conditions or restrictions" for registered user applications, the Office has always accepted particulars that are no more "meaningful" than those in the example quoted above. Standards may be objective but not very meaningful; for example, all vacuum cleaners that will run continuously for 1000 hours and have nylon bristles may be of widely differing standards in other respects, such as ability to collect dirt. The statute does not specify that the standard be objective or subjective, detailed or general, or relate to all or just a single characteristic of the wares or services.

As noted above, a certification mark is defined as one that is used "for the purpose of distinguishing" or "so as to distinguish" wares of a defined standard from those which are not. A fundamental question awaiting judicial consideration is whether the owner of a mark claimed to be a certification mark must ensure that steps are taken to hold the mark out to the public as signifying a, or the, standard of quality, or class of persons, or geographical origin or the like, so that the mark will be differentiated by consumers from an ordinary trade mark. Some licensors of trade marks have been tempted to register them as certification marks and to license them in much the same way as they would if the marks were ordinary trade marks, having regard to the apparent lack of obligation to go to the expense and trouble of registering licensees as users of certification marks.

2. *Distinguishing Guises and Proposed Marks*

The Trade Marks Act in section 2 defines a "trade mark" as meaning:

- (a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,
- (b) a certification mark,
- (c) a distinguishing guise, or
- (d) a proposed trade mark.

Taking its lead from this segregation of trade marks into four categories and looking at other provisions of the Act relating to these categories, the Trade Marks Office concluded several years ago that distinguishing guises and proposed trade marks cannot be certification marks.⁹⁶⁵ In the case of distinguishing guises (which are shapes of wares or their containers, or modes of wrapping or packaging wares) the Federal Court of Appeal has agreed with this conclusion in *Registrar of Trade Marks v. Brewers Association of Canada*,⁹⁶⁶ which involved the

⁹⁶⁵ The Office's position as to proposed marks was stated in the Practice Notice in the TRADE MARKS JOURNAL of 18 Sep. 1974, and reiterated in the JOURNAL of 17 Feb. 1982.

⁹⁶⁶ [1982] 2 F.C. 622, 62 C.P.R. (2d) 145, 41 N.R. 470 (App. D.).

squat, brown beer bottle now in common use by Canadian breweries. As for proposed trade marks, in *Mister Transmission International Ltd. v. Registrar of Trade Marks*,⁹⁶⁷ Thurlow A.C.J. in an *obiter dictum* said that a certification mark must be in use when the application for registration is made. If these views are correct, they seem to have no good policy reason.⁹⁶⁸

3. Confusing Marks

It was suggested in a Working Paper on Trade Marks Law Revision⁹⁶⁹ that the definition of "confusing" in section 6 of the Act is inapplicable to certification marks. This view has not been adopted by Cattnach J. who, in *Wool Bureau of Canada Ltd. v. Queenswear (Canada) Ltd.*,⁹⁷⁰ held that the owner of a certification mark could oppose registration of a proposed mark on the ground that the marks are confusing, though in the circumstances of that case he found that the marks in question were not. Indeed, section 24 of the Act specifically provides for a case where a certification mark is confusing with a mark used by a person for his own wares or services.

H. Clearly Descriptive Marks

In the last Survey⁹⁷¹ reference was made to the decision of the Federal Court of Appeal holding that "Kold One" was registrable for beer.⁹⁷² The Court did not consider the mark to be objectionable under paragraph 12(1)(b) of the Trade Marks Act as being clearly descriptive or deceptively misdescriptive of the character or quality of the wares, because beer is not intrinsically cold.

A way around the "Kold One" decision was found by the Office in holding that "On The Rocks", though not clearly descriptive or deceptively misdescriptive, was not distinctive of alcoholic beverages.⁹⁷³ It was held that "On The Rocks", like "Chin Chin",⁹⁷⁴ is an expression

⁹⁶⁷ [1979] 1 F.C. 787, at 794, 42 C.P.R. (2d) 123, at 128 (Trial D. 1978).

⁹⁶⁸ The writer has argued against them in 12 I.I.C. 638, at 803-08 (1981), where a few other points that have recently arisen in relation to certification marks are discussed. The apparent recognition, discussed under the next heading, that a certification mark may be confusing with an ordinary mark further suggests that the statute should not be too rigidly interpreted.

⁹⁶⁹ Dep't of Consumer and Corporate Affairs, Jan. 1974, p. 61.

⁹⁷⁰ 47 C.P.R. (2d) 11, at 16 (F.C. Trial D. 1980). See also *Tubeco Inc. v. Association Québécoise Inc.*, *supra* note 578, at 232.

⁹⁷¹ *Supra* note 7, at 455-56.

⁹⁷² *Registrar of Trade Marks v. Provenzano*, 40 C.P.R. (2d) 288, 22 N.R. 527 (F.C. App. D. 1978).

⁹⁷³ *John Labatt v. Halter*, 51 C.P.R. (2d) 155 (1979); *National Distillers & Chem. Corp. v. Halter*, 50 C.P.R. (2d) 254 (1979); *Corby Distilleries Ltd. v. Halter*, 50 C.P.R. (2d) 99 (1979).

⁹⁷⁴ *Chin Chin Trade Mark*, [1965] R.P.C. 136, at 139 (Bd. of Trade) (Tookey Q.C.).

used in connection with drinking, and may legitimately be referred to in advertisements by other traders, and is not inherently adapted to distinguish. However the objection that a mark is not distinctive is not open to the Office except in opposition proceedings.⁹⁷⁵

The "*Kold One*" decision was followed by Cattnach J. in *Molson Cos. v. Carling O'Keefe Breweries of Canada Ltd.*,⁹⁷⁶ allowing registration of "Tavern" for brewery beverages and citing cases suggesting that descriptiveness must, in relation to wares, relate to their composition or to some intrinsic quality or character; but as noted below in the discussion of the *Off!* case⁹⁷⁷ descriptiveness may also relate to the effect of the wares. His Lordship also considered "Tavern" to be adapted to distinguish because it was not clearly descriptive of the character or quality of the wares. However, the objection of lack of distinctiveness is a wider objection than that of clear descriptiveness, as the Office had recognized in the *On The Rocks* case.⁹⁷⁸ His Lordship concluded with a suggestion that a mark which has reference to the character and quality of the wares is not clearly descriptive if it also has reference to something else.⁹⁷⁹ However, this cannot be correct; otherwise, "lamb" would not be clearly descriptive of canned meat because it also has reference to a live animal, to a sweet child, or to a person having the surname.

The "*Tavern*" decision was rendered after, but does not cite, the "*Off!*" decision of the Supreme Court of Canada.⁹⁸⁰ The Supreme Court, after concluding that the registration of "Off!" was not invalidated when used by a registered user in association with the latter's name, held that the registration was invalid because "Off!" is clearly descriptive of insect repellents, for which it was registered. At the trial,⁹⁸¹ Cattnach J. had said that the word "off" is ordinarily used in connection with other words and derives its meaning from the context in which it is used, but that the word standing alone was bereft of context. Taking issue with this, Mr. Justice Pigeon said that the context was use of the mark in association with the wares, here an insect repellent, and that the trial judge "failed to

⁹⁷⁵ Cf. sub. 36(1) and para. 37(2)(d) of the Trade Marks Act.

⁹⁷⁶ 55 C.P.R. (2d) 15 (F.C. Trial D. 1981).

⁹⁷⁷ S.C. Johnson & Son Ltd. v. Marketing Int'l Ltd., *supra* note 874.

⁹⁷⁸ His Lordship recognized this in *Molson Cos. v. John Labatt Ltd.*, 58 C.P.R. (2d) 157 (F.C. Trial D. 1981), where he held that the mark "Labatt Extra" ("Labatt" *per se* was disclaimed) was not clearly descriptive or deceptively misdescriptive of brewed alcoholic beverages, but he found that the mark was not adapted to distinguish the wares of the applicant from those of others bearing the surname "Labatt", and therefore rejected an application to register it. Clear descriptiveness seems to fall within the objection of not adapted to distinguish: S.C. Johnson & Son Ltd. v. Marketing Int'l Ltd., *id.* at 109, 44 C.P.R. (2d) at 24, 105 D.L.R. (3d) at 431.

⁹⁷⁹ He made the same suggestion in the *Kidfitters* case, decided two days later: GWG Ltd. v. Registrar of Trade Marks, 55 C.P.R. (2d) 1, at 7 (F.C. Trial D. 1981).

⁹⁸⁰ *Supra* note 874. For useful comments on this case, see note 874 *supra* and Oyen, *Clearly Descriptive Trade Marks: Drawing the Line in the Wake of the OFF! Decision*, 65 C.P.R. (2d) 193 (1982).

⁹⁸¹ S.C. Johnson & Son Ltd. v. Marketing Int'l Ltd., 32 C.P.R. (2d) 15 (F.C. Trial D. 1977).

consider the essential factor that this was an elliptical use of the word in association with an insect repellent and therefore, in that context, it was descriptive of the wares or of their effect".⁹⁸²

The Supreme Court noted that the word "off" was used in a number of other trade marks in the sense of getting rid of something, and considered that the Johnson company, which was seeking to restrain the defendant from using "Bugg Off" for insecticides, should not be able to monopolize it.

In numerous previous cases words found to be clearly descriptive of an effect have been held to be unregistrable: for example, "Staz-On" for eye glass frames;⁹⁸³ "Frigidaire" for refrigerators;⁹⁸⁴ "Shur-Crop" for fertilizers.⁹⁸⁵ But not all words denoting effect are clearly descriptive of the wares with which they are associated. As Pigeon J. noted, the context must be examined. Perhaps "Health" is clearly descriptive of cocoa, but not of fishing rods.⁹⁸⁶ In relation to insect repellents, words such as "Scram", "Retreat" or "Peace" would probably be regarded as fanciful, or merely suggestive rather than clearly descriptive of the effect of using the wares.⁹⁸⁷

The Supreme Court cited certain British decisions, and one in the United States, where, according to the Court, registrations were denied "by reason of the descriptive character of an elliptical expression". The examples given were "Charm" for hosiery, "Dex" for bolts, including deck bolts, "Scotchlite" for light-reflecting materials,⁹⁸⁸ "Needletuft" for knitted fabrics and carpets, "Brisk" for dentifrices, and (the American example) "Vox" for telephone answering units. It may not be a serious fault that in citing British and American decisions the Court did not mention the different statutory provisions in those jurisdictions: the British statute permits registration of a mark that is "a word or words having no direct reference to the character or quality of the goods";⁹⁸⁹ the American statutory test since 1946 has been whether the mark is "merely descriptive" of the goods, no reference being made to "character or quality" of the goods;⁹⁹⁰ before 1946 the American statute excluded marks which consisted "merely in words or devices which are descriptive

⁹⁸² *Supra* note 874, at 110, 44 C.P.R. (2d) at 25, 105 D.L.R. (3d) at 432.

⁹⁸³ *E. Kirstein Sons & Co. v. Cohen Bros. Ltd.*, 39 S.C.R. 286 (1907).

⁹⁸⁴ *General Motors Corp. v. Bellows*, *supra* note 487.

⁹⁸⁵ *Bowker Fertilizer Co. v. Gunns Ltd.*, 16 Ex. C.R. 520 (1916) (Cassels J.).

⁹⁸⁶ *Thorne & Co. v. Sandow & Sandow Ltd.*, 29 R.P.C. 440, at 451 (Ch. 1912) (Neville J.).

⁹⁸⁷ U.S. lawyers frequently cite a passage written by Holmes J. in *Towne v. Eisner*, 245 U.S. 158, at 159 (1917): "A word is not a crystal, transparent and unchanged, it is the skin of a living thought and may vary greatly in color and content according to the circumstances and the time in which it is used."

⁹⁸⁸ Reference to "Scotchlite reflective material" might be taken as being to light reflective material made in Scotland: *Re Application by Minnesota Mining & Manufacturing Co.*, 65 R.P.C. 229 (Ch. 1948) (Jenkins J.).

⁹⁸⁹ Trade Marks Act, 1905, 5 Ed. 7, c. 15, sub. 9(4); Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22, para. 9(1)(d).

⁹⁹⁰ U.S. Trademark Act, para. 2(e).

of the goods...or of the character or quality of such goods".⁹⁹¹ But it is of vital importance to keep in mind the Canadian statutory test of whether the mark is "clearly descriptive" of the character or quality of the wares, and that something less, such as a mere suggestion of an effect or other character or quality, is not fatal. The catchword "elliptical" seems first to have crept into the Supreme Court's trade mark vocabulary in *Home Juice Co. v. Orange Maison Ltée*⁹⁹² where, with respect to the mark "Orange Maison" for orange juice, it was found that in the French language, "the first word is an elliptical description of their character and the second an explicit description of their quality".

Noting that a corruption of a descriptive word does not destroy its descriptive character ("Shur-On" or "Staz-On" for frames of eye glasses) the Court asked, "Why should an ellipse do it?" It is unfortunate that the Supreme Court has chosen to resort to words other than those in the statute. "Clearly descriptive" is a much clearer test than "elliptical". The latter gives lawyers a new plaything,⁹⁹³ and distracts attention from the important difference between that which clearly describes and that which merely suggests.

In endeavouring to apply the Supreme Court's decision, and holding that "Ultra-Fresh" is clearly descriptive of the effect of bacteriostats which reduce odours in clothing, Mahoney J. has said that "it clearly suggests the principal, if not only, effect of their application to other wares, in other words, their function".⁹⁹⁴

But "clearly suggests" is not the statutory test. Mr. Justice Cattanach was more careful in *Molson Cos. v. John Labatt Ltd.* where he said:

The elliptical use of the word "extra" in the context of association with brewed alcoholic beverages is the equivalent of the words [*sic*, name] of the wares modified by a laudatory adjective without merely a suggested connotation.⁹⁹⁵

And in *Lipton v. Salada*, where the Registrar had said that "Lipton Cup-A-Tea" had a "clear descriptive or misdescriptive connotation of the wares" (tea), Addy J. observed:

In my view, the Registrar has misdirected himself. Connotation means an implication or a suggestion. Even a "specific descriptive suggestion or implication" or "a clear implication or suggestion" that a mark is descriptive or misdescriptive is not sufficient to disqualify it for registration under s-s. 12(1)(b). That enactment admits of no mere implication or suggestion. Parliament used the word "*clearly*" before the word "descriptive" and "*deceptively*" before the word "misdescriptive" and the Registrar has made no finding that the word was either clearly descriptive or deceptively misdescriptive. As to whether a mere suggestive description suffices, one might refer to a decision of the former Exchequer Court of Canada in the case of Kellogg Co.

⁹⁹¹ U.S. Trademark Act 1905, 33 Stat. 592, para. 5(b).

⁹⁹² *Supra* note 496.

⁹⁹³ *Cf.* International Paint Co.'s Application, [1982] R.P.C. 247, at 267 (Patents Ct.) (Walton Q.C.).

⁹⁹⁴ Thomson Research Assoc. Ltd. v. Registrar of Trade Marks, 67 C.P.R. (2d) 205, at 208 (F.C. Trial D. 1982).

⁹⁹⁵ *Supra* note 978, at 164.

of Canada Ltd. v. Registrar of Trade Marks, [1939] 3 D.L.R. 65, [1940] Ex. C.R. 163 at pp. 170 and 171.⁹⁹⁶

In the latter case, "Gro-Pup" was held to be registrable for dog food. It would not have been registrable if it were found to be clearly descriptive rather than merely suggestive of the effect of using the wares.⁹⁹⁷ Each case must be considered on its own facts. What the *Off!* case shows is that what is clearly descriptive to some (the five Supreme Court judges who heard the appeal) is apparently not clearly descriptive to others (Cattanach J. at the trial and Urie and Ryan JJ. in the Court of Appeal).⁹⁹⁸

Before the decision in the *Off!* case, Cattanach J. provided a useful analysis in *Labatt v. Carling*,⁹⁹⁹ an analysis that the Federal Court continues to apply:¹⁰⁰⁰

...the decision whether a trade mark is clearly descriptive is one of first impression.

The word "clearly"...is not synonymous with "accurately" but rather the meaning of the word "clearly" in this context is "easy to understand, self-evident or plain".

It is not a proper approach to the determination of whether a trade mark is descriptive to carefully and critically analyse the words to ascertain if they had alternate implications or alternate implications when used in association with certain wares but rather to look at the words as they are used in association with certain wares and to ascertain what those words in the context in which they are used would represent to the public at large who will see those words and who will form an opinion as to what those words connote.

I. *Prior Inconsistent Positions*

In the *Off!* case¹⁰⁰¹ the Supreme Court referred both to dictionary meanings of "off" and also to the existence, before the plaintiff's mark was registered, of several registered marks which included the word "off" for cleaning compounds ("Greesoff", "Mist-Off", "Ozoff", "Easitoff", "Easy-Off", "Spray It Off"). Reference to other registered marks may be helpful to show how others tend to use a word, and to show whether other traders are likely to wish to use the word without improper motive.¹⁰⁰² In the *Off!* case there was one prior registration that was of particular interest. "Bugzoff" has been registered for an insecticide by a third party. To obtain a registration of "Off!" for an insect repellent the plaintiff's

⁹⁹⁶ 45 C.P.R. (2d) 157, at 160 (F.C. Trial D. 1979).

⁹⁹⁷ GRO-PUP was registered under the Unfair Competition Act 1932, S.C. 1932, c. 38 which, in para. 26(1)(c), had a provision much like that in the present day Trade Marks Act, para. 12(1)(b).

⁹⁹⁸ *Supra* note 981, at 24; *Marketing Int'l Ltd. v. S.C. Johnson & Son Ltd.*, [1979] 1 F.C. 65, 41 C.P.R. (2d) 35 (App. D. 1978).

⁹⁹⁹ *John Labatt Ltd. v. Carling Breweries Ltd.*, *supra* note 487, at 19-20.

¹⁰⁰⁰ *See, e.g., Thomson Research Assoc. Ltd. v. Registrar of Trade Marks*, *supra* note 994, at 207-08.

¹⁰⁰¹ *Supra* note 874.

¹⁰⁰² *Cf. W & G Du Cros Ltd.'s Application*, 30 R.P.C. 660, at 672 (H.L. 1913).

agent had argued in the Trade Marks Office that "Off!" and "Bugzoff" were not likely to be confused. The "Bugzoff" registration was later abandoned by the prior registrant, but the plaintiff was now seeking to restrain the defendant from using "Bugg Off" for a repellent. The agent's earlier submission was of course embarrassing to the present argument that "Bugg Off" and "Off!" are like to be confused, and the present argument was embarrassing to the earlier submission that "Off!" was registrable in the first place. But too much emphasis must not be placed on such matters. In *Nic-Mat v. Clark*¹⁰⁰³ the applicant sought to register "Prairie Bob-Cat" for an all terrain vehicle and was opposed by an earlier user of "Bob Cat" for self-propelled vehicles. The applicant had earlier opposed registration of the "Bob Cat" mark on the ground that the marks were confusing, but the evidence in the present proceedings was much more informative. Mr. Justice Thurlow disregarded the earlier position of the applicant as "legal manoeuvring".

Where a trade mark owner is accused of inconsistency, the Court of Customs & Patent Appeals in the United States has noted that to state that confusion is or is not likely to state a legal conclusion.¹⁰⁰⁴ Such a statement is not an admission, because facts alone can be admitted. The Court continued:

That a party earlier indicated a contrary opinion respecting the conclusion in a similar proceeding involving similar marks and goods is a fact, and that fact may be received in evidence as merely illuminative of shade and tone in the total picture confronting the decision maker. To that limited extent, a party's earlier contrary opinion may be considered relevant and competent. Under no circumstances, may a party's opinion, earlier or current, relieve the decision maker of the burden of reaching his own ultimate conclusion on the entire record.

In *Polo Fashions Inc. v. Extra Special Products Inc.*, Goettel D.J. in the Southern District of New York said:

Statements made during ex parte prosecution before the United States Patent and Trademark Office seeking registration of a trademark do not circumscribe for all time the rights the registrant may acquire thereafter through extensive use.¹⁰⁰⁵

On this latter point, in the *Off!* case, Pigeon J. took care to note that the Court was dealing with registrability at the date of registration, not with distinctiveness acquired by use.¹⁰⁰⁶

¹⁰⁰³ 29 C.P.R. (2d) 131, at 136 (F.C. Trial D. 1976). *But cf.* *Sniderman v. Sylbert*, (unreported, F.C. App. D., 12 Jan. 1979).

¹⁰⁰⁴ *Interstate Brands Corp. v. Celestial Seasonings Inc.*, 198 U.S.P.Q. 151, at 153-54 (1978). The files of patent applications have been held inadmissible in Canada as an aid to construing the patent, construction being a question of law for the court: *Lovell Mfg. Co. v. Beatty Bros. Ltd.*, 41 C.P.R. 18, at 41 (Ex. 1962) (Thorson P.); *but see* the last Survey, *supra* note 7, at 440-41.

¹⁰⁰⁵ 451 F. Supp. 555, at 561 (S.D.N.Y. 1978).

¹⁰⁰⁶ *Supra* note 874, at 114, 44 C.P.R. (2d) at 28, 105 D.L.R. (3d) at 435.

J. Consents to Registration

Where an applicant for registration of a mark is faced with the citation of an allegedly confusing mark of another he may file the consent of that other. A naked consent may be given little weight, and an assertion that the marks are not considered to be confusing involves a conclusion of law, also entitled to little consideration.¹⁰⁰⁷ But a consent accompanied by a statement that gives reasons why confusion is unlikely, or that shows that the marks have been used concurrently in the same area without any known instances of actual confusion, may be helpful in assessing the realities of the market place as seen by those who are intimately familiar with it.¹⁰⁰⁸

VI. INDUSTRIAL DESIGNS

A. Procedural Matters

1. The Jurisdiction of the Commissioner of Patents

An application to register an industrial design is made to the Commissioner of Patents.¹⁰⁰⁹ In *Commissioner of Patents v. Goodyear Tire & Rubber Co.*,¹⁰¹⁰ it was contended that under the Industrial Design Act the Commissioner may refuse registration only on certain grounds set out in section 6, namely, that the design is likely to be confounded with a design already registered, or is contrary to public morality or order. The Federal Court of Appeal disagreed, holding that the Commissioner may rely on the grounds on which the courts have held that design is not registrable, including whether the design is an industrial design. In fact, the Commissioner now decides these matters after they have been considered by an examiner or registrar and by the Patent Appeal Board.¹⁰¹¹

2. Review of Refusals to Register

Section 6 of the Industrial Design Act¹⁰¹² provides that refusals to register designs are appealable to the Governor in Council. However, section 22, which is in the statute following the heading "Procedure as to Rectification and Alteration", provides that the Federal Court may, at

¹⁰⁰⁷ Cf. *Haw Par Bros. Int'l Ltd. v. Registrar of Trade Marks*, 48 C.P.R. (2d) 65, at 68 (F.C. Trial D. 1979) (Marceau J.); and see the previous heading "Prior Inconsistent Positions".

¹⁰⁰⁸ *Porcelaine Haviland S.A. v. Porzellanfabrik Waldershof GmbH*, 40 C.P.R. (2d) 197, at 205 (Reg. 1978); *Re Skipper's*, 201 U.S.P.Q. 609, at 610-11 (TTAB 1979).

¹⁰⁰⁹ Industrial Design Rules, C.R.C. 1978, c. 964, s. 3.

¹⁰¹⁰ [1979] 2 F.C. 558, 43 C.P.R. (2d) 219 (App. D. 1979).

¹⁰¹¹ See the last Survey, *supra* note 7, at 397.

¹⁰¹² R.S.C. 1970, c. I-8.

the suit of any person aggrieved by any omission, without sufficient cause, to make an entry in the register of industrial designs, make such order for making an entry as the Court thinks fit. The view has been expressed, in the Federal Court of Appeal, that an applicant bringing such a suit need not first have exhausted his right to appeal to the Governor in Council.¹⁰¹³ Applicants have proceeded in the Federal Court¹⁰¹⁴ seeking *mandamus* to compel the Commissioner to perform his duty to register, but whether this is the correct mode of procedure has not been settled.¹⁰¹⁵ It seems that the applicant should commence his suit in the Federal Court by filing a statement of claim.¹⁰¹⁶

B. *What is Registrable as a Design*

1. *A Design for an Article*

An industrial design must be for an "article of manufacture or other article to which an industrial design may be applied or attached".¹⁰¹⁷ What constitutes such an article arose in *The Executive's Application*,¹⁰¹⁸ which concerned a design for a bar or coffee shop which, on the outside, was of plain rectangular shape, but had an interior shaped and furnished like that of an aircraft. The Board said that the principles to be followed

would permit registration of designs for structures which are preformed, portable, and which are delivered to the purchaser as finished articles. They would not exclude articles which for convenience might be transported in sections which could be put together by a simple operation such as bolting. This would necessitate, of course, that the structure be sufficiently small that it is portable in the sense that it could be delivered in complete form to the purchaser, and would exclude larger structures, or those to be constructed on site, for which copyright is a more appropriate form of protection.¹⁰¹⁹ It would exclude arrangements of furniture made up of separate items not integrated into a single article or manufacture.¹⁰²⁰

The Board considered that the design before it, which was for a "prefabricated building", would be registrable if described so that all parts formed a non-rearrangeable whole. It said that the design registration would not preclude others "from constructing similar buildings *in situ*, for they would not be vending articles to which the

¹⁰¹³ Commissioner of Patents v. Goodyear Tire & Rubber Co., *supra* note 1010.

¹⁰¹⁴ Under s. 18 of the Federal Court Act, R.S.C. 1970, c. 10 (2nd Supp.).

¹⁰¹⁵ Prem Gandy v. Commissioner of Patents, (unreported, F.C. App. D., 23 Apr. 1980). In the old Exchequer Court the procedure was by petition: Rose v. Commissioner of Patents, [1935] Ex. C.R. 188, [1936] 1 D.L.R. 558.

¹⁰¹⁶ B & E Furniture Mfg. Co. v. Goldcrest Furniture Ltd., [1980] 1 F.C. 457, 45 C.P.R. (2d) 148 (Trial D. 1979) (Grant D.J.).

¹⁰¹⁷ Industrial Design Act, ss. 11, 16.

¹⁰¹⁸ Design Application 05-12-75-4, 56 C.P.R. (2d) 271 (P.A.B. 1978).

¹⁰¹⁹ See the Copyright Act, R.S.C. 1970, c. C-30, s. 2 which defines an "artistic work" and an "architectural work of art". In the U.S. see the treatise by Chisum on "Patents", s. 1.04[2] [b] (1982).

¹⁰²⁰ *Supra* note 1018, at 279.

design is applied".¹⁰²¹ Such a result would surprise the man of business who has obtained registration for the design.¹⁰²²

2. Ornamental v. Useful

A patent may be obtained for the useful aspects of an article. An industrial design is for the "ornamenting" of an article.¹⁰²³

In *Bryan's Application*,¹⁰²⁴ the Patent Appeal Board was persuaded to approve registration for the design of a protective shield of simple configuration, saying:

The conclusion we reached from the jurisprudence is that a design for a device which is solely functional, whose function can only be performed by the design in question, or whose only object is to perform that functional purpose, is not registrable. But a design for a functional device may be registered if it does not embrace every conceivable configuration for performing that function, and it also satisfies the additional object of creating a visual appeal readily discernable to the eye of the beholder. In such an event it would not matter if the device could also be patentable, for the same device may possess both inventive and design features.¹⁰²⁵

Such cases are not easy. The Board did not refer to the leading British case, *Amp Inc. v. Utilux Proprietary Ltd.*, where the House of Lords declined to uphold a design registration merely on the basis that other configurations might perform the same function.¹⁰²⁶ The design must of course have visual appeal, but every article has something about it that registers with the eye. Probably all articles to which industrial designs are applied are functional. On the question of what constitutes an industrial design, the object of the designer is relevant, but can hardly be controlling because it is the visual result that must govern.¹⁰²⁷ Judgment must ultimately rest on the tribunal's assessment of whether the alleged design is in essence more than merely utilitarian, irrespective of whether there may be substitutes.

3. New and Original

The Canadian Industrial Design Act contemplates that a design must have originality,¹⁰²⁸ and this requires, at least, originality in the copyright sense because section 4 requires the proprietor of the design to declare that it was not in use "to his knowledge" by any other person than himself at the time of its adoption, in other words, that he did not copy it.

¹⁰²¹ *Id.* at 280.

¹⁰²² The owner of the design registration would have no protection under the Copyright Act if the design were made with the intention of producing more than fifty articles: Copyright Act, s. 46; Industrial Design Rules, s. 11.

¹⁰²³ Industrial Design Act, R.S.C. 1970, c. I-8, s. 11.

¹⁰²⁴ 56 C.P.R. (2d) 134 (P.A.B. 1977).

¹⁰²⁵ *Id.* at 138.

¹⁰²⁶ [1972] R.P.C. 103, at 109.

¹⁰²⁷ *Id.* at 110.

¹⁰²⁸ Sub. 7(3).

Novelty is also required, though the Act is not a model of clarity as to this requirement. The fact that a design has previously been applied to a different article is not fatal to novelty or originality, but a design registration will not be sustained if it is for a configuration that had previously been used for an article having an analogous functional purpose.¹⁰²⁹

Section 4, in referring to whether a design was in use at the time the proprietor adopted it, probably implies that novelty at that time is required. The design must be registered within one year from the publication thereof in Canada,¹⁰³⁰ and it must not be identical with, or so closely resemble any other design already registered, as to be confounded therewith.¹⁰³¹

In *L.B. Plastics' Application*¹⁰³² the Patent Appeal Board had before it two drawer slides. The examiner had thought that neither was "sufficiently original" over the other. The Board said that such an objection was not available until one of the designs was registered, but held that the differences between the designs were sufficient for both to be registered. It found that there was "no real possibility of confusion between them" and that "one design cannot be considered to be a trade variant of the other". It noted that the articles being compared "should not be examined side by side but separately so that imperfect recollection comes into play", that one "is to look at the design as a whole", and that any change must be "substantial", not "trivial or infinitesimal".

C. The Description

In the *Nutcracker Application*,¹⁰³³ the Patent Appeal Board noted, correctly it is submitted, that the function of the description in a design registration is to "assist" in understanding what the design is. But the Board went on to say, as it has before, that the description must "suffice", when read in conjunction with the drawings, both to distinguish from prior designs and to define what the applicant has created. This seems to suggest that the description, read in the light of the drawings, serves the function of a patent claim. As pointed out in the last Survey,¹⁰³⁴ design descriptions do not have this function, and it would be helpful if the Board would clarify its views.

The Board did however make a couple of helpful points about descriptions. It overruled a formal objection to calling an element "substantially" cylindrical where the element was not precisely cylindrical. Also it held that functional expressions in the description need not be

¹⁰²⁹ *Clatworthy & Son Ltd. v. Dale Display Fixtures Ltd.*, [1929] S.C.R. 429, at 434-35, [1929] 3 D.L.R. 11, at 15-16.

¹⁰³⁰ Industrial Design Act, s. 14.

¹⁰³¹ Industrial Design Act, s. 6.

¹⁰³² 110 Canadian Patent Office Record, 16 Nov. 1982, page v.

¹⁰³³ *Re Industrial Design Registration No. 43*, 273 for a Nutcracker, 45 C.P.R. (2d) 238 (P.A.B. 1977).

¹⁰³⁴ *Supra* note 7, at 473-80.

excised, provided it is clear that the registration will not cover a mode or principle of construction or how the article functions.

D. *The Drawings*

In the *Nutcracker* case¹⁰³⁵ the Board allowed the applicant to use stippled or broken lines to indicate elements that are not considered to form part of the design. This is in agreement with practice in the United States, which may go farther in allowing design patents to be granted for parts of articles.¹⁰³⁶

E. *Infringement: Criminal and Civil Actions*

An importer of articles to which a registered design has been applied has been held not to be liable for damages in a civil action.¹⁰³⁷ Criminal prosecution of the importer may be effective if the criminal onus of proof beyond a reasonable doubt can be met. Such a prosecution was brought¹⁰³⁸ in *R. v. Premier Cutlery Ltd.*,¹⁰³⁹ but failed. Several points were considered including the following:

(1) Although a certificate of registration obtained from the Commissioner of Patents is evidence of the design, its originality, and proprietorship, *etc.*,¹⁰⁴⁰ an accused may raise the same defences as in a civil action, for example, lack of originality.

(2) There may be criminal liability for infringement, or for fraudulent imitation.

(3) Proof of fraudulent imitation requires proof of deliberate copying.

(4) As for infringement, which does not depend on imitation, the following inquiries are relevant, though none is conclusive:

(a) Would the designs be confused with each other?

(b) Would the accused design have existed but for the registered design?

(c) Is the accused design nearer the registered design than any prior design?¹⁰⁴¹

¹⁰³⁵ *Supra* note 1033.

¹⁰³⁶ *Re Zahn*, 204 U.S.P.Q. 988 (1980). In the U.K. the Registered Designs Act 1949, 12, 13 & 14 Geo. 6, c. 88, sub. 44(1) specifically includes "any part of an article if that part is made and sold separately".

¹⁰³⁷ See the last Survey, *supra* note 7, at 480-81, and *Canadian Heating and Ventilating Co. v. T. Eaton Co.*, 10 O.W.N. 439 (H.C. 1916).

¹⁰³⁸ Under para. 16(1)(b) of the Industrial Design Act.

¹⁰³⁹ 55 C.P.R. (2d) 134 (Ont. Prov. Ct. 1980).

¹⁰⁴⁰ Industrial Design Act, sub. 7(3).

¹⁰⁴¹ If, as has been suggested (*see Kevi A/S v. Suspa-Verein U.K. Ltd.*, [1982] R.P.C. 773, at 178 (Pat. Ct. 1981) (Falconer J.)), the eye for testing infringement is that of the customer or consumer, it is difficult to see how inquiries (b) and (c) are relevant, unless in the case of (c) it is shown that the customer would have known of the prior design. In the U.S., infringement is tested by whether the designs give the same overall

(5) Reference was made to deciding the issue of infringement by the eye of the Court,^{1041a} assisted and instructed by expert evidence on such matters as what was common to the trade, and differences and similarities between the designs.

In *Corbron Foundries Ltd. v. F.X. Drolet Inc.*,¹⁰⁴² Addy J. has noted that section 15 of the Act, which provides a civil right of action, makes no reference to a fraudulent imitation, and he has ruled irrelevant questions put on examination for discovery relating to intent and fraud, at least in a case where punitive damages are not claimed.

VII. COPYRIGHT

A. Copyright Works

By section 4 of the Canadian Copyright Act,¹⁰⁴³ subject to requirements therein set out as to the citizenship or nationality of the author and the place of first publication, copyright subsists in Canada "in every original literary, dramatic, musical and artistic work". In a recent English case that went to the Court of Appeal,¹⁰⁴⁴ it was alleged that the well known trade mark "Exxon" was a literary work, that the word had been invented (coined) and was therefore original, and that there was, accordingly, copyright in the mark. The Court agreed that there was originality but disagreed that "Exxon" was a literary work. Reference was made to an earlier case, *Hollinrake v. Truswell*,¹⁰⁴⁵ where it was unsuccessfully urged that there was copyright in a dressmakers' cardboard pattern having measuring scales, figures and descriptive words upon it, and where it was said by the Court that, "a literary work is intended to afford either information and instruction, or pleasure in the form of a literary enjoyment".

It has long been settled that a literary work need not have literary merit.¹⁰⁴⁶ The foregoing quotation suggests that either enjoyment or

impression to the "ordinary observer": *Amerock Corp. v. Unican Security Sys.*, 213 U.S.P.Q. 123, at 125 (D.C.E.D.N.C. 1982). However, to decide issues of infringement, and of novelty, it is submitted that the inquiries stated above are relevant, and that the eye is that of the instructed person who knows of trade usage: *Phillips v. Harbro Rubber Co.*, 37 R.P.C. 233, at 240 (H.L. 1920). Whether there is a design at all is tested by whether there is appeal to the eye of the customer: *Amp v. Utilux*, *supra* note 1026, at 108-09.

^{1041a} See also *Algonquin Mercantile Corporation v. Dart Industries Canada Limited*, (unreported, 2 Jun. 1983, F.C. Trial D.) (Mahoney J.).

¹⁰⁴² 65 C.P.R. (2d) 151 (F.C. Trial D. 1982).

¹⁰⁴³ R.S.C. 1970, c. C-30.

¹⁰⁴⁴ *Exxon Corp. v. Exxon Insurance Consultants Int'l Ltd.*, [1982] R.P.C. 69 (C.A. 1981).

¹⁰⁴⁵ [1894] 3 Ch. D. 420, 71 L.T. 419 (C.A. 1894). Cf. *Lerose Ltd. v. Hawick Jersey Int'l Ltd.*, [1974] R.P.C. 42 (Ch. 1972).

¹⁰⁴⁶ *Bulman Group Ltd. v. Alpha One-Write Systems B.C. Ltd.*, 54 C.P.R. (2d) 171, at 177 (F.C. Trial D. 1980); *Walter v. Lane*, [1900] A.C. 539, at 549, 83 L.T. 289, at 292 (H.L. 1900).

information must be provided by a literary work, but it is doubtful that this is an exhaustive test, as will be seen from cases on business forms.

Business forms may be on the borderline of copyright. Like the dressmakers' pattern in the *Hollinrake* case,¹⁰⁴⁷ such forms are created for their utility, but the fact that a work is useful is not determinative of whether there is copyright in it. In *Bulman Group Ltd. v. Alpha One-Write Systems B.C. Ltd.*, the plaintiff succeeded in obtaining from the Federal Court of Appeal an interlocutory injunction for alleged infringement of copyright in certain accounting forms.¹⁰⁴⁸ The forms provided a means for recording information. It had been suggested in the court below that a work must be informative in order to be a literary work,¹⁰⁴⁹ but the Court of Appeal noted that this test might prevent a compilation of questions, such as found in a survey, from being a literary work. With respect, perhaps it would not, because a compilation of questions, or a form, may convey information as to what data is useful, or how it may be arranged.¹⁰⁵⁰ In *Exxon Corp. v. Exxon Insurance Consultants Int'l Ltd.*,¹⁰⁵¹ the English Court of Appeal adopted the view of Davey L.J. in the *Hollinrake* case that a literary work would be something which was intended to afford either information and instruction, or pleasure "in the form of literary enjoyment, whatever those last six words may add to the word 'pleasure'." The words "information and instruction" must be read liberally, however: for example, a sequence of numbers printed in a newspaper, for use by subscribers having bingo cards, has been held to be a literary work.¹⁰⁵²

B. Ownership of Copyright

1. Applicable Law

*Pro Arts Inc. v. Campus Crafts Holdings Ltd.*¹⁰⁵³ was concerned with copyright in a poster published by the plaintiff. It seems that the poster was first produced in the United States by Americans, and expert evidence was called to show that under American law the plaintiff would

¹⁰⁴⁷ *Supra* note 1045.

¹⁰⁴⁸ 54 C.P.R. (2d) 179 (F.C. App. D. 1981). The plaintiff Bulman's claim to copyright has been subsequently upheld by Collier J., originality having been conceded: *Bulman Group Ltd. v. "One-Write" Accounting Systems Ltd.*, [1982] 2 F.C. 327, 62 C.P.R. (2d) 149 (Trial D. 1982). *See also* the *Bridge Tally* case, *Stevenson v. Crook*, [1938] Ex. C.R. 299, [1938] 4 D.L.R. 294.

¹⁰⁴⁹ *Supra* note 1046. The same view has been taken in the U.S.: *Harland Co. v. Clarke Checks Inc.*, 207 U.S.P.Q. 664 (D.C.N.D. Ga. 1980). *But see* A. LATMAN, *THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISED AND THE 1976 ACT* 29-31 (5th ed. 1978).

¹⁰⁵⁰ Gorman, *Fact or Fancy: Implications for Copyright*, 29 JOURNAL, COPYRIGHT SOCIETY OF THE U.S. 580-81 (1982).

¹⁰⁵¹ *Supra* note 1044, at 88.

¹⁰⁵² *Mirror Newspapers Ltd. v. Queensland Newspapers Pty. Ltd.*, [1982] Qd. R. 305 (Queensland S.C.).

¹⁰⁵³ 50 C.P.R. (2d) 230 (Ont. H.C. 1980).

be the owner of the copyright. However Labrosse J. considered it necessary to review the facts in view of Canadian law, having regard to section 45 of the Copyright Act which provides:

No person is entitled to copyright or any similar right in any literary, dramatic, musical or artistic work otherwise than under and in accordance with this Act....

2. *Proof of Ownership*

In *Motel 6 Inc. v. No. 6 Motel Ltd.*¹⁰⁵⁴ the plaintiff alleged that the defendant had infringed copyright in the plaintiff's trade mark, which consisted of the numeral 6 within a peripheral border and with the word "Motel" printed across the numeral. It was proved that the author of the mark had designed it in the course of his employment by one Greene, who was therefore the first owner of the copyright.¹⁰⁵⁵ The issue was whether Greene had assigned the copyright to the plaintiff. Subsection 12(4) of the Copyright Act provides that no assignment is valid unless it is in writing signed by the owner or by his duly authorized agent. Mr. Justice Addy said:

I quite accept the proposition of counsel for the Plaintiff that section 12(4) is a substantial legal requirement and not a rule of evidence. Therefore, the assignment itself need not necessarily be produced if the evidence establishes that it existed and conformed to that section. The evidence, however, falls far short of establishing on a balance of probabilities that an assignment in writing ever existed, much less one that was signed by Greene or his agent or of establishing who the assignee might have been. It has merely established the possibility of at least the three equally consistent conclusions to which I have already referred. Evidence, which merely raises this type of speculation without weighing the scale in favour of the actual existence of an assignment conforming to the statute, is not sufficient to satisfy the requirements of section 12(4).¹⁰⁵⁶

C. *Infringing Acts*

1. *Radio Communication*

By paragraph 3(1)(f) of the Canadian Copyright Act copyright includes the sole right to communicate a work by "radio communication". The Interpretation Act has the following definition in section 28:

"radio" or "radiocommunication" means any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by means of electromagnetic waves of frequencies lower than three thousand Gigacycles per second propagated in space without artificial guide.¹⁰⁵⁷

¹⁰⁵⁴ *Supra* note 549.

¹⁰⁵⁵ Copyright Act, sub. 12(3).

¹⁰⁵⁶ *Supra* note 549, at 647-48, 56 C.P.R. (2d) at 53-54.

¹⁰⁵⁷ R.S.C. 1970, c. I-23, s. 28. The same definition of radio-communication is provided in the Radio Act, R.S.C. 1970, c. R-1, s. 2 and in the Broadcasting Act, R.S.C. 1970, c. B-11, s. 2.

The words "without artificial guide" exclude cable.¹⁰⁵⁸ What of a case where radio signals are transmitted to a satellite which sends the signals back to earth? On the evidence before them, judges have surprisingly held in two cases that a satellite constitutes an artificial guide,¹⁰⁵⁹ making the communications something other than radio communication.

2. *Making Records*

At the time of the last Survey, the *Compo Co. v. Blue Crest Music Inc.* case was awaiting the decision of the Supreme Court of Canada.¹⁰⁶⁰ That Court has now upheld the Federal Court of Appeal in holding that it was an infringement of copyright in an original musical work for the defendant to press copies from a master record, where the master had been made by someone else in infringement of copyright in the original musical work.¹⁰⁶¹

3. *Abridgment*

In *The Queen v. Lorimer*,¹⁰⁶² the Crown in right of Canada was the owner of copyright in a seven volume report of the Restrictive Trade Practices Commission on an inquiry into the Canadian petroleum industry. The defendant published a one volume abridgment of the report, and when sued by the Crown for copyright infringement alleged, *inter alia*, that it was sheltered by paragraph 17(2)(a) of the Copyright Act which exempts from infringement "any fair dealing with any work for the purpose of private study, research, criticism, review, or newspaper summary".

The defendant's book was not a newspaper, but it was argued that the word "review" covered an abridgment. Jerome A.C.J. rejected the argument, being of the opinion that a review would require some commentary by the author. He also considered that "fair dealing" requires something other than simple abridgment for a commercial purpose.

D. *Public Interest, and the Charter of Rights*

In the *Lorimer* case¹⁰⁶³ the defendant contended that its publication of an abridgment of a lengthy report in which the Crown owned copyright

¹⁰⁵⁸ Cf. *Canadian Admiral Corp. v. Rediffusion Inc.*, [1954] Ex. C.R. 382, at 409-10, 20 C.P.R. 75, at 103-04 decided before there was a statutory definition of radio-communication.

¹⁰⁵⁹ *R. v. Loughheed Village Holdings Ltd.*, 59 C.P.R. (2d) 99 (B.C. Ct. Ct. 1981); *C.R.T.C. v. Shellbird Cable Ltd.*, 60 C.P.R. (2d) 215 (Nfld. Prov. Ct. 1981), *rev'd* 38 Nfld. & P.E.I.R. 224, 67 C.P.R. 148 (Nfld. C.A. 1982), however the Court of Appeal did not consider what constitutes an artificial guide.

¹⁰⁶⁰ *Supra* note 7, at 496.

¹⁰⁶¹ [1980] 1 S.C.R. 357, 105 D.L.R. (3d) 249 (1979). See the writer's case comment in 31 U.N.B.L.J. 242 (1982).

¹⁰⁶² Unreported, F.C. Trial D., 30 Apr. 1982.

¹⁰⁶³ *Id.*

was an exercise of the fundamental freedoms guaranteed by the Constitution Act, 1982. This contention was rejected. The Crown had promptly published its report. The defendant merely published an abridgment, without any attack, criticism, discussion or commentary upon the Crown's report or upon the inquiry which led to it, so that the Crown's success against the defendant would not restrict public commentary or discussion.

The defendant Lorimer also argued that publication of its handy and relatively inexpensive abridgment of a lengthy and important government report was in the public interest. Reference was made to *Beloff v. Pressdram Ltd.*, where Ungood-Thomas J. suggested that the defence of public interest does not extend beyond

disclosure justified in the public interest, of matters, carried out or contemplated, in breach of the country's security, or in breach of law, including statutory duty, fraud, or otherwise destructive of the country or its people, including matters medically dangerous to the public; and doubtless other misdeed of similar gravity.¹⁰⁶⁴

But although the Crown's report on the petroleum industry related to alleged grave misdeeds, the Crown in the *Lorimer* case was not seeking to suppress information. The defendant suggested that he was improving the disclosure of information. Jerome A.C.J. did not consider that in the circumstances the public interest to be informed outweighed the respect that is due to the copyright laws.

In copyright cases it must be remembered that copyright does not prevent the dissemination of facts or ideas, provided there is no copying of the way in which the facts or ideas are expressed. (To publish confidential information may of course be actionable, but not on the basis of copyright.) The public interest in publication of a copyright work is therefore likely to arise only in a case where there is too little time to rewrite, or where the actual copyright document should be seen by the public.¹⁰⁶⁵

E. Remedies for Copyright Infringement

1. Anton Piller Orders

Copyright owners and trade mark owners have often suffered uncompensatable damage by the activities of fly-by-night infringers. To deal with infringers who, once tipped off, are apt to dispose of their merchandise quickly, the English courts have for the past few years been granting *ex parte* orders, known as Anton Piller orders.¹⁰⁶⁶ These

¹⁰⁶⁴ [1973] R.P.C. 765, at 783-84 (Ch. 1972). See also *Commonwealth of Australia v. John Fairfax & Sons Ltd.*, 55 A.L.J.R. 45 (Aust. H.C. 1980).

¹⁰⁶⁵ H. LADDIE, *THE MODERN LAW OF COPYRIGHT* (1980) argues, at para. 2.107, that there is no defence of publication in the public interest, and that the public interest is relevant only to what remedy may be awarded.

¹⁰⁶⁶ From *Anton Piller KG. v. Manufacturing Processes Ltd.*, [1976] R.P.C. 719, [1976] F.S.R. 129, [1976] 1 All E.R. 779 (C.A. 1975).

allow representatives of the plaintiff to attend unannounced, at the premises of alleged infringers, to demand entry and inspection, to remove merchandise and documents, and to require answers to questions about dealings in the merchandise.¹⁰⁶⁷ The plaintiff seeking such an order must persuade the court that he has a strong *prima facie* case, that the defendant has possession of documents or things prejudicial to the plaintiff, and that there is a real possibility that such material may be disposed of, if the defendant is put on notice, with a risk of serious damage. The Federal Court of Canada has been persuaded to make such orders,¹⁰⁶⁸ as has the Supreme Court of Ontario.¹⁰⁶⁹ Meanwhile, plaintiffs in England ran into the difficulty that an order requiring the answering of questions might violate the privilege against self-incrimination, a serious risk if the answers were to be used, for example, in a prosecution for conspiracy to defraud.¹⁰⁷⁰ In industrial property matters this difficulty has been removed in Britain by section 72 of the Supreme Court Act 1981 which provides that the answers will be admissible in criminal proceedings. In Canada the issue of privilege in relation to Anton Piller orders awaits judicial consideration.¹⁰⁷¹

2. *Mareva Injunctions*

Courts have no difficulty in making interlocutory orders, in appropriate cases, to prevent the disposal, pending trial, of allegedly infringing works that are the subject of an action.¹⁰⁷² But the preservation of such works may be insufficient to protect a plaintiff who has a substantial monetary claim against the defendant. If the defendant has

¹⁰⁶⁷ To be contrasted is the conventional order for inspection made after notice to the defendant: *cf.* P.J. Wallbank Mfg. Co. v. Kuhlman Corp., [1981] 1 F.C. 645 (App. D. 1980).

¹⁰⁶⁸ See Hayhurst, *The Anton Piller Order*, 6 CAN. BUS. L.J. 2 (1981); Cohen, *Anton Piller to the Rescue — Ex Parte Seizure Order in Counterfeiting Action in Canada*, 71 T.M.R. 266 (1981); Lazarides, *Anton Piller Orders: The New Weapon with which to Combat Piracy and Bootlegging in the United Kingdom*, 56 C.P.R. (2d) 17 (1981); Shapiro, *Anton Piller Orders in Canada*, 14 BULL. P.T.I.C. (Series 8) 867 (1982), [1983] 6 EIPR 164; Rock, *The Anton Piller Order or The Plaintiff Only Rings Once*, C.B.A.O. program on The Law of Injunctions, 24 Sep. 1982.

¹⁰⁶⁹ *Bardeau Ltd. v. Crown Food Serv. Equip. Ltd.*, 36 O.R. (2d) 355 (H.C. 1982); but the defendants did not comply, and succeeded in having the order set aside on the ground that the plaintiff had failed to disclose the existence of another action between the same parties involving the same products. In *Midway v. Bernstein*, the Trial Division of the Federal Court, on 22 and 31 Mar. 1982, granted Anton Piller orders and interlocutory injunctions against the defendants in respect of video games, but on 24 Sep. 1982 the Court set aside the injunctions on the ground that there had been non-disclosure by the plaintiff of relevant facts: 67 C.P.R. (2d) 112 (1982).

¹⁰⁷⁰ *Rank Film v. Video Information*, [1981] 2 W.L.R. 668, [1981] 2 All E.R. 76 (H.L.). A judge in a criminal case may have a discretion to exclude unlawfully obtained evidence, but in civil cases the evidence will ordinarily be admitted if relevant: *Helliwell v. Piggot-Sims*, [1980] F.S.R. 356 (C.A.). *Cf.* *Lord Ashburton v. Pape*, [1913] 2 Ch. 469, 109 L.T. 381 (C.A.).

¹⁰⁷¹ This is further discussed by the writer in the article cited at note 1068 *supra*.

¹⁰⁷² See the last Survey, *supra* note 7, at 496-97.

other assets in Canada (perhaps easily removable ones into which the defendant has put its profits), and the plaintiff can show that his case is very strong, and that there is a real danger that, before trial, the defendant is likely to dispose of such other assets, it appears that Canadian courts would be prepared to grant interlocutory orders to prevent such disposal, following the *Mareva* practice devised by the British courts.¹⁰⁷³

3. Monetary Remedies

The Copyright Act in subsection 20(4) provides for an award of damages suffered by the copyright owner due to the infringement, "and in addition thereto such part of the profits that the infringer has made from such infringement as the court may decide to be just and proper".

It is also possible for the plaintiff to make a claim for conversion under section 21 of the Act, which deems all infringing copies to be the property of the plaintiff. Conversion damages are cumulative and not alternative, the value of the physical copy being distinct from the injury to the intangible copyright, but the court must avoid an overlap.¹⁰⁷⁴ The court usually examines the monetary remedies for copyright first, and then the question of damages for conversion if these have been claimed.

A few recent Canadian cases illustrate the diversity of the awards that may be made.

In *Pro Arts Inc. v. Campus Crafts Holdings Ltd.*,¹⁰⁷⁵ an action in the Supreme Court of Ontario, the plaintiff owned the copyright in a poster of the television star Farrah Fawcett-Majors, and the defendant made and sold unauthorized copies in Canada. The plaintiff was awarded an injunction, and delivery up of unsold copies and of materials used in making copies. Mr. Justice Labrosse concluded that the defendant had committed a deliberate act of piracy¹⁰⁷⁶ and he made an extensive analysis of the monetary remedies claimed by the plaintiff.

(1) In computing damages for infringement, he accepted the plaintiff's estimate that if there had been no infringement the plaintiff would have sold approximately 400,000 of the posters in Canada (ten percent of sales in the United States), and that for these sales the plaintiff would have received forty cents (U.S.) per poster if it had not had to drop its price to meet the defendant's competition. Such sales would have yielded \$160,000, from which His Lordship deducted what the plaintiff

¹⁰⁷³ See Rogers and Hatley, *Getting the Pre-Trial Injunction*, 60 CAN. BAR REV. 1, at 27-35 (1982). *CBS United Kingdom Ltd. v. Lambert*, [1983] F.S.R. 127 (C.A.).

¹⁰⁷⁴ Useful recent English cases on the remedy of conversion are: *Lewis Trusts v. Bambers*, [1982] F.S.R. 281; *Infabrics Ltd. v. Jaytex Ltd.*, [1981] F.S.R. 261 (H.L.). In *Wham-O Mfg. Co. v. Lincoln Indus. Ltd.*, [1982] R.P.C. 281, at 319-20 (N.Z. High Ct. 1981) only conversion damages were awarded. For a penetrating analysis of this remedy, see Braithwaite, *Derivative Works in Canadian Copyright Law*, 20 OSGOODE HALL L.J. 191, at 213-20 (1982).

¹⁰⁷⁵ *Supra* note 1053, at 249.

¹⁰⁷⁶ Having regard to the defendant's plea of innocence the learned judge permitted evidence to be adduced which showed that the defendant had indulged in a practice of counterfeiting posters.

had received on its actual sales and also the royalty payable to Fawcett-Majors on the sales the plaintiff would have made, and awarded the plaintiff the balance, which the plaintiff could have earned from its stock of unsold posters. Additionally, he found the defendant's sales had reduced the plaintiff's penetration of the Canadian retail market with other, non-infringing posters by about 200,000 posters, and he awarded the estimated lost profit on these as damages.^{1076a}

(2) His Lordship also awarded to the plaintiff the total profit made by the defendant on sales of infringing posters, calculating these on the basis set out in subsection 20(4) of the Copyright Act, namely,

in proving profits the plaintiff shall be required to prove only receipts or revenues derived from the publication, sale or other disposition of an infringing work...and the defendant shall be required to prove every element of cost that he claims.¹⁰⁷⁷

(3) He considered that to award damages for conversion would be a duplication. This accords with the theory given in other cases that if the plaintiff is awarded copyright damages based on the assumption that the plaintiff would have satiated the market,¹⁰⁷⁸ the market value of the converted infringing copies must be taken as nothing.¹⁰⁷⁹

(4) His Lordship awarded \$35,000 exemplary damages, having regard to the defendant's callous disregard for the rights of the plaintiff, and its lack of respect for an interlocutory injunction. He noted that "persons should be deterred from injuring the property of another in the belief that the material advantages to be gained by such injury will outweigh any compensating damages which the wrongdoer might have to ultimately pay".¹⁰⁸⁰

(5) He did not think that the case was one for costs on a solicitor-and-client basis, but awarded interest, from the date of service of the writ, on the damages for infringement, but not including damages awarded on prospective sales of non-infringing posters.¹⁰⁸¹

To be contrasted with this Fawcett-Majors poster case are lesser awards made in other cases now to be mentioned.

In *Kaffka v. Mountain Side Developments Ltd.*,¹⁰⁸² the plaintiff had drawn up plans for buildings to be built on two lots in Vancouver. The defendant acquired the lots, but did not acquire a license to use the plans.

^{1076a} For a discussion of such "parasitic" damages see Bryson and Johnson, *Catnic Components Ltd. v. Hill & Smith Ltd. — The Continuing Saga, Are Parasitic and Exemplary Damages Unavailable for Patent Infringement?*, [1983] 6 EIPR 160.

¹⁰⁷⁷ As to what costs may be claimed cf. the patent case *Teledyne Indus. Inc. v. Lido Indus. Products Ltd.*, 68 C.P.R. (2d) 204 (F.C. Trial D. 1982) (Addy J.).

¹⁰⁷⁸ The plaintiff had sold 92,245. The defendant had sold 93,235 until restrained by an interlocutory injunction.

¹⁰⁷⁹ *Lewis Trusts v. Bampers*, *supra* note 1074, at 292; *Allibert v. O'Connor*, [1982] F.S.R. 317, at 323-24.

¹⁰⁸⁰ *Supra* note 1053, at 251.

¹⁰⁸¹ As to the interest that the Federal Court may award, see *Teledyne Indus. Inc. v. Lido Indus. Products Ltd.*, note 1077 *supra* and *Consolboard v. MacMillan Bloedel*, (unreported, F.C. Trial D., 6 Apr. 1982) (Cattanach J.), *aff'd*. F.C. App. D. 23 Aug. 1983.

¹⁰⁸² 62 C.P.R. (2d) 157 (B.C.S.C. 1982).

The defendant had plans prepared, and erected buildings, in infringement of the plaintiff's copyright. In the circumstances of the case the learned judge concluded that if the parties had negotiated for use of the plaintiff's plans they would have settled for about \$2,500, and he awarded this as damages for infringement of copyright. Additionally, he considered that the parties would have agreed that the plaintiff would have been given public credit which would have enhanced the plaintiff's reputation as a designer, and that the defendant had acted in flagrant disregard of the plaintiff's rights. For the loss of publicity and also for exemplary damages His Lordship awarded an additional \$4,000. He considered that to award substantial conversion damages would amount to duplication of the award of damages for breach of copyright, but he awarded \$100 nominal damages for conversion.

In *Schauenburg Industries Ltd. v. Borowski*,¹⁰⁸³ the plaintiff SRG owned the copyright in drawings for building certain machines. The defendant Borowski, a former employee of SRG's subsidiary, improperly arranged for the drawings to be copied and for machines to be made from the copies. Borowski and his new company, a co-defendant, used the machines in competition with the plaintiff's subsidiary, a co-plaintiff. The judge found that the defendants could have been in competition with the plaintiffs within two years if they had acted without impropriety, and concluded that damages would be an adequate remedy to the plaintiffs. It seems that the subsidiary paid a royalty to SRG, and the defendants were ordered to pay that royalty to SRG for the two year period.¹⁰⁸⁴ The defendants had also used confidential information of the plaintiffs and were ordered to pay to the subsidiary its loss of profits, during the two year period, caused by the defendant's competition, plus punitive damages, part of which were awarded to SRG. There is no reference in the reasons for judgment to any claim for conversion.

Although subsection 20(4) of the Act gives the court the discretion to award profits of the defendant in addition to damages, in *Blue Crest Music Inc. v. Compo Co.*,¹⁰⁸⁵ which was a test case on whether a record "presser" is an infringer, the Federal Court of Appeal allowed the plaintiff to elect whether it wished to have damages or an accounting of the defendant's profits, the election to be made before the holding of a reference to determine the quantum.¹⁰⁸⁶ In a companion case, *Canusa Records Inc. v. Blue Crest Music Inc.*,¹⁰⁸⁷ the same Court held that musical recordings do not, as a matter of statutory construction, constitute "infringing copies" of musical works¹⁰⁸⁸ so that a claim for

¹⁰⁸³ 25 O.R. (2d) 737, 50 C.P.R. (2d) 69 (Ont. H.C. 1979) (Craig J.).

¹⁰⁸⁴ The judge found it unnecessary to decide whether the defendant's machines also infringed the copyright in SRG's drawings.

¹⁰⁸⁵ 30 C.P.R. (2d) 14, 14 N.R. 416 (F.C. App. D. 1976).

¹⁰⁸⁶ The plaintiff should be given the opportunity to examine for discovery on the issues of damages and profits before having to make its election. Cf. *Baxter Travenol Laboratories of Canada Ltd. v. Cutter Ltd.*, 59 C.P.R. (2d) 42 (F.C. Trial D. 1981).

¹⁰⁸⁷ 30 C.P.R. (2d) 11 (F.C. App. D. 1976).

¹⁰⁸⁸ Musical works are defined in s. 2 of the Copyright Act, R.S.C. 1970, c. C-30 as being "printed, reduced to writing, or otherwise graphically produced or reproduced".

conversion could not be made in respect thereof under section 21.

In *Therrien v. Schola*,¹⁰⁸⁹ the plaintiffs were sculptors. The defendant sold artificial stone for use by sculptors. Without the permission of the plaintiffs the defendant included, in an advertising brochure for its stone, photographs of sculptures of the plaintiffs.¹⁰⁹⁰ The sculptors were not identified in the brochure, but the evidence showed that persons in the profession readily identified the sculptors from these photographs. A sculpture which the plaintiff Therrien considered to be one of his major works was classified in the brochure as "intermediate". Therrien alleged that this caused him to be subjected to considerable ridicule by his colleagues. There was an indication in the brochure that the photographs were of molds that students might wish to copy. Therrien alleged that a very bad imitation would be made if one worked only from the photograph of his sculpture, and that this would further damage his reputation. The defendant was acquitted of acting in bad faith. The learned judge said that Therrien had suffered humiliation, causing moral rather than material damages. He concluded: "As a matter of principle however a copyright must be protected and infringement of it punished by a damage award, even if the infringer made no profit as a result of the infringement." He awarded damages of \$1,000 to Therrien, and \$500 to his co-plaintiff. Though not so labelled by the judge, such damages could be characterized as nominal.¹⁰⁹¹

In *The Queen v. Lorimer*¹⁰⁹² the defendant made and published an abridgment of a seven volume Crown publication. Jerome A.C.J. found that the Crown was not losing distribution or sales, and said that the case was not one for an injunction. The Crown did not seek an accounting of profits. The learned judge said that the effect of the defendant's publication was to deprive the plaintiff of the opportunity to publish its own abridgment, or to authorize others to do so, and said that the case was one for a royalty to be paid to the Crown. His Lordship accepted the defendant's evidence that a royalty of eight percent of retail sales was a normal arrangement, and he awarded this to the Crown, but declined to award any costs. The defendant's abridgment was a fair one, and he considered the Crown to be an unusual plaintiff, not greatly interested in making revenue from its work, and having an obligation to see that its work receives the widest possible dissemination, with the consequence

It seems that records made, without consent, from a copyright record would be infringing copies of the latter.

¹⁰⁸⁹ Unreported, F.C. Trial D., 2 Mar. 1981 (Walsh J.).

¹⁰⁹⁰ The sculptures were not permanently situated in a public place or building, so that the exception in para. 17(2)(c), which allows photographs to be made and published, did not apply.

¹⁰⁹¹ See Zimmerman, *Exemplary Damages and Copyright in Canada*, 57 C.P.R. (2d) 65 (1981), distinguishing aggravated damages awarded to compensate a plaintiff for injured feelings and loss of dignity, and punitive damages given to punish the defendant: *Brown v. Waterloo Regional Bd. of Comm'rs of Police*, 37 O.R. (2d) 277, at 288-89, 136 D.L.R. (3d) 49, at 61 (H.C. 1982) (Linden J.).

¹⁰⁹² Unreported, F.C. Trial D., 30 Apr. 1982. An appeal to the Federal Court of Appeal has been filed.

that the defendant could at least partially be forgiven for assuming that the Crown would not take the same attitude towards infringement as would a private publisher. The defendant thus acquired (at the cost of its own legal fees, disbursements and the disruptions attendant upon a law suit) what was in effect a compulsory licence. There is no reference in the decision to possible damages for conversion, although calculation of damages on the basis of a notional royalty would not have precluded such a claim.¹⁰⁹³

4. Criminal Remedies

The prolific business activities of "record pirates" (who make unlicensed copies of sound recordings and tapes), "video pirates" (who make unlicensed copies of television programs), and "bootleggers" (who make unlicensed recordings of live performances) have, at the instance of copyright owners, brought the attention of Canada's law enforcement agencies to the criminal aspects of copyright infringement. The Canadian Copyright Act¹⁰⁹⁴ provides in sections 25 and 26 for possible fines, imprisonment (with possible hard labour!), and delivery up or destruction of infringing copies for certain acts of copyright infringement. In respect of dramatic and musical works penalties are provided for changing the works or suppressing their titles or the names of their authors. To aid in criminal investigations, search warrants may be issued, leading to seizure of infringing works.¹⁰⁹⁵

Convictions have been obtained under the Copyright Act¹⁰⁹⁶ but the fines provided for in the Act are light; thus it has not been regarded as providing a great deterrent. Accordingly, charges for fraud have in some cases been laid under subsection 338(1) of the Criminal Code which provides for greater penalties.¹⁰⁹⁷

F. Moral Rights

The continental concept of a *droit moral* led to the inclusion in the Berne Copyright Convention of Article 6 bis¹⁰⁹⁸ from which Canada has derived subsection 12(7) of the Copyright Act, providing:

¹⁰⁹³ *Lewis Trusts v. Bambers*, *supra* note 1074, at 293-94.

¹⁰⁹⁴ R.S.C. 1970, c. C-30.

¹⁰⁹⁵ Under the Criminal Code, R.S.C. 1970, c. C-34, s. 443; *Re Adelphi Book Store Ltd.*, [1972] 6 W.W.R. 126, 7 C.P.R. (2d) 166 (Sask. C.A.).

¹⁰⁹⁶ *E.g.*, *R. v. Brooks*, 29 C.P.R. (2d) 77, [1976] W.W.D. 66 (B.C. Ct. Ct. 1976) (possession of a machine for copying tapes); *R. v. Mooney's Bay T.V. & Stereo Ltd.*, (unreported, Ont. Prov. Ct., 11 May 1981) (rental of video cassettes of copyright motion pictures).

¹⁰⁹⁷ *E.g.*, *R. v. Stern*, (unreported, S.C.O., 18 Jun. 1981); *R. v. Healy*, (unreported, Ont. Prov. Ct., 20 Nov. 1981). Guilty pleas were made in both of these cases. The indictable offence of conspiracy might also be committed, under sub. 423(2) of the Code. Fines are provided for by ss. 646 and 647 of the Code.

¹⁰⁹⁸ The Rome revision of the Berne Copyright Convention, 1928, set out in Copyright Act, R.S.C. 1970, c. C-30, Sched. III, and adhered to by Canada effective

Independently of the author's copyright, and even after the assignment, either wholly or partially, of the said copyright, the author has the right to claim authorship of the work, as well as the right to restrain any distortion, mutilation or other modification of the work that would be prejudicial to his honour or reputation.

This includes what has been called a "right of paternity" and a "right of integrity".

In *Gnass v. Cité d'Alma*¹⁰⁹⁹ the plaintiffs were sculptors who agreed in writing with the City of Alma to produce sculptures during a month-long symposium. For this the sculptors received valuable consideration. The contract was construed as providing that the City would own the sculptures and would not relinquish title to them, and would, if it were necessary to move the sculptures, regroup them in a park. The sculptures were produced during the symposium. After the symposium it was necessary for the City to move them, and the sculptures were regrouped for a time in a satisfactory location (with the exception of one sculpture, but the court found that no damage had been suffered, whereas the plaintiffs claimed only damages). However, the sculptures were later trundled off by the City to fields or dumps and allowed to deteriorate.

No breach of contract was found. The contract was not construed as requiring an exhibition of the sculptures in perpetuity. Parol evidence to alter this interpretation was not admitted.

The sculptors claimed that, apart from contract, they were entitled to damages for the indignities to which their works had been subjected, reference being made to subsection 12(7) of the Copyright Act quoted above. The Court said that this section is for practical purposes a reproduction of Article 6 bis of the Berne Convention, reserving to an artist his moral right. It was pointed out that the Convention leaves the remedy to national legislation. The Court said that the moral right is perpetual and is inalienable and protects the artistic work (in other words, the physical object itself), and is to be contrasted with copyright which is a pecuniary right, alienable and temporary and subject to prescription. It was held that a right of action for damages is not conferred by subsection 12(7) but only a right to restrain such things as mutilation.

The Court further held that, despite the moral right, one who acquires an article is not required to preserve it. Such an owner may do what he wishes with his property, the physical work, his rights in it being governed by provincial law, and no action for damages lies in respect of what the owner does with his property. Whether any other remedy might be open to the sculptors was not in issue, and was not considered.

One of the sculptors made a claim for defamation for the humiliation he allegedly suffered when his sculpture was dumped and left in a river.

1 Aug. 1931. The Canadian Act was amended, prior to such adherence, to include what is now sub. 12(7): An Act to Amend the Copyright Act, S.C. 1931, c. 8, s. 5. See also the criminal provisions of sub. 26(2) of the present Act.

¹⁰⁹⁹ Unreported, Que. C.A., 30 Jun. 1977. See Colas, *Droit moral de l'artiste sur son œuvre*, 59 CAN. B. REV. 521 (1981) where the author argues that the decision in this case was incorrect, relying heavily on French decisions.

This claim was also dismissed. He could show no pecuniary loss, and nothing would be awarded as "*solatium doloris*". The plaintiffs could not, in the view of the Court, claim damages for defamation when they had themselves given publicity to the alleged wrongs that had been done to them by the defendant.

In *Snow v. Eaton Center*¹¹⁰⁰ the plaintiff had created and sold to the defendant an artistic work consisting of a flock of sculptured geese. This work was installed in the defendant's shopping mall. For the Christmas season the defendant tied red ribbons around the necks of the geese. The plaintiff succeeded in obtaining an interlocutory order that these ribbons be removed, on the ground that the ribbons distorted or modified the work and that the plaintiff had a reasonable concern that this would be prejudicial to his honour or reputation. The learned judge said:

I believe the words "prejudicial to his honour or reputation" in Section 12(7) involve a certain subjective element or judgement on the part of the author so long as it is reasonably arrived at.

The Plaintiff is adamant in his belief that his naturalistic composition has been made to look ridiculous by the addition of ribbons and suggests it is not unlike dangling earrings from the Venus de Milo. While the matter is not undisputed the Plaintiff's opinion is shared by a number of other well respected artists and people knowledgeable in his field.

On this interlocutory application His Lordship brushed aside an argument that subsection 12(7) grants rights no broader than those that can be asserted in an action for libel or slander, nor was he persuaded that the section, though conferring rights in addition to copyright, is unconstitutional.

¹¹⁰⁰ 70 C.P.R. (2d) 105 (Ont. H.C. 1982) (O'Brien J.). Moral rights in Canada are discussed comprehensively in Vaver, *Authors' Moral Rights in Canada*, 14 I.I.C. 329 (1983), and Vaver, *Snow v. The Eaton Centre*, 8 CAN. BUS. L.J. 81 (1983).