

# RECENT DEVELOPMENTS IN CANADIAN LAW: INTELLECTUAL PROPERTY, PART II TRADE MARKS AND UNFAIR COMPETITION

*William L. Hayhurst\**

I	INTRODUCTION .....	583
II.	OPPOSITION PROCEEDINGS .....	583
	A. <i>Parties</i> .....	583
	B. <i>Pleadings</i> .....	586
	C. <i>Material Dates</i> .....	589
	1. <i>Noncompliance with Section 29</i> .....	592
	2. <i>Applicant Not the Person Entitled to Registration</i> .....	593
	3. <i>Mark Unregisterable</i> .....	595
	(a) <i>Confusing with a Registered Trade Mark</i> .....	595
	(b) <i>Adoption Prohibited</i> .....	596
	(c) <i>Nature of the Mark</i> .....	597
	4. <i>Mark Nondistinctive</i> .....	599
	D. <i>Onus</i> .....	600
	1. <i>Noncompliance with Section 29</i> .....	601
	2. <i>Applicant Not the Person Entitled to Registration</i> .....	602
	(a) <i>Prior Filed Application</i> .....	602
	(b) <i>Prior Use of Trade Marks</i> .....	602

---

\* Of the Bar of Ontario, Counsel to Ridout & Maybee, Toronto.

(c) <i>Prior Use of Trade Names</i> .....	604
(d) <i>Prior Making Known of Trade Marks</i> .....	605
3. <i>Mark Unregisterable</i> .....	605
(a) <i>Nature of the Mark</i> .....	605
(b) <i>Confusing with a Registered Trade Mark</i> ..	606
(c) <i>Adoption Prohibited</i> .....	607
4. <i>Mark Nondistinctive</i> .....	607
5. <i>General</i> .....	609
E. <i>Evidence</i> .....	609
F. <i>Appeals</i> .....	612
III. QUESTIONABLE TRADE MARKS .....	614
IV. ISSUES OF REGISTRABILITY .....	618
V. TRADE MARK USE FOR SERVICES .....	622
VI. TRADE MARK USE FOR WARES .....	624
VII. SECTION 44 OF THE TRADE MARKS ACT .....	626
VIII. SECTIONS 9 AND 10 OF THE TRADE MARKS ACT .....	629
IX. CONFUSING MARKS .....	631
X. SECTION 7 OF THE TRADE MARKS ACT .....	637
XI. DISTINCTIVENESS .....	641
A. <i>Trade Mark Licensing</i> .....	641
B. <i>Knowledge in Canada of a Foreign Trade Mark or Trade Name</i> .....	647
1. <i>The Common Law Position</i> .....	647
2. <i>Trade Mark Registration</i> .....	649
C. <i>Law Reform</i> .....	651
XII. TRAFFICKING IN A TRADE MARK .....	653
XIII. RIGHTS ACQUIRED BY REGISTRATION .....	657

XIV. THE GREY MARKET .....	660
XV. RIGHTS OF PUBLICITY AND PRIVACY .....	661
XVI. UNFAIR COMPETITION .....	664

## I. INTRODUCTION

Part I of the present survey<sup>1</sup> reviewed developments in the Canadian law of patents, industrial designs, copyright and confidential information from the end of 1982 to the end of 1986. This Part deals with the case law reported from the end of 1982 to the end of 1987, pertaining to trade marks and unfair competition. During this period there has been no legislative activity on these subjects.

The last survey relating to trade marks<sup>2</sup> began with a review of developments in opposition proceedings in the Trade Marks Office, that most prolific source of reported decisions. This survey will also begin with the topic of opposition proceedings.

## II. OPPOSITION PROCEEDINGS

Since the last survey<sup>3</sup> the members of the Trade Marks Opposition Board have clarified their positions on a number of matters. Their care in doing so has assisted applicants and opponents in preparing their cases. In spite of the fact that one member of the Board decides each case, there has been substantial uniformity in the decisions during this period.

### A. Parties

Subsection 37(1) of the *Trade Marks Act*<sup>4</sup> provides that "any person" may oppose a trade mark application after the application has been advertised. Paragraph 37(2)(c) provides that one of the possible grounds of opposition is that the applicant is not "the person entitled to registration". Section 2 of the Act provides the following definition: " 'person'

---

<sup>1</sup> W.L. Hayhurst, *Recent Developments in Canadian Law: Intellectual Property* (1987) 19 OTTAWA L. REV. 137 [hereinafter *Part I*].

<sup>2</sup> W.L. Hayhurst, *Industrial Property: Part II* (1983) 15 OTTAWA L. REV. 311.

<sup>3</sup> *Ibid.*

<sup>4</sup> R.S.C. 1970, c. T-10 [hereinafter, unless otherwise indicated, all statutory references are to the *Trade Marks Act*].

includes any lawful trade union and any lawful association engaged in trade or business or the promotion thereof, and the administrative authority of any country, state, province, municipality or other organized administrative area".

In *Compagnie des Montres Longines Francillon S.A. v. Pinto Trading Co.*<sup>5</sup> the trade mark application in question had been filed in the name of Pinto Trading Co. It emerged that Pinto Trading Co. was the trading name of an individual, Nessim Pinto. Considering that a legal action would be a nullity if commenced solely in an individual's firm name or trading style (and of course an ultimate objective in obtaining a trade mark registration is to be in a position to sue infringers), the Board concluded that the named applicant was not a person. Although the opponent had not specifically raised the objection that the applicant was not a person,<sup>6</sup> the Board refused the application.

The question arises whether the application could have been amended to identify the applicant as Nessim Pinto, or Nessim Pinto doing business as Pinto Trading Co. It is submitted that it could have been. Subsection 36(a) of the Trade Marks Regulations<sup>7</sup> provides that an application may not be amended at any time "to change the identity of the applicant, except after recognition of a transfer by the Registrar". The suggested amendment would not change anyone's identity, because a trading name is merely an alias, in this case an alias of a real person and the real applicant. The Board would have done well to advise Mr. Pinto that his application would be refused unless he amended it to identify himself as the applicant.

In the *Pinto* case the Board said that the definition of "person" in the Act has been interpreted as including "sole proprietorships, partnerships, corporations, lawful associations and joint ventures".<sup>8</sup> In *Harvard Club of Montreal v. Vetements Howick Apparel Ltd.*<sup>9</sup> the applicant contended that the opponent was merely a social club and not a "person", but neither party filed evidence. Chairman Partington referred to the statutory definition of "person" quoted above and said that:

a person can include a lawful association engaged in trade or business or the promotion thereof. Additionally, the word "business" does possess a broad definition<sup>10</sup> and would encompass any "purposeful activity" which might well, in my opinion, be charitable or educational in purpose. I am

<sup>5</sup> (1983), 75 C.P.R. (2d) 283 (T.M. Opp. Bd.).

<sup>6</sup> *Ibid.* at 284. The statement of opposition alleged that the application did not comply with s. 29(i) of the Act in view of the fact that the applicant was aware of the opponent's trade mark LONGINES and thus could not be satisfied that it was the person entitled to use the trade mark NEUGINE in Canada in association with watches.

<sup>7</sup> C.R.C., c. 1559.

<sup>8</sup> *Supra*, note 5 at 286.

<sup>9</sup> (1986), 8 C.P.R. (3d) 493 at 495 (T.M. Opp. Bd.).

<sup>10</sup> Presumably he means a broad dictionary definition, but he does not quote one.

of the view that the opponent in its correspondence of October 24, 1983,<sup>11</sup> has established to my satisfaction that it has qualified itself as being a "person". . . .<sup>12</sup>

In *Garant v. Abba Fashions Ltd.*<sup>13</sup> the opponent was an individual, Beverley J. Garant. One of her grounds of opposition was that the applicant was not the person entitled to register the mark in question because the mark was confusing with certain trade marks and trade names that had earlier been used by the opponent. Chairman Partington concluded from the evidence that it was not the opponent alone, but the opponent in partnership with her husband, who had used the marks and names upon which the opponent relied. Under subsection 17(1) of the Act a trade mark application cannot be refused because of earlier use of a confusing trade mark or trade name except at the instance of the person who is the prior user, or that person's successor in title. Ms. Garant had not opposed on behalf of the partnership nor as its successor, and she was held not to be a person entitled to rely upon the alleged prior uses. Ms. Garant argued that a partnership is not a person nor a legal entity, but the Chairman held that a partnership is a "lawful association engaged in trade or business" within the statutory definition of "person", and he stated:

In this regard, the term "association" does not have, in law, a fixed meaning such as is accorded to "partnership" which is an alliance or association of two or more persons who have joined together to carry on, as co-owners, a business for profit. Rather, the word "association" is used to indicate a collection of persons who have united or joined together for some special purposes or business and who are called for convenience by a common name.<sup>14</sup>

Subsection 16(1) came into play in *McDonald's Corp. v. Mic's Restaurants Inc.*<sup>15</sup> One of the opponents was McDonald's Restaurants of Canada Limited. It was a registered user of certain trade marks, and alleged that it had used those marks before the applicant's date of first use and before the applicant's filing date. But the Board held that because, under subsection 49(3) of the Act, use by a registered user has the same effect for all purposes of the Act as a use by the registered owner, it was only the latter who could rely upon the earlier use.<sup>16</sup>

---

<sup>11</sup> The correspondence is not reproduced in the decision, but must have occurred between July 4, 1983, the date of filing of the statement of opposition, and November 30, 1983, the date that the Registrar forwarded the statement of opposition to the applicant.

<sup>12</sup> *Supra*, note 9 at 496.

<sup>13</sup> (1984), 1 C.P.R. (3d) 550 at 552-53 (T.M. Opp. Bd.).

<sup>14</sup> *Ibid.* at 553.

<sup>15</sup> (1985), 3 C.P.R. (3d) 156 at 164 (T.M. Opp. Bd.).

<sup>16</sup> This conclusion is contrary to that in *Firestone Tire & Rubber Co. v. B.F. Goodrich Canada Ltd.* (1980), 62 C.P.R. (2d) 184 (T.M. Opp. Bd.), criticized in the last survey, *supra*, note 2 at 335.

### B. Pleadings

The Opposition Board takes the position that the statement of opposition filed by an opponent to an application, and the counterstatement filed by the applicant in response, need not set forth facts in the manner of pleadings in ordinary litigation.<sup>17</sup> The statute requires that the statement of opposition set out the grounds of opposition in sufficient detail to enable the applicant to reply thereto.<sup>18</sup> In *John Labatt Ltd. v. Molson Cos.*<sup>19</sup> the Hearing Officer noted that it may be sufficient merely to set forth a conclusion of law, for example, that the applicant's mark is confusing with a clearly identified previously registered mark. But he pointed out that a statement of opposition would be insufficient if it simply alleged noncompliance with section 29 (the section which sets out the information and allegations that a trade mark application must contain) of the Act.<sup>20</sup> An allegation of noncompliance with a particular paragraph of section 29 may be sufficient if appropriately worded, for example, an allegation that the applicant has not used a mark that he claims to have used.

It is not sufficient for an opponent merely to allege nondistinctiveness of the applicant's mark.<sup>21</sup> Grounds for the alleged nondistinctiveness must be included. If a statement of opposition recites certain facts in support of a ground of opposition, the opponent will not be entitled to rely on other facts.<sup>22</sup>

What is essential is that the parties be adequately informed of the matters to which they must address their evidence and arguments. It would not be proper for the Board to act upon an argument which a party was entitled to assume would not be raised, and which he might have been able to counter.<sup>23</sup>

In *Imperial Devs. Ltd. v. Imperial Oil Ltd.*<sup>24</sup> the Board had considered and rejected the grounds of opposition set out in the statement

<sup>17</sup> The Federal Court has not had occasion to consider this recently, but, as noted in an earlier survey, it has regarded a statement of opposition as a pleading which should set out the material facts: W.L. Hayhurst, *Industrial Property* (1979) 11 OTTAWA L. REV. 391 at 461 [hereinafter referred to as the 1979 survey].

<sup>18</sup> *Trade Marks Act*, R.S.C. 1970, c. T-10, s. 37(3).

<sup>19</sup> (1983), 2 C.P.R. (3d) 150 (T.M. Opp. Bd.). *But see Institut National des Vins v. Vins Corelli Inc.* (1985), 7 C.P.R. (3d) 121 at 124 (T.M. Opp. Bd.); *Molson Cos. v. Österreichische Brau AG* (1983), 82 C.P.R. (2d) 43 at 45 (T.M. Opp. Bd.).

<sup>20</sup> *Molson Cos. v. Richmond Breweries Ltd.* (1985), 4 C.P.R. (3d) 234 at 237-38, 5 C.I.P.R. 79 at 83 (T.M. Opp. Bd.).

<sup>21</sup> *Standard Knickerbocker Ltd. v. Majdell Mfg. Co.* (1985), 5 C.P.R. (3d) 185 at 189 (T.M. Opp. Bd.).

<sup>22</sup> *Massimo de Berardinis v. Decaria Hair Studio Ltd.* (1984), 2 C.P.R. (3d) 319 at 325 (T.M. Opp. Bd.); *Carling O'Keefe Breweries of Canada Ltd. v. Anheuser-Busch Inc.* (1985), 4 C.P.R. (3d) 216 at 223 (T.M. Opp. Bd.).

<sup>23</sup> *Carling Breweries Ltd. v. Molson Cos.* (1984), [1984] 2 F.C. 920 at 924, 1 C.P.R. (3d) 191 at 193-94 (T.D.).

<sup>24</sup> (1984), 79 C.P.R. (2d) 12 (F.C.T.D.), *rev'g* (1982), 71 C.P.R. (2d) 107 (T.M. Opp. Bd.).

of opposition, but went on to note that evidence filed by the applicant indicated that its mark was not distinctive because it had been licensed to others who were not registered as users. With some hesitation, Muldoon J. held that the Board had exceeded its power in dealing with a matter not raised in the statement of opposition, but he went on to reject the argument that the licensing was fatal to the application.<sup>25</sup> Since this decision the Board has been chary of picking up new grounds of rejection out of the applicant's own evidence, in the absence of an amendment to the statement of opposition.<sup>26</sup>

The Board has stated its position about granting leave to amend. It will do so

where it is satisfied that it is in the interests of justice to do so having regard to all the surrounding circumstances including (i) the stage the opposition proceeding has reached, (ii) whether the request for leave to amend could have been made at an earlier stage, (iii) the importance of the proposed amendment to the opponent and (iv) the extent to which the applicant would be prejudiced if leave was granted.<sup>27</sup>

In the interests of justice, it would seem only fair that those who search the register should not be confronted with registrations that should never have been granted. Nor should sharp practice by an applicant be condoned.<sup>28</sup>

Occasionally, the Board has slipped into undue technicality. In *Sanna, Inc. v. Chocosuisse Union des Fabricants*<sup>29</sup> one of the applications was for registration of the certification mark SWITZERLAND for chocolate. Section 25 of the *Trade Marks Act* provides that certain certification marks "descriptive of the place of origin of wares or services, and not confusing with any registered trade mark" are registrable. A ground of opposition was that the mark was "not registrable having regard to the provisions of s. 12(1)(d) of the *Trade Marks Act*",<sup>30</sup> which precludes

<sup>25</sup> See *infra*, text accompanying notes 326-329

<sup>26</sup> See, e.g., *Buns Master Bakeries Inc. v. 451011 Ontario Inc.* (1984), 2 C.P.R. (3d) 449 at 459 (T.M. Opp. Bd.); *Bell Canada v. Classified Directory Publishers Inc.* (1986), 8 C.P.R. (3d) 372 at 377 (T.M. Opp. Bd.).

<sup>27</sup> *Alcantara S.p.A. v. Carsilco Int'l, Ltd.* (1986), 12 C.P.R. (3d) 19 at 31, 10 C.I.P.R. 27 at 41 (T.M. Opp. Bd.). A case where leave to amend was refused is *Canadian Olympic Ass'n v. Gym & Tonic Ltd.* (1986), 8 C.P.R. (3d) 353 (T.M. Opp. Bd.). A similar test is used to determine whether leave will be granted to file additional evidence. See *Trade Marks Office Practice Notice* (16 December 1987) 34:1729 T.M.J. at 62-64, setting out general guidelines on procedure before the Board. See also *437832 Ontario Ltd. v. John Labatt Ltd.* (1987), 16 C.P.R. (3d) 345 (T.M. Opp. Bd.).

<sup>28</sup> *Lin Trading Co. v. CBM Kabushiki Kaisha* (1987), 14 C.P.R. (3d) 32 at 36-37, 10 C.I.P.R. 260 at 265-66 (F.C.T.D.). As to the purity of the register, see the last survey, *supra*, note 2 at 315-16. The Australian Office is more robust than the Canadian in its role as guardian of the public interest: *Prosimmon Golf (Aust.) Pty. Ltd. v. Dunlop Australia Ltd.* (1987) A.I.P.C. ¶90-386 at 37, 462.

<sup>29</sup> (1987), 14 C.P.R. (3d) 159 (T.M. Opp. Bd.).

<sup>30</sup> *Ibid.* at 141.

registration of a mark that is "confusing with a registered trade mark". Some allegedly confusing registered marks were identified in a schedule to the statement of opposition. The applicant's counterstatement alleged that the statement of opposition raised no issue under paragraph 12(1)(d) because the opponent was relying on section 25. The Hearing Officer agreed!<sup>31</sup>

On an appeal from a decision of the Opposition Board, the Federal Court may allow a new ground of opposition to be raised if the applicant will not be prejudiced.<sup>32</sup>

A few recent cases are of interest. In *Alcantara S.p.A. v. Carsilco Int'l, Ltd.*<sup>33</sup> the opponent had pleaded that the applicant had not used the mark at the date claimed in the application. The Hearing Officer held that he could not consider an argument that the applicant had abandoned the mark after that date. Clearly this was correct because the applicant had no reason to adduce evidence on such an issue. In the same case, the opponent alleged in its statement of opposition that the applicant was not the person entitled to registration because of certain prior use by the opponent. In its evidence the opponent filed evidence of use by its predecessor in title, and of an assignment from the predecessor to the opponent. This gave the applicant adequate notice of the case it had to meet, and the applicant's objection that the opponent had pleaded only its own prior use was said to be overly technical.<sup>34</sup>

Section 9 of the *Trade Marks Act* gives special treatment to public authorities, treatment which many consider to be unduly generous. Sub-paragraph 9(1)(n)(iii) prohibits the adoption, in connection with a business, as a trade mark or otherwise, of "any mark consisting of, or so nearly resembling as to be likely to be mistaken for, any badge, crest, emblem or mark 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 *Canadian Olympic Ass'n v. Allied Corp.*,<sup>35</sup> Cullen J. has stated that it is irrelevant how the wares or services are used, and by this he seems to have meant that it is irrelevant how the mark is used, by the public authority. In *Canadian Olympic Ass'n v.*

---

<sup>31</sup> *Ibid.* at 143.

<sup>32</sup> *Chem-Lawn Corp. v. MacLawn Spray Ltd.* (1984), 80 C.P.R. (2d) 280 (F.C.T.D.); *Leaf Confections Ltd. v. Maple Leaf Gardens Ltd.* (1986), 7 F.T.R. 72 at 79, 12 C.P.R. (3d) 511 at 522 (T.D.).

<sup>33</sup> *Supra*, note 27 at 22-23.

<sup>34</sup> *Ibid.* at 29. *Compare Zellers Inc. v. Marshall Field & Co.* (1986), 12 C.P.R. (3d) 451 (T.M. Opp. Bd.), where the opponent had not, in its statement of opposition, referred to use by a predecessor, and failed to meet the applicant's objection to evidence which referred to use by another who was not clearly the opponent's predecessor. *See also Schwalb v. Godbout* (1987), 15 C.P.R. (3d) 532 (T.M. Opp. Bd.), where it seems that a good case of prior use, and perhaps of non-distinctiveness, failed for want of good pleading and well drafted evidence.

<sup>35</sup> (1987), 16 C.P.R. (3d) 80 at 86 (F.C.T.D.).

*Holmont Indus.*<sup>36</sup> the Hearing Officer held that in an opposition by a public authority the only issue is whether the applicant's mark is likely to be mistaken for the opponent's; the nature of the wares and other considerations that would arise under section 6 of the Act, in determining whether marks are confusing, are irrelevant. Therefore, a public authority which raises an objection under section 9 would not have to refer in its statement of opposition to use of its mark on any particular wares or services. It would be otherwise if the authority were to raise an objection based on lack of distinctiveness of the applicant's mark.<sup>37</sup>

### C. Material Dates

In settling its views on the dates as of which various issues are to be decided in opposition proceedings, the Board has been guided by what judges of the Federal Court have said in the comparatively few cases in which those judges have spoken about material dates. No judge has had occasion to make a systematic analysis of the subject, nor is such an occasion likely to arise. Such an analysis was undertaken in the last survey.<sup>38</sup> A summary of the current situation is in order, but not all of the points sought to be made in the previous survey will be repeated.

Several dates are specified in the statute, whereas the dates for deciding other issues must be inferred. As will be noted below, in some cases the date of filing of the application for registration has been inferred to be the material date, and in others the date of filing of a statement of opposition to the application. For example, in *E. & J. Gallo Winery v. Andres Wines Ltd.*,<sup>39</sup> Thurlow J., in the Federal Court, Appeal Division, indicated in *obiter* that he would judge the distinctiveness of the applicant's mark as of the date of filing of the opposition. This might suggest that, in the absence of statutory direction, opposition proceedings should be decided on the basis of the state of affairs at the date that the contentious proceedings were

---

<sup>36</sup> (1986), 13 C.P.R. (3d) 308 (T.M. Opp. Bd.).

<sup>37</sup> *Canadian Olympic Ass'n v. Mufty Bears Ltd.* (1986), 9 C.P.R. (3d) 65 at 71 (T.M. Opp. Bd.) In *Government of Spain v. T.G. Bright & Co.* (1987), 16 C.P.R. (3d) 308 (T.M. Opp. Bd.), the opponent pleaded that the applicant's mark BRIGHTS SPANISH HOUSE was not registrable for wines in view of *Trade Marks Act*, ss. 10 and 12(1)(e), because by ordinary and *bona fide* commercial usage numerous trade marks relating to Spanish-produced wines had become recognized in Canada as designating the kind, quality, destination, value or place of origin of wines. The Board Chairman observed that those trade marks should have been identified though, in any event, the evidence failed to show that they existed.

<sup>38</sup> *Supra*, note 2 at 318-30. See also K. Sim, *The Relevant Date for Determining the Issue of Confusion in Trade Mark Oppositions* (1987) 4 CAN. INTELL. PROP. REV. 85.

<sup>39</sup> (1975), [1976] 2 F.C. 2 at 7, 25 C.P.R. (2d) 126 at 130 (A.D.).

begun.<sup>40</sup> This is a good general rule in ordinary litigation where a plaintiff is suing for violation of his pre-existing rights. But proceedings in the Trade Marks Office are different. A registration confers rights that an applicant did not have when he applied for registration or when his application was opposed. There is a public interest in ensuring that he obtains no more than he is entitled to at the date the registration is granted. In some instances (as where he claims that an inherently unregistrable mark has acquired distinctiveness under subsection 12(2) of the Act) he must by statute establish his entitlement as of a still earlier date, but where the statute is silent it is submitted that the inference to be drawn is that the Opposition Board should, when it decides the case, consider the current situation as revealed by the evidence that has been adduced.

Evidence as to the state of affairs after a material date may be persuasive as to what the position was at the material date. As stated by Laskin J., speaking for the Supreme Court of Canada in expungement proceedings, in a case where, by paragraph 16(3)(a) of the *Trade Marks Act*, the material date was the date that the registrant's application was filed, "[a]lthough evidence of actual confusion may not be necessary on an issue of mere likelihood of confusion, it would none the less be admissible respecting use of the competing trade marks after the relevant date".<sup>41</sup>

This is perfectly consistent with subsection 6(5) of the *Trade Marks Act* which provides that all the surrounding circumstances are to be considered in determining whether marks are confusing.

The Board recognizes that the situation at an earlier date may be inferred from what it was at a later date, and has considered evidence (including survey evidence<sup>42</sup>) of the latter situation on such matters as marketplace practices and conditions,<sup>43</sup> common practice in the trade,<sup>44</sup>

<sup>40</sup> *Trade Marks Act*, R.S.C. 1970, c. T-10, s. 37(2), which sets out the grounds of possible opposition, is worded in the present tense.

<sup>41</sup> *La Maur Inc. v. Prodon Indus. Ltd.* (1971), [1971] S.C.R. 973 at 976, 2 C.P.R. (2d) 114 at 116. See also *Oshawa Group Ltd. v. Creative Resources Co.* (1982), [1983] 46 N.R. 426 at 433, 61 C.P.R. (2d) 29 at 35 (F.C.A.D.); *Application by Smith Hayden & Coy., Ltd.* (1945), 63 R.P.C. 97 at 98 (Eng. H.C.). It is therefore wrong to suggest that the "clock stops" at any particular date on an issue of likelihood of confusion: but see *Polysar Ltd. v. Gesco Distrib. Ltd.* (1985), 6 C.P.R. (3d) 289 at 294 (F.C.T.D.).

<sup>42</sup> *Imperial Tobacco Ltd. v. Miller Brewing Co.* (1985), 5 C.P.R. (3d) 10 at 20 (T.M. Opp. Bd.); *McDonald's Corp. v. Peter MacGregor Ltd.* (1987), 15 C.P.R. (3d) 433 at 438-39 (T.M. Opp. Bd.).

<sup>43</sup> *Phillipe of California Inc. v. Dylex Ltd.* (1985), 6 C.P.R. (3d) 133 at 135 (T.M. Opp. Bd.); *S.C. Johnson & Son Inc. v. Max Factor* (1985), 7 C.P.R. (3d) 533 at 538-39 (T.M. Opp. Bd.).

<sup>44</sup> *Lubec Inc. v. T.G. Bright & Co.* (1985), 6 C.P.R. (3d) 368 at 376 (T.M. Opp. Bd.); *Royal Bank of Canada v. Canadian Co-op Agricultural Fin. Serv.* (1983), 76 C.P.R. (2d) 249 at 257 (T.M. Opp. Bd.); *Institut National des Appellations D'Origine des Vins v. Vins Corelli Inc.* (1985), 7 C.P.R. (3d) 121 at 135 (T.M. Opp. Bd.); *Rent-a-Wreck Sys. Ltd. v. Bundy Am. Corp.* (1984), 3 C.P.R. (3d) 533 at 536 (T.M. Opp. Bd.).

the nature, and channels of trade,<sup>45</sup> as well as evidence showing actual confusion.<sup>46</sup> The Board has also considered evidence pertaining to pronunciation,<sup>47</sup> as well as evidence to indicate the probable users of the applicant's marks.<sup>48</sup>

Parties to an opposition may have considerable difficulty in collecting evidence as to the state of affairs at an earlier time. Survey evidence, for example, must generally relate to the time when the evidence is collected if it is to be given much credit. Of course, the Board should discount the value of evidence that may have been recently generated for the purpose of influencing the outcome of the case, or that works unfairly against an applicant who has not been dilatory in advancing the proceedings nor been otherwise blameworthy.<sup>49</sup> Therefore, no matter what the material date, it can be important to fit one's evidence into a time frame that is comprehensible to the Board.

It is the practice of the Board to reject as irrelevant evidence that cannot be related to what it considers to be the material date.<sup>50</sup> The choice of material date may therefore be critical.

With these preliminary remarks, I shall summarize below the dates that the Board seems at present to regard as material. Because these dates are the ones consistently used by the Board, no change of practice is to be expected unless the Federal Court may be persuaded that a change is required.

---

<sup>45</sup> *Consolidated Foods Corp. v. Moda Reia Ltd.* (1985), 2 C.P.R. (3d) 415 at 418 (T.M. Opp. Bd.); *Polar Music Int'l AB v. Greco-Donair Franchise Ltd.* (1983), 80 C.P.R. (2d) 146 at 149, 1 C.I.P.R. 133 at 136 (T.M. Opp. Bd.).

<sup>46</sup> *Speedo Knitting Mills Pty. Ltd. v. Beaver Knitwear (1975) Ltd.* (1985), 4 C.P.R. (3d) 176 at 185, 4 C.I.P.R. 255 at 265 (T.M. Opp. Bd.).

<sup>47</sup> *Etablissements Leon Duhamel v. Creations K.T.M. Inc.* (1986), 11 C.P.R. (3d) 33 at 37 (T.M. Opp. Bd.).

<sup>48</sup> *John Labatt Ltd. v. Molson Cos.* (1983), 2 C.P.R. (3d) 150 at 158, 2 C.I.P.R. 215 at 224 (T.M. Opp. Bd.); *Moosehead Breweries Ltd. v. Molson Cos.* (1984), 1 C.P.R. (3d) 342 at 346 (T.M. Opp. Bd.).

<sup>49</sup> See *supra*, note 2 at 328-29; *Molnlycke Aktiebolag v. Kimberly- Clark of Canada Ltd.* (1982), 61 C.P.R. (2d) 42 at 52-53 (F.C.T.D.) [hereinafter *Molnlycke*]; *Polysar, supra*, note 41 at 291. In *Englishtown Sportswear Ltd. v. Jack Spratt Mfg.* (1985), 6 C.P.R. (3d) 451 at 459 (T.M. Opp. Bd.), the Chairman of the Board rightly observed that less weight should be given to evidence of the opponent relating to the issue of distinctiveness arising during the time that the opponent delayed filing its statement of opposition. But see *Campbell Soup Co. v. Spectrum Foods Inc.* (1987), 15 C.P.R. (3d) 362 at 364 (T.M. Opp. Bd.). Similarly, an applicant who has been dilatory should not be able to shrug off recent third party uses. But see *Re Randall and Hustedt*, 226 U.S.P.Q. 1031 (T.T.A.B., 1985).

<sup>50</sup> See, e.g., *Bombardier Ltd. v. C.C.M. Inc.* (1982), 73 C.P.R. (2d) 185 at 190-92 (T.M. Opp. Bd.); *Molson Cos. v. Old Fort Brewing Co. (No. 2)* (1983), 80 C.P.R. (2d) 110 at 112 (T.M. Opp. Bd.); *Molson Cos. v. Richmond Breweries Ltd.* (1983), 80 C.P.R. (2d) 248 at 250 (T.M. Opp. Bd.); *Thomson Research Assocs. v. Daisyfresh Creations Inc.* (1983), 81 C.P.R. (2d) 27 at 31 (T.M. Opp. Bd.).

### 1. Noncompliance with Section 29

Section 29 of the *Trade Marks Act* deals with the contents of a trade mark application. Liberal provisions are made in the Trade Marks Regulations for amending an application.<sup>51</sup> The Board may refuse registration for some wares or services and allow registration for others,<sup>52</sup> and other amendments may be possible after a decision of the Board, for example, to change the identity of the applicant pursuant to a transfer, or to give particulars of a foreign registration under paragraph 29(d). Not everything required by section 29 is fixed as to time.<sup>53</sup>

An interesting question under section 29 arose in *Hermes S.A. v. Celine S.A.*<sup>54</sup> Under paragraph 29(d) of the Act the applicant in 1975 sought registration in Canada based on use and registration of a mark in France. The opponent belatedly sought leave to prove that the French registration had in 1982 been annulled by the Cour d'Appel de Paris. As it transpired, leave was refused on the ground of delay, but the Hearing Officer doubted whether the annulment of the French registration after the date of the Canadian application would have any effect under paragraph 29(d). That may be so, but if the Canadian application were opposed under subsection 16(2) the issue would be whether the mark had been "duly registered" in France. If the Cour d'Appel had found that there was a fundamental initial flaw in the French registration it seems that the Canadian application would have been refused.<sup>55</sup>

The Federal Court has declined to give the benefit of section 14 of the Act, which refers to a mark "duly registered" by the applicant

<sup>51</sup> Sections 35-37 of the Regulations, C.R.C., c. 1559; *Hardee's Food Sys. Inc. v. Registrar of Trade Marks* (1983), [1983] 1 F.C. 591, 70 C.P.R. (2d) 108 (T.D.). The Trade Marks Office will not allow an applicant to change the basis of its application, after advertisement of the application, from reliance upon proposed use to reliance upon registration and use abroad: "Practice Notice" (1985) 32:1575 T.M.J. 72.

<sup>52</sup> See *supra*, note 2 at 318; *Produits Menagers Coronet Inc. v. Coronet-Werke Heinrich Schlerf GmbH* (1986), 5 F.T.R. 184 at 192, 10 C.P.R. (3d) 482 at 490 (T.D.).

<sup>53</sup> *Eaton Williams (Millbank) Ltd. v. Nortec Air Conditioning Ltd.* (1982), 73 C.P.R. (2d) 70 at 77 (T.M. Opp. Bd.).

<sup>54</sup> (1985), 4 C.P.R. (3d) 258 at 267 (T.M. Opp. Bd.). The reference in the report to s. 29(e) is clearly incorrect.

<sup>55</sup> Compare *Fioravanti v. Fioravanti Corrado S.R.L.*, 230 U.S.P.Q. 36 (T.T.A.B., 1986); 1 U.S.P.Q. (2d) 1304 (T.T.A.B., 1986). Canada has adhered to the London text of the Paris Convention, which provides in Article 6D:

When a trade mark shall have been duly registered in the country of origin, then in one or more of the other countries of the Union, each one of these national marks shall be considered, from the date on which it shall have been registered, as independent of the mark in the country of origin, provided it conforms to the international law of the country of importation.

*Union Convention of Paris of March 20, 1883, for the Protection of Industrial Property* (Revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague, November 6, 1925; London, June 2, 1934; Lisbon, October 31, 1958; Stockholm, July 14, 1967), 192 U.N.T.S. 17, Can. T.S. 195, No. 10.

in his country of origin, where the registration in the country of origin was cancelled on the ground that the mark is a generic name incapable of registration.<sup>56</sup>

Where a trade mark application is based on proposed use of a mark there can be no doubt that the applicant must, at the date of filing of the application, intend to use the mark in Canada either himself or by a proposed user identified in an accompanying registered user application.<sup>57</sup> In *Kraft Ltd. v. Evergreen Cheese Ltd.*<sup>58</sup> the applicant based its application on proposed use by itself, but later licensed another to use the mark for a period of two years. The Hearing Officer held that this apparent change of intent, after the filing date of the application, did not cause the application to fail to comply with section 29. Nor did it matter that the mark as used was not exactly the same as the word mark shown in the application.

Where an opponent alleges that an applicant could not be satisfied that he is entitled to use the mark in Canada, an assertion that the applicant must make under paragraph 29(i), the applicant's mere knowledge of a foreign use or registration should not be fatal.<sup>59</sup> An objection under paragraph 29(i) is likely to succeed only where, at the date of his application, the applicant is aware that someone else has fulfilled the requirements of section 16,<sup>60</sup> discussed below.

## 2. *Applicant Not the Person Entitled to Registration*

Under sections 16 and 29 of the *Trade Marks Act* an applicant for registration of a mark may assert priority as of the earliest of the following dates:

- (i) the date of filing the application to register the mark;<sup>61</sup>

---

<sup>56</sup> *W.R. Grace & Co. v. Union Carbide Corp.* (1987), 14 C.P.R. (3d) 337 (F.C.A.D.). The Registrar of Trade Marks has ruled that the benefit of section 14 may not be claimed where the registration in the country of origin is not in good standing on the date the benefit is claimed in Canada. See *Miller Brewing Co. v. Registrar of Trade Marks* (1984), 1 C.P.R. (3d) 93 at 96 (F.C.T.D.).

<sup>57</sup> Ss. 29(e), 49(5) and Trade Marks Regulations, C.R.C., c. 1559, s. 15, form 4; *Hunter Douglas Canada Ltd. v. Flexillume Inc.* (1983), 78 C.P.R. (2d) 212 at 220-22 (T.M. Opp. Bd.); *Helene Curtis Ltd. v. Jeffrey Martin Canada Inc.* (1985), 5 C.P.R. (3d) 329 at 332 (T.M. Opp. Bd.).

<sup>58</sup> (1983), 76 C.P.R. (2d) 114 at 118-19 (T.M. Opp. Bd.).

<sup>59</sup> *Tune Masters v. Mr. P's Mastertune Ignition Servs. Ltd.* (1986), 10 C.P.R. (3d) 84 at 90-92 (T.M. Opp. Bd.).

<sup>60</sup> *Ibid.; Canadian Olympic Ass'n v. Gym & Tonic Ltd.*, *supra*, note 27 at 357. If relying upon s. 29(i), the opponent might not be confined by s. 17 to reliance upon his own use or making known.

<sup>61</sup> This may be a foreign filing date under s. 33 of the Act. See *Produits Menagers Culinaire (Baie d'Urfe) Inc. v. Imperial Arts Corp.* (1986), 12 C.P.R. (3d) 113 at 114, 12 C.I.P.R. 136 at 138 (T.M. Opp. Bd.).

- (ii) the date of first use of the mark in Canada;<sup>62</sup> and
- (iii) the date of making the mark well known in Canada.<sup>63</sup>

The applicant may be denied the right to register if, at the priority date asserted, the mark was confusing with another's trade name then in use in Canada, or with another's trade mark that was either applied for, or used in Canada, or made known in Canada, before the applicant's priority date. Whether the applicant's mark is confusing with the other's name or mark must, by section 16, be decided as of the applicant's priority date.<sup>64</sup> But as already noted,<sup>65</sup> subsequent evidence may be of assistance in determining whether marks are confusing, and this is submitted to be the effect of the Federal Court of Appeal's decision in *Oshawa Group Ltd. v. Creative Resources Co.*<sup>66</sup>

The Board has allowed an applicant to prove and rely upon an earlier date of first use than the one given in the trade mark application.<sup>67</sup> It has done so having regard to a decision of Thurlow A.C.J. in *Biba Boutique Ltd. v. Dalmys (Canada) Ltd.*<sup>68</sup> His Lordship declined to expunge a trade mark registration where the owner of the registration established a date of first use earlier than that of the party seeking to expunge the registration, though the latter established a date of first use earlier than that set forth in the registration itself. However, His Lordship noted that the failure of an applicant for registration to comply with section 29 by stating inaccurately his date of first use may afford a ground of opposition if raised prior to registration, whereas he did not regard such failure as a ground for expungement in the absence of fraud.<sup>69</sup>

---

<sup>62</sup> See s. 4 of the Act.

<sup>63</sup> See s. 5 of the Act.

<sup>64</sup> As to s. 16(1), see *Ferrero S.p.A. v. Les Produits Freddy Inc.* (1986), 10 C.P.R. (3d) 242 at 244, 9 C.I.P.R. 255 at 256 (T.M. Opp. Bd.); *Asbjorn Horgard A/S v. Gibbs/Nortac Indus. Ltd.* (1987), 14 C.P.R. (3d) 314 (F.C.A.D.) [hereinafter *Asbjorn Horgard*]. As to s. 16(2), see *S.C. Johnson & Son Inc. v. Max Factor, supra*, note 43. As to s. 16(3), see *Exxon Corp. v. Nilodor Co.* (1985), 6 C.P.R. (3d) 439 at 444 (T.M. Opp. Bd.); *Murjani Int'l Ltd. v. Universal Impex Co.* (1986), 12 C.P.R. (3d) 481 (F.C.T.D.).

<sup>65</sup> *Supra*, notes 41 through 48.

<sup>66</sup> *Supra*, note 41. See also *supra*, note 2 at 320-21 and 324; *465776 Ontario Inc. v. Lipton's Fashion Wear Ltd.* (1984), 2 C.P.R. (3d) 395 at 398-401 (T.M. Opp. Bd.); *Adams et Cie v. Ortho Pharmaceutical Corp.* (1983), 80 C.P.R. (2d) 265 at 268-70 (T.M. Opp. Bd.); *Asbjorn Horgard, supra*, note 64.

<sup>67</sup> *Allan Candy Co. v. Hostess Food Prods. Ltd.* (1986), 9 C.P.R. (3d) 461 at 463 (T.M. Opp. Bd.); *DeCaria Hair Studio Ltd. v. Massimo De Berardinis* (1984), 2 C.P.R. (3d) 309 at 312, 4 C.I.P.R. 223 at 227 (T.M. Opp. Bd.).

<sup>68</sup> (1976), 25 C.P.R.(2d) 278 (F.C.T.D.).

<sup>69</sup> *Ibid.* at 283.

Under subsection 17(1) of the Act, the use of an allegedly confusing mark or name must not have been abandoned by the opponent at the date of advertisement of the application being opposed. And under subsection 16(4) a previously filed application for registration of a confusing mark is ineffectual if not still pending at the date of advertisement of the application being opposed.<sup>70</sup> In *GWG Ltd. v. Jack Spratt Mfg. Inc.*,<sup>71</sup> the applicant Spratt had applied to register its mark on the basis of proposed use. The opponent, GWG, cited its earlier filed applications for allegedly confusing marks, and those earlier applications were pending at the date of advertisement of the application being opposed. But GWG subsequently abandoned its applications. The Hearing Officer concluded that the marks of the parties were confusing and that she was bound to refuse Spratt's application.<sup>72</sup> With respect, such closing of one's eyes to subsequent events is too rigid an adherence to the concept of material dates.

### 3. *Mark Unregisterable*

Under sections 12, 13 and 14 of the Act, the registrability of a mark may be judged as of different dates depending upon the issue that is raised.

#### (a) *Confusing with a Registered Trade Mark*

By paragraphs 12(1)(d) and 14(1)(a) a mark is unregistrable if it is confusing with a registered trade mark. The Board has concluded that it may take cognizance of only those marks that were registered at the date the opponent filed its statement of oppositions.<sup>73</sup> The Board appears to consider itself bound by the decision of Cattanach J. in the *Molnlycke* case,<sup>74</sup> a decision that was criticized in the last survey.<sup>75</sup>

---

<sup>70</sup> See *Defensor v. Honeywell Ltd.* (1985), 7 C.P.R. (3d) 460 at 464, 7 C.I.P.R. 104 at 106 (T.M. Opp. Bd.), in which the previously filed application had issued.

<sup>71</sup> (1982), 72 C.P.R. (2d) 93 (T.M. Opp. Bd.). See also *Demerino v. The Liv Group Inc.* (1984), 4 C.P.R. (3d) 400 at 401 (T.M. Opp. Bd.).

<sup>72</sup> The Hearing Officer took the material date to be the date of filing of the opposition, whereas the correct date was the date of filing of the application. See also *Gaytown Sportswear Ltd. v. 465776 Ontario Inc.* (1987), 14 C.P.R. (3d) 574 (T.M. Opp. Bd.).

<sup>73</sup> Where a statement of opposition has subsequently been amended, the Board has usually had regard to the date when a ground of opposition was first pleaded. See *Etablissements Leon Duhamel v. Creations K.T.M. Inc.*, *supra*, note 47 at 35. But see *Consolidated Foods Corp. v. Caprice Hosiery Canada Ltd.* (1983), 80 C.P.R. (2d) 242 at 247 (T.M. Opp. Bd.).

<sup>74</sup> *Supra*, note 49.

<sup>75</sup> *Supra*, note 2 at 322-24. For discussion in the Trade Marks Office of the Federal Court cases, see *supra*, note 65. A later decision of Cullen J. has accepted the *Molnlycke* decision. See *S.C. Johnson & Son v. Esprit de Corp.* (1986), 13 C.P.R. (3d) 235 (F.C.T.D.).

Focussing exclusively upon the date of the statement of opposition has led to the absurd result that the Board will rely upon a registration cited in the statement of the opposition but expunged by the time the opposition proceedings are decided,<sup>76</sup> and will ignore amendments made to a cited registration after the opposition proceedings are begun.<sup>77</sup> The opponent will not be allowed to amend a statement of opposition to refer to a registration which issued after the filing of the statement of opposition.<sup>78</sup> If an applicant has, before the filing of an opposition, acquired a registration of a third party, the Board will not sustain an opposition based on that registration<sup>79</sup> nor, it is submitted, should it do so if the third party registration were to be acquired by the applicant after the filing of the opposition.<sup>80</sup>

In considering whether an applicant's mark is confusing with a registered mark, the Board will consider evidence of use to the date of filing of the opposition by an applicant who filed on the basis of proposed use.<sup>81</sup>

(b) *Adoption Prohibited*

Sections 9 and 10 of the Act specify certain marks or symbols that are not to be adopted as trade marks. The number of such marks and symbols is growing at an alarming rate, particularly under paragraphs 9(1)(e), (i) and (n), the latter prohibiting the adoption of certain marks and symbols of which public notice is given by the Registrar at the request of various public authorities. By paragraphs 12(1)(e) and 14(1)(d) a mark is unregistrable if its adoption is prohibited by section 9 or 10. Under section 10 the issue is whether, when the mark was adopted by the applicant, it had by ordinary and *bona fide* commercial usage become recognized in Canada as designating the

<sup>76</sup> *Friday's Ltd. v. TGI Friday's Inc.* (1985), 4 C.P.R. (3d) 499 (T.M. Opp. Bd.); registration expunged by court order; *Springwall Sleep Prods. Ltd. v. Ther-A-Pedic Assocs. Inc.* (1983), 79 C.P.R. (2d) 227 at 230 (T.M. Opp. Bd.); registration not renewed. Where a registration of a mark has been expunged under s. 44 for lack of evidence of use, the Board may give less weight to that mark on the issue of whether it and the applicant's mark are confusing: *Lever Bros. Ltd. v. Lander Co. of Canada* (1983), 76 C.P.R. (2d) 143 at 149 (T.M. Opp. Bd.).

<sup>77</sup> *Coronet-Werke Heinrich Schlerf GmbH v. Produits Menagers Coronet Inc.* (1984), 4 C.P.R. (3d) 108 at 110-11 (T.M. Opp. Bd.), varied without addressing this issue, *supra*, note 52 at 192, 10 C.P.R. (3d) 482 at 491-93 (T.D.).

<sup>78</sup> *Destro Enterprises Ltd. v. C.M.A. Distrib. Ltd.* (1982), 72 C.P.R. (2d) 210 at 214-15 (T.M. Opp. Bd.).

<sup>79</sup> *Springwall Sleep Prods. Ltd. v. Ther-A-Pedic Assocs. Inc.*, *supra*, note 76 at 231.

<sup>80</sup> But in considering the state of the register, the Board has ignored a later transfer of a registered mark to the opponent: *Canadelle, Inc. v. Grand Nat'l Trouser Inc.* (1982), 73 C.P.R. (2d) 147 at 153 (T.M. Opp. Bd.).

<sup>81</sup> *Karhu-Titan Oy v. Micron Sports* (1982), 73 C.P.R. (2d) 239 at 246 (T.M. Opp. Bd.); *General Foods Inc. v. International Kafia Coffee Ltd.* (1982), 74 C.P.R. (2d) 234 at 240-41 (T.M. Opp. Bd.).

kind, quality, quantity, destination, value, place of origin or date of production of any wares or services.<sup>82</sup> The date of adoption is defined by section 3 as the date of first use in Canada, or of making well known in Canada, or of filing an application for registration. A person who adopts a mark at a time when he is free to do so should not be prejudiced by a later development, such as publication of a notice under section 9, but the Trade Marks Office now appears to follow *obiter* of Cullen J. in *Canadian Olympic Ass'n v. Allied Corp.* to the effect that one may not adopt a mark that has been previously adopted by a public authority though the latter had not yet caused notice to be given of its adoption of the mark.<sup>83</sup>

### (c) *Nature of the Mark*

Under paragraphs 12(1)(a), (b) and (c) a mark may be found to be unregistrable because it is the 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 wares or services. A mark which is the name of the wares or services for which registration is sought cannot be registered, but names and surnames of individuals, and descriptive or misdescriptive marks, may be registered if they have become distinctive. By subsection 12(2) and paragraph 13(1)(a), acquired distinctiveness is to be judged as of the date of application for registration. This gives plausibility to the view that registrability under paragraphs 12(1)(a), (b) and (c) should also be decided as of the date of application for registration. There is good reason for subsection 12(2) to fix the material date as the date of application: an applicant who must rely on that subsection should have his house in order at the time he applies for registration, rather than being free to string out the proceedings until he can get better evidence. It is unlikely that the material date under paragraphs 12(1)(a) and (b) will be important, because the meaning of words rarely changes during the time that a trade mark

---

<sup>82</sup> *242183 Ontario Ltd. v. Black Forest Inn Inc.* (1984), 3 C.P.R. (3d) 23 at 31 (T.M. Opp. Bd.), citing *Carling Breweries Ltd. v. Molson Cos.* (1984), [1984] 2 F.C. 920 at 925, 1 C.P.R. (3d) 191 at 194 (T.D.).

<sup>83</sup> *Supra*, note 35, *rev'g* (1985), 6 C.P.R. (3d) 500 (T.M. Opp. Bd.). The Trade Marks Office will now consider any s. 9 notice published up to the date of filing of the statement of the opposition: *Canadian Olympic Ass'n v. Conference des Recteurs* (1988), 17 C.P.R. (3d) 68 at 71 (T.M. Opp. Bd.). *But see* the contrary and, with respect, more satisfactory views of Board Chairman Partington in *Canadian Olympic Ass'n v. Mufty Bears Inc.*, *supra*, note 37 at 70-71, and earlier decisions consistent with it: *Canadian Olympic Ass'n v. Gym & Tonic Ltd.*, *supra*, note 29 at 357; *Canadian Olympic Ass'n v. Bowling Proprietors' Ass'n of B.C.* (1985), 4 C.P.R. (3d) 514 at 517-18 (T.M. Opp. Bd.); *Deputy A.G. of Canada v. Cluett, Peabody & Co. of Canada* (1979), 55 C.P.R. (2d) 203 at 209 (T.M. Opp. Bd.).

application is pending. For reasons already given,<sup>84</sup> it is submitted that, in such a rare case, the Board's supervision over what is to be registered should not be limited to what may be the past significance of a mark. However, the Board considers that the filing date is the relevant date<sup>85</sup> and it was said in one case that no weight could be given to evidence dated later and relating to subsisting surnames!<sup>86</sup>

Pursuant to Article 6 of the *Paris Convention*,<sup>87</sup> Canada enacted section 14 of the *Trade Marks Act* which facilitates Canadian registrations by applicants who have foreign registrations of their marks. Such marks are registrable if, *inter alia*, they are not without "distinctive character" in Canada. This is a less severe requirement than that of acquired distinctiveness under subsection 12(2).<sup>88</sup>

The date as of which "distinctive character" is to be judged is not specified in the statute. As under subsection 12(2), there would be some logic in requiring the applicant to have established the distinctive character of his mark by the time he applies for registration, but another consideration is that subsequent events may show that, at the time of the decision in opposition proceedings, the mark does not qualify for registration. Section 14 opens with the words "[n]otwithstanding section 12" and is not dependent upon considerations under section 12. There is nothing to prevent an applicant from claiming the benefit of section 14 at any time and, as submitted in the last survey,<sup>89</sup> the distinctive character of the mark under section 14 should be considered as of the time of the decision in light of any evidence that has been adduced. As noted below, it would be appropriate to consider nondistinctiveness at the same date, but this is not the prevailing view.

<sup>84</sup> See text accompanying notes 40-49 *supra*. For a more elaborate treatment, see *supra*, note 2 at 325-26.

<sup>85</sup> See, e.g., *Andres Wines Ltd. v. T.G. Bright Co.* (1985), 6 C.P.R. (3d) 518 at 519, 6 C.I.P.R. 259 at 260-61 (T.M. Opp. Bd.) (dealing with ss. 12(1)(b) and (c)), citing *Oshawa Group Ltd. v. Registrar of Trade Marks* (1980), [1981] 2 F.C. 18 at 20, 46 C.P.R. (2d) 145 at 146-47 (T.D.). See also *Carlings Breweries Ltd. v. Molsons Cos.*, *supra*, note 82 at 926-28, 1 C.P.R. (3d) 191 at 195-96, where the issue was acquired distinctiveness under subsection 12(2).

<sup>86</sup> *Juneau v. Chutes Corp.* (1986), 11 C.P.R. (3d) 260 at 263, 9 C.I.P.R. 328 at 331 (T.M. Opp. Bd.) applied s. 12(1)(a).

<sup>87</sup> *Supra*, note 55.

<sup>88</sup> See *W.R. Grace & Co. v. Union Carbide Corp.*, *supra*, note 56 at 346, where the Federal Court, Appeal Division states that a mark "may not be sufficiently distinctive to have acquired a secondary meaning in Canada to satisfy the definition of distinctive. None the less it may have some distinctiveness. If that is so, it is not without a distinctive character in Canada." I suggest that in adopting such a curious double standard, Canada, unlike other countries, appears to do more for foreign applicants than it need have done. I say "appears to do more" because it seems that in opposition proceedings and in expungement proceedings an application based on section 14 must be able to survive an opposition based on non-distinctiveness. See the last survey, *supra*, note 2 at 327.

<sup>89</sup> See the last survey, *ibid.* at 326-27.

#### 4. *Mark Nondistinctive*

An objection of lack of distinctiveness may be raised in opposition proceedings under paragraph 37(2)(d) of the Act. This is a different issue than registrability where, under subsection 12(2) and paragraph 13(1)(a), the statute focuses on the date of filing of the application.<sup>90</sup> In conformity with decisions in the Trial Division of the Federal Court,<sup>91</sup> the Board holds that, on the wider issue of distinctiveness, the controlling date is the date of filing of the statement of opposition.<sup>92</sup> Rigid adherence to this date has led to unsatisfactory conclusions. In *Molson Cos. v. Old Fort Brewing Co. (No. 1)*,<sup>93</sup> the opponent argued that the applicant's mark was not distinctive of the applicant's wares because the applicant's predecessor was continuing to use the mark. The Chairman held that the supporting evidence related to events after the material date and could not be relied upon.<sup>94</sup>

The Federal Court has not been entirely consistent, or perhaps the correct word is rigid. In cases discussed below,<sup>95</sup> the Court has held that use by a licensee of a mark after the date of filing of a registered user application (a date which may coincide with the filing of an application to register the mark and therefore precede the filing of an opposition) should not be held to impair the distinctiveness of the mark. One way of looking at those cases is that they support the view expressed above that evidence of later events should not weigh heavily against an applicant where delays are not of his own making. In *Re Molson Cos. and John Labatt Ltd.*,<sup>96</sup> Cattanach J. concluded (on reasoning that is, with respect, difficult to follow) that, on an application to register a proposed mark, the question of distinctiveness is properly considered at the time of application for registration. It is significant that focussing on the date of filing of an opposition (the date used by the Board) may allow an opponent to defeat an application on the basis of use by the opponent of a mark adopted after the applicant's date of adoption of the mark.<sup>97</sup> Consistent with what has

<sup>90</sup> *Carling Breweries Ltd. v. Molson Cos.*, *supra*, note 82 at 926-28, 1 C.P.R. (3d) 191 at 195-96.

<sup>91</sup> *Polysar Ltd. v. Gesco Distrib. Ltd.*, *supra*, note 41; *Murjani Int'l Ltd. v. Universal Impex Co.*, *supra*, note 64.

<sup>92</sup> See, e.g., *Congoleum Corp. v. Armstrong Cork Co.* (1986), 11 C.P.R. (3d) 459 at 469, 9 C.I.P.R. 294 at 306 (T.M. Opp. Bd.). But see *Sonora Cosmetics Inc. v. Avon Canada Inc.* (1987), 15 C.P.R. (3d) 71 (T.M. Opp. Bd.), where an opponent who pleaded that the applicant's mark was not distinctive at the time of application was held to the latter date.

<sup>93</sup> (1983), 79 C.P.R. (2d) 121 at 127 (T.M. Opp. Bd.).

<sup>94</sup> *Ibid.* The Chairman also held that, in any event, the allegation was not properly raised as it had not been included in the pleadings.

<sup>95</sup> See *infra*, text accompanying note 325.

<sup>96</sup> (1981), 129 D.L.R. (3d) 201 at 207, 58 C.P.R. (2d) 157 at 163 (F.C.T.D.).

<sup>97</sup> See, e.g., *Destro Enterprises Ltd. v. C.M.A. Distrib. Ltd.*, *supra*, note 73 at 218-20.

been suggested above,<sup>98</sup> it is submitted that a nondistinctive mark should not be registered, and that all the evidence down to the date of decision should be weighed, while ensuring that an opponent is not able to take advantage of delays inherent in opposition proceedings to destroy the applicant's entitlement to a registration.

#### D. *Onus*

Considerable emphasis is placed upon burden of proof in opposition proceedings. This emphasis is necessary notwithstanding Lord Brandon's observation that "no judge likes to decide cases on burden of proof if he can legitimately avoid having to do so".<sup>99</sup>

At the time of the last survey,<sup>100</sup> and for some time thereafter, decisions in opposition proceedings contained conflicting statements on the question of who has the burden of adducing evidence and who has the onus of proof. The Opposition Board and the Federal Court have since resolved most of the issues in the manner suggested in the last survey.<sup>101</sup> The summary that was given there may now be expanded upon with reference to some recent decisions.

During *ex parte* prosecution the Registrar, under section 36 of the Act, must be satisfied that there is a valid ground for rejecting an application. Doubts in *ex parte* proceedings are resolved in favour of the applicant.<sup>102</sup> However, in opposition proceedings the legal onus always rests on the applicant.<sup>103</sup> Furthermore, this onus seems to be higher than the usual civil onus that requires that one prove one's case on a balance of probabilities.<sup>104</sup> Doubts are therefore resolved against the applicant.<sup>105</sup> Nevertheless, in various situations, an evidential onus

<sup>98</sup> See text accompanying note 40 *supra*.

<sup>99</sup> *Rhesa Shipping Co. v. Edmunds* (1985), [1985] 1 W.L.R. 948 at 955-56, [1985] 2 All E.R. 712 at 718 (H.L.).

<sup>100</sup> *Supra*, note 2.

<sup>101</sup> *Ibid.* at 330-46.

<sup>102</sup> See *General Mills Canada Inc. v. Turner* (1985), 5 C.P.R. (3d) 357 at 364-65, 4 C.I.P.R. 287 at 295 (T.M. Opp. Bd.); *Norlin Indus., Inc. v. Dictograph Intercom Corp.* (1986), 13 C.P.R. (3d) 276 at 278 (T.M. Opp. Bd.).

<sup>103</sup> The Federal Court has reversed a decision of the Board holding that the onus is on the opponent to show that a mark which has been approved by the Registrar for publication has not acquired distinctiveness under s. 12(2); *Carling Breweries Ltd. v. Molson Cos.*, *supra*, note 82 at 928, 1 C.P.R. (3d) 191 at 196-97. There is a better chance that the facts will come to light in opposition proceedings: *Aero Garment Ltd. v. Stella Handbags Ltd.* (1983), 79 C.P.R. (2d) 146 at 151-52 (T.M. Opp. Bd.).

<sup>104</sup> *Pepsi-Cola Co. of Canada v. Coca-Cola Co. of Canada* (1940), [1940] S.C.R. 17 at 32, [1940] 1 D.L.R. 161 at 172. But the Board seems to apply the usual civil onus. See, e.g., *Innovations pour l'elegance masculine v. Promo-Wear Ltd.* (1984), 2 C.P.R. (3d) 480 at 482 (T.M. Opp. Bd.).

<sup>105</sup> The most common issue is whether marks are confusing. See, e.g., *General Mills Canada Inc. v. Turner*, *supra*, note 102 at 365, 4 C.I.P.R. 287 at 294-95; *Matsushita Elec. Indus. Co. v. London Drugs Ltd.* (1984), 1 C.P.R. (3d) 366 at 373 (T.M. Opp. Bd.); *Kabushiki Kaisha Hattori Toreiken t/a K. Hattori & Co. v. Kingi Enterprises Co.* (1983), 81 C.P.R. (2d) 179 at 185-86 (T.M. Opp. Bd.).

or burden rests on the opponent<sup>106</sup> in the absence of admissions or of self-evident facts. The more important instances of this are set out below.

### 1. Noncompliance with Section 29

Under section 29, which specifies the necessary contents of a trade mark application, it has been said that an evidential burden rests on an opponent who asserts noncompliance with the requirement in paragraph 29(a) that the specific wares or services for which registration is sought be stated in ordinary commercial terms.<sup>107</sup> Compliance with this requirement may, however, be self-evident and require nothing more than argument.<sup>108</sup>

More difficult problems may arise under paragraphs 29(b) and (c) where the opponent challenges the applicant's unsworn statement that the applicant has used or made his mark known in Canada from a date given in the application, and under paragraph 29(e) where the applicant asserts an intention to use the mark in Canada, or under subparagraph 29(i) where the applicant must state that he is satisfied that he is entitled to use the mark in Canada.<sup>109</sup> The opponent has been required to raise a doubt as to whether these section 29 requirements have been satisfied,<sup>110</sup> that is, to provide "sufficient evidence from which it could reasonably be concluded" that the applicant's allegations are incor-

---

<sup>106</sup> See, e.g., *British Am. Bank Note Co. v. Bank of America* (1983), [1983] 2 F.C. 778 at 791-92, 71 C.P.R. (2d) 26 at 35 (T.D.); *Murjani Int'l Ltd. v. Universal Impex Co.*, *supra*, note 64.

<sup>107</sup> *Joseph E. Seagram & Sons v. Seagram Real Estate Ltd.* (1984), 3 C.P.R. (2d) 325 at 329 (T.M. Opp. Bd.).

<sup>108</sup> *McDonald's Corp. v. M.A. Comacho-Saldana Int'l Trading Ltd. carrying on business as MACS Int'l* (1984), 1 C.P.R. (3d) 101 at 104 (T.M. Opp. Bd.).

<sup>109</sup> For the burden on the opponent under paragraphs 29(e) and (i), see *Canadian Olympic Ass'n v. Gym & Tonic Ltd.*, *supra*, note 27 at 357. In another case, an application, not accompanied by a registered user application, that asserted that the applicant intended to use the mark in Canada, was held not to comply with paragraph 29(e) where the applicant's intent was only to license use of the mark at some future date: *Hunter Douglas Canada Ltd. v. Flexillume Inc.*, *supra*, note 57 at 220-22. See also *Le Club de Football de Montreal v. DGGM Bitton Holdings Inc.* (1987), 14 C.P.R. (3d) 547 (T.M. Opp. Bd.).

<sup>110</sup> *Meriah Surf Prods. Ltd. v. Windsurfing Int'l Inc.* (1988), 75 C.P.R. (2d) 33 at 47 (T.M. Opp. Bd.), citing *Playboy Enterprises Inc. v. Germain* (1979), 43 C.P.R. (2d) 271 at 275-76, 29 N.R. 361 at 365 (F.C.A.D.); *Voxson Australia Pty. Ltd. v. Voxson Canada Ltd.* (1983), 80 C.P.R. (2d) 286 at 288 (T.M. Opp. Bd.). But see *supra*, note 2 at 333-34; *S.C. Johnson & Son v. Esprit de Corp*, *supra*, note 75; *Hoffman-LaRoche Ltd. v. Apotex Inc.* (1984), 17 O.R. (2d) 287 at 288, 1 C.P.R. (3d) 507 at 508 (C.A.).

rect.<sup>111</sup> The Board has acknowledged the difficulty that rests upon the opponent in challenging allegations of fact made by an applicant who may be the only one who knows the facts, and has therefore recognized that in such an instance the evidential burden on the opponent will be reduced.<sup>112</sup> It is open to an opponent to show that, since the applicant's alleged date of first use, there has been non-use for so long as to give rise to an inference that the applicant has abandoned the mark.<sup>113</sup>

## 2. *Applicant Not the Person Entitled to Registration*

Under sections 16 and 17, relating to the entitlement of the applicant to obtain registration, several situations may arise.

### (a) *Prior Filed Application*

An opponent relying upon a trade mark application of earlier priority date must give notice of that application, its filing or convention date and its pendency at the date of advertisement of the application being opposed.<sup>114</sup> The Board does not require that a copy be provided.<sup>115</sup>

### (b) *Prior Use of Trade Marks*

An opponent relying on prior use of a trade mark must prove (on a balance of probabilities) that there has been use of the mark in Canada, within the meaning of section 4, by himself or his predecessor, for the wares or services on which he relies, at a date earlier than that

<sup>111</sup> *Joseph E. Seagram & Sons v. Seagram Real Estate Ltd.*, *supra*, note 107 at 329-33; *McCain Foods Ltd. v. Rixona Conserven B.V.* (1982), 73 C.P.R. (2d) 136 at 142-43 (T.M. Opp. Bd.). The burden on the opponent was discharged by an admission of the applicant in *Faberge Inc. v. Organic Beauty Prods. Inc.* (1986), 12 C.P.R. (3d) 176 at 180 (*sub nom. Faberge Inc. v. Nature's Organic Plus Inc.*), 10 C.I.P.R. 130 at 134 (T.M. Opp. Bd.). See also *infra*, note 128 and accompanying text.

<sup>112</sup> *Tune Masters v. Mr. P's Mastertune Ignition Servs. Ltd.*, *supra*, note 59 at 89; *Congoleum Corp. v. Armstrong Cork Co.*, *supra*, note 87 at 467, 9 C.I.P.R. 294 at 301; *Garant v. Abba Fashions Inc.* (1984), 1 C.P.R. (3d) 550 at 552 (T.M. Opp. Bd.); *Bacardi Ltd. v. Jack Spratt Mfg. Inc.* (1984), 1 C.P.R. (3d) 122 at 125-30 (T.M. Opp. Bd.). But see *Tubecon Inc. v. Tubeco Inc.* (1986), 10 C.P.R. (3d) 386 at 390 (T.M. Opp. Bd.). An opponent who fails to take advantage of an opportunity to cross-examine the applicant may be faulted for not doing so: *Helene Curtis Ltd. v. Jeffrey Martin Canada Inc.*, *supra*, note 57 at 333.

<sup>113</sup> *Georgia-Pac. Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 (T.M. Opp. Bd.).

<sup>114</sup> As to abandonment of an application, see *Harlequin Enterprises Ltd. v. Registrar of Trade Marks* (1983), [1984] 1 F.C. 1050, 73 C.P.R. (2d) 212 (T.D.).

<sup>115</sup> *Spectrum Foods Inc. v. Campbell Soup Co.* (1987), 15 C.P.R. (3d) 358 at 360 (T.M. Opp. Bd.). See also note 137, *infra* and accompanying text.

to which the applicant is entitled. He must also show non-abandonment of the mark at the date of advertisement of the application being opposed.<sup>116</sup>

It has been said that the opponent must establish a reputation for his mark in the trade.<sup>117</sup> This point has been ably dealt with by Hearing Officer Troicuk as follows:

In my view, the requirement to establish a reputation is best viewed as a requirement to establish that the opponent's trade mark has actually functioned as a trade mark, in other words and having regard to the definition of a trade mark in s. 2 of the Act, that it has been used for the purpose of distinguishing or so as to distinguish the opponent's wares or services from the wares and services of others. As such, the requirement to establish a reputation is simply one aspect of the requirement under s. 16 of the Act to establish prior use and is not a requirement separate from the requirement to establish prior use. . . .<sup>118</sup>

Other members of the Board may not have come around to this view, in the absence of judicial endorsement.<sup>119</sup> In an earlier decision where he discussed the same question at greater length, Hearing Officer Troicuk suggested that in the case of marks which are not inherently adapted to distinguish, such as descriptive or laudatory words, the opponent may have to show at least some recognition by the public of the mark as a trade mark.<sup>120</sup> I submit, however, that the statute plainly requires nothing more than use by the opponent as a trade

---

<sup>116</sup> *Murjani Int'l Ltd. v. Universal Impex Co.*, *supra*, note 64; *Joseph E. Seagram & Sons v. Seagram Real Estate Ltd.*, *supra*, note 107 at 522-23. A bare statement in an affidavit that the opponent has used a mark since a certain date is insufficient: *General Foods Ltd. v. Scott-Paper Co.* (1980), 62 C.P.R. (2d) 143 at 144 (T.M. Opp. Bd.). Evidence referring to the opponent as a distributor is not regarded as evidence of use by the opponent: *Pro Turn Inc. v. Shannock Corp.* (1987), 15 C.P.R. (3d) 428 (T.M. Opp. Bd.).

<sup>117</sup> *British Am. Bank Note Co. v. Bank of America*, *supra*, note 106.

<sup>118</sup> *Alcantara S.p.A. v. Carsilco Int'l, Ltd.*, *supra*, note 27 at 29-30, 10 C.I.P.R. 27 at 39-40.

<sup>119</sup> *Yamamoto & Co. (America) v. McCabe* (1985), 4 C.P.R. (3d) 9 at 18 (T.M. Opp. Bd.). But see *Baron Phillippe de Rothschild, S.A. v. T.G. Bright & Co.* (1986), 12 C.P.R. (3d) 171 at 173, 9 C.I.P.R. 281 at 283-84 (T.M. Opp. Bd.); *Mirobed AG v. Springwall Sleep Prods. Ltd.* (1985), 4 C.P.R. (3d) 243 at 247 (T.M. Opp. Bd.). On one occasion, the Chairman of the Opposition Board has gone so far as to suggest that, even if the opponent's mark had been made known in Canada, the opponent would have an additional burden of establishing its reputation in Canada: *Wilson Laboratories Inc. v. Chipman Inc.* (1984), 2 C.P.R. (3d) 117 at 126-27 (T.M. Opp. Bd.).

<sup>120</sup> *Domtar Inc. v. Ottawa Perma-Coating Ltd.* (1985), 3 C.P.R. (3d) 302 at 305-10, 4 C.I.P.R. 147 at 150-57 (T.M. Opp. Bd.). Indeed, in a still earlier case, Hearing Officer Martin suggested that, where the opponent's mark or name possesses no inherent distinctiveness, the opponent must establish a measure of reputation "somewhat akin to the onus inherent in s. 12(2) of the Act": *Clearview Superior Blinds Ltd. v. Superior Venetian Blind Servs. Ltd.* (1983), 80 C.P.R. (2d) 166 at 171 (T.M. Opp. Bd.).

mark.<sup>121</sup> This is all that is normally required of an applicant in order to obtain registration.<sup>122</sup>

In *Molson Cos. Ltd. v. Osterreichische Brau A.G.*,<sup>123</sup> the applicant sought to register the mark STEFFL-EXPORT for beer. The opponent relied upon its earlier use of the mark EXPORT for beer. In an affidavit, the opponent referred to use of the mark EXPORT by the opponent and by its wholly owned subsidiaries. The latter were registered as users of certain label design registrations of the opponent showing the word EXPORT, but the Board Chairman did not consider that use of these label designs constituted use of the word EXPORT that would enure to the benefit of the opponent.<sup>124</sup> He regarded the use of the word EXPORT by the subsidiaries as rendering the mark nondistinctive of wares of the opponent. He said that the opponent had the burden of establishing that the mark was distinctive of the opponent's beer in order to rely upon its own prior use of the mark. With respect, the opponent need only show prior use as a trade mark under paragraph 16(1)(a) of the Act. One might argue that an opponent has abandoned the mark under subsection 16(5) by permitting it to be used by persons who are not registered, but this argument should not succeed if the opponent himself is continuing to use the mark as a trade mark.

On the issue of whether marks are confusing, evidence of use of the marks is clearly relevant under subsection 6(5) of the Act. When the applicant refers to marks of third parties as affecting the distinctiveness of the opponent's mark, the applicant may make little headway unless he provides evidence of use or advertising of the third party marks.<sup>125</sup>

### (c) *Prior Use of Trade Names*

An opponent relying on prior use of a trade name must prove such use in Canada by himself or his predecessor, and non-abandon-

<sup>121</sup> See *supra*, note 2 at 337-40.

<sup>122</sup> *G.H. Mumm & Cie. v. Andres Wines Ltd.* (1984), 3 C.P.R. (3d) 199 at 200-01 (F.C.T.D.). Where the opponent asserts priority through having filed a trade mark application, he need not establish any reputation for his mark: *Molson Cos. v. Moosehead Breweries Ltd.* (1984), 3 C.P.R. (3d) 251 at 255 (T.M. Opp. Bd.). For an earlier view to the contrary, see *Miller Brewing Co. v. T.G. Bright & Co.* (1983), 78 C.P.R. (2d) 55 at 64-66 (T.M. Opp. Bd.).

<sup>123</sup> (1983), 82 C.P.R. (2d) 43 at 50-52 (T.M. Opp. Bd.).

<sup>124</sup> This reflects the strict approach that has often been taken in Canada to trade mark licensing. Whether the use of a composite mark also constitutes use of an element thereof (in this case, the word EXPORT) depends upon whether the element creates an independent commercial impression. This is a question of fact: see, e.g., *Registrar of Trade Marks v. Compagnie Internationale pour l'Informatique CII Honeywell Bull, S.A.* (1985), 4 C.P.R. (3d) 523, 4 C.I.P.R. 309 (F.C.A.D.); *BLUE PARAFFIN Trade Mark* (1977), [1977] R.P.C. 473 at 493 (C.A.); *Re Audi NSU Auto Union A.G.*, 197 U.S.P.Q. 649 (T.T.A.B., 1977).

<sup>125</sup> *Esprit de Corp v. S.C. Johnson & Son* (1984), 3 C.P.R. (3d) 451 at 456-57 (T.M. Opp. Bd.), *rev'd supra*, note 75. See *infra*, note 137 at 288ff.

ment of the trade name at the date of advertisement of the application being opposed.<sup>126</sup> A strict view was taken in *Maximilian Fur Co. v. Maximilian For Men's Apparel Ltd.*<sup>127</sup> The opponent had originally been named Maximilian Furs, Inc., but changed its name to Maximilian Fur Company, Inc. before the critical date of advertisement. The opponent was held to have abandoned the trade name Maximilian Furs, Inc. before the critical date and, consequently, was unable to rely upon its alleged prior use of the trade name Maximilian Furs, Inc.<sup>128</sup>

#### (d) *Prior Making Known of Trade Marks*

An opponent relying on having previously made known a trade mark must prove that he or a predecessor used the mark, within the meaning of section 4, in a country of the Union, other than Canada, and made the mark well known in a substantial part of Canada<sup>129</sup> in one or more of the ways specified in section 5.

### 3. *Mark Unregisterable*

#### (a) *Nature of the Mark*

An opponent who contends that a mark is the name of wares or is otherwise objectionable under paragraphs 12(1)(a), (b) or (c) of the Act may have to provide some evidence.<sup>130</sup> But it may be self-evident that a mark is, for example, clearly descriptive of the character of the

<sup>126</sup> *Sealed Air Corp. v. Canswin Canada Ltd.* (1985), 5 C.P.R. (3d) 91 at 95 (T.M. Opp. Bd.). As to what constitutes use of a trade name, *see supra*, note 2 at 341; *Professional Publishing Assocs. v. Toronto Parent Magazine Inc.* (1986), 9 C.P.R. (3d) 207 at 216-17 (F.C.T.D.) [hereinafter TODAY'S PARENT]; *James v. Kinder-Care Learning Centers, Inc.* (1983), 76 C.P.R. (2d) 229 at 233-34 (T.M. Opp. Bd.); *Dino's Place Ltd. v. Hellenic Import Export Co.* (1983), 79 C.P.R. (2d) 233 at 235-37 (T.M. Opp. Bd.).

<sup>127</sup> (1983), 82 C.P.R. (2d) 146 at 148-49 (T.M. Opp. Bd.).

<sup>128</sup> An equally strict view has been taken of an applicant's alleged use of the mark that it seeks to register. In *International Speaker Corp. v. Schiffmacher* (1987), 14 C.P.R. (3d) 556, 10 C.I.P.R. 1 (T.M. Opp. Bd.) the applicant sought to register THE SPEAKER FACTORY, but filed no evidence and, in its counterstatement, referred to use of SPEAKER FACTORY and S.S. SPEAKER FACTORY. It was held that the application did not comply with the requirement in s. 29(b) that the applicant provide the date from which the mark has been used in Canada.

<sup>129</sup> *Alcantara S.p.A. v. Carsilco Int'l, Ltd.*, *supra*, note 27 at 26, 10 C.I.P.R. 27 at 37, citing *Valle's Steak House v. Tessier* (1980), [1981] 1 F.C. 441 at 450, 49 C.P.R. (2d) 218 at 226 (T.D.); *Walt Disney Prods. v. 468108 Ontario Ltd.* (1985), 2 C.P.R. (3d) 472 at 478 (T.M. Opp. Bd.).

<sup>130</sup> *Meriah Surf Prods. v. Windsurfing Int'l Inc.*, *supra*, note 110 at 50; *Versatile Corp. v. Le promoteur d'indus. ltee* (1986), 9 C.P.R. (3d) 187 at 192 (T.M. Opp. Bd.); *Institut nat'l des appellations d'origine des vins et eaux-de-vie v. T.G. Bright & Co.* (1985), 5 C.P.R. (3d) 454 at 456-57 (T.M. Opp. Bd.); *Puretex Canada Ltd. v. Cosel Imports Ltd.* (1985), 4 C.P.R. (3d) 565 at 566 (T.M. Opp. Bd.).

wares, and the Board may take judicial notice of such notorious matters as dictionary definitions.<sup>131</sup> The Federal Court has said that the onus resting on an applicant to show that a descriptive mark has acquired distinctiveness is a heavy one.<sup>132</sup> This should be so, having regard to the right that registration confers to exclude others from using the mark for the goods or services for which the mark is registered, even if they clearly distinguish their wares or services from those of the owner of the trade mark.<sup>133</sup> However, paragraph 20(b) of the Act provides for exceptions for *bona fide* non-trade mark use.<sup>134</sup> In 1969, the Exchequer Court of Canada declined to expunge the registration of the mark THERMOS for vacuum bottles and related wares, having regard to evidence that a substantial portion of potential customers recognized the word as a trade mark.<sup>135</sup> The Opposition Board has suggested that a higher standard is required when registration is sought.<sup>136</sup>

(b) *Confusing with a Registered Trade Mark*

An opponent relying on a previously registered mark under paragraph 12(1)(d) must identify the registration, but the Board does not insist that a copy be provided.<sup>137</sup>

<sup>131</sup> *Jordan & Ste-Michelle Cellars Ltd. v. Vin Geloso Inc.* (1984), 3 C.P.R. (3d) 276 at 278 (T.M. Opp. Bd.); *Homecare Bldg. Centres Ltd. v. Home Hardware Stores Ltd.* (1986), 12 C.P.R. (3d) 181 at 184, 10 C.I.P.R. 124 at 126-27 (T.M. Opp. Bd.); *Canadian Wine Inst. v. Vignobles Chantecler ltee* (1986), 12 C.P.R. (3d) 459 (T.M. Opp. Bd.). In *Dart Indus. Canada Ltd. v. Algonquin Mercantile Corp.* (1987), 15 C.P.R. (3d) 517 at 521-22 (T.M. Opp. Bd.) the Board would not assume, in the absence of evidence, that the town of Weston, Ontario, where the applicant was located, would be recognized "as being the common source of household appliances". This, with respect, is not the correct test. Rather, the question is whether a geographical term is one that others may legitimately want to use in association with the wares: *Atlantic Promotions Inc. v. Registrar of Trade Marks* (1985), 2 C.P.R. (3d) 183 (F.C.T.D.).

<sup>132</sup> *W.R. Grace & Co. v. Union Carbide Corp.*, *supra*, note 56.

<sup>133</sup> See *infra*, notes 268-271 and accompanying text.

<sup>134</sup> These exceptions are discussed in W.L. Hayhurst, *Unauthorized Use of Another's Mark in Canada: Fair Use or Actionable?* (1985) 75 T.M.R. 1.

<sup>135</sup> *Aladdin Indus., Inc. v. Canadian Thermos Prods. Ltd.* (1969), [1969] 2 Ex. C.R. 80, 57 C.P.R. 230 [hereinafter THERMOS].

<sup>136</sup> *Airos Sys. Ltd. v. Windsurfing Int'l, Inc.* (1983), 75 C.P.R. (2d) 74 at 91 (T.M. Opp. Bd.) [hereinafter WINDSURFER].

<sup>137</sup> *Quaker Oats Co. of Canada v. Menu Foods Ltd.* (1986), 11 C.P.R. (3d) 410 at 411-12 (T.M. Opp. Bd.). On the issue of likelihood of confusion, the opponent may wish to rely on a series or family of marks, in which event he will need evidence of use of the marks: *Textron Inc. v. Home Hardware Stores Ltd.* (1984), 2 C.P.R. (3d) 334 at 342 (T.M. Opp. Bd.); see also *infra*, notes 292-94. However, the state of the register may itself be evidence bearing on the likelihood of confusion: *T.G. Bright & Co. v. Vignobles Chantecler ltee* (1985), 10 C.P.R. (3d) 281 at 283-84, 6 C.I.P.R. 271 at 273-74 (T.M. Opp. Bd.); see also *Kellogg Salada Canada Inc. v. Nutrilon Inc.* (1986), 11 C.P.R. (3d) 341 at 344 (T.M. Opp. Bd.); *Labatt Brewing Co. v. Molson Cos.* (1986), 9 C.P.R. (3d) 232 at 236-37 (T.M. Opp. Bd.). As to proof of the state of the register, see *Burlington Canada Inc. v. Lander Co. of Canada* (1985), 4 C.P.R. (3d) 186 at 189-91 (T.M. Opp. Bd.). See also *infra*, note 290.

(c) *Adoption Prohibited*

Under paragraph 12(1)(e), an opponent who asserts that the applicant's mark too closely resembles a mark referred to in section 10 must prove that the latter mark has by ordinary and *bona fide* commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of wares or services.<sup>138</sup> Similarly, an opponent who, by reference to paragraph 9(1)(k), alleges that the applicant's mark falsely suggests a connection with a living individual must prove that a significant number of Canadians are sufficiently familiar with the individual to assume some connection between him and the wares or services in question.<sup>139</sup> However, it seems that a public authority which has the benefit of a notice given under subparagraph 9(1)(n)(iii) need only prove the notice. The effect of evidence that the authority has not used the mark was left open in *Canadian Olympic Ass'n v. Allied Corp.*<sup>140</sup> The test under section 9, in the case of such an authority, is not whether the applicant's mark is confusing with the authority's mark as tested under section 6 of the Act,<sup>141</sup> but whether the applicant's mark consists of or is likely to be mistaken for the mark identified in the notice. If, however, the authority objects to the applicant's mark on the ground that it is not distinctive, evidence of some public recognition of the authority's mark will be required.<sup>142</sup>

4. *Mark Nondistinctive*

An opponent relying on nondistinctiveness of a mark because of the use or advertising, by persons other than the applicant, of one or more words, marks or names, must show a likelihood of some aware-

---

<sup>138</sup> *Carling Breweries Ltd. v. Molson Cos.*, *supra*, note 82 at 925, 1 C.P.R. (3d) 191 at 194; *242183 Ontario Ltd. v. Black Forest Inn Inc.*, *supra*, note 82 at 30-32; *Jordan & Ste-Michelle Cellars Ltd. v. Andres Wines Ltd.* (1983), 81 C.P.R.(2d) 230 at 233-34 (T.M. Opp. Bd.).

<sup>139</sup> *Jean Cacharel, S.A. v. Reitman's (Canada) Ltd.* (1984), 3 C.P.R. (3d) 459 at 461-62 (T.M. Opp. Bd.). The opponent succeeded in *Carson v. Reynolds* (1980), [1980] 2 F.C. 685, 49 C.P.R. (2d) 57 (T.D.).

<sup>140</sup> *Supra*, note 35.

<sup>141</sup> *Canadian Olympic Ass'n v. Universal Olympic Fitness Centre Ltd.* (1987), 14 C.P.R. (3d) 276 at 278 (T.M. Opp. Bd.).

<sup>142</sup> *Canadian Olympic Ass'n v. Gym & Tonic Ltd.*, *supra*, note 27 at 360.

ness of those words, marks or names in the Canadian market.<sup>143</sup> Further, it must be shown that the related wares or services are not those of the applicant.<sup>144</sup>

An opponent may be able to show that one or more persons, other than the applicant, have used confusing marks in parts of Canada where the applicant has not traded. The Opposition Board has correctly ruled that such use by others, rendering the applicant's mark nondistinctive of the applicant's wares or services in one part of Canada, is sufficient to preclude registration despite the fact that the applicant's mark is distinctive in another part of Canada.<sup>145</sup>

An opponent may rely upon knowledge in Canada of the opponent's use of his mark in another country,<sup>146</sup> just as he might rely upon such knowledge as foundation for an action against the applicant for passing off.<sup>147</sup> However, the considerations in opposition proceedings and in passing off cases are not identical.<sup>148</sup>

---

<sup>143</sup> *Alcantara S.p.A. v. Carsilco Int'l, Ltd.*, *supra*, note 27 at 30-31; *Sealed Air Corp. v. Canswin Canada Ltd.*, *supra*, note 126 at 95-96. In *Maple Leaf Gardens, Ltd. v. 215491 Holdings Ltd.* (1985), 4 C.P.R. (3d) 298 (T.M. Opp.Bd.) the Hearing Officer concluded that persons who were aware of the opponent's trade name would likely be uncertain as to whether the applicant's services were connected with the opponent. *See also Vancouver Professional Soccer Ltd. v. Richmond Breweries Ltd.* (1987), 14 C.P.R. (3d) 429 (T.M. Opp. Bd.). The mere existence of an application to register a mark is not evidence that the mark is known in the market: *Kellogg Salada Canada Inc. v. Nutrilon Inc.*, *supra*, note 137 at 145, nor are listings of names in telephone directories: *Captain Video Inc. v. 113370 Canada Inc.* (1986), 9 C.P.R. (3d) 246 at 249 (T.M. Opp. Bd.), but as to telephone directory advertisements, *see Rent-a-Wreck Sys. Ltd. v. Bundy Am. Corp.*, *supra*, note 44 at 535. A case illustrative of deficient evidence of the opponent is *Briars Estates Ltd. v. Commonwealth Holiday Inns of Canada Ltd.* (1987), 15 C.P.R. (3d) 568 (T.M. Opp. Bd.). *See also infra*, note 341 and accompanying text.

<sup>144</sup> *Hardee's Food Sys., Inc. v. Hardee Farms Int'l Ltd.* (1984), 1 C.P.R. (3d) 417 at 430-32 (T.M. Opp. Bd.), where, however, it should have been stated that the ultimate onus on the issue of distinctiveness always rests on the applicant: *Airos Sys. Ltd. v. Windsurfing Int'l Inc.*, *supra*, note 131 at 93-94.

<sup>145</sup> *Decaria Hair Studio Ltd. v. Massimo de Berardinis*, *supra*, note 67 at 316-18, 4 C.I.P.R. 223 at 232-34, discussing and distinguishing the controversial decision *Great Lakes Hotels Ltd. v. Noshery Ltd.* (1968), 56 C.P.R. 165, [1968] 2 Ex. C.R. 622 [hereinafter PENTHOUSE], where the Court declined to expunge the registered mark PENTHOUSE despite concurrent uses by others in parts of Canada where the registrant did not trade. *See also Muffin Houses Inc. v. Muffin House Bakery Ltd.* (1985), 4 C.P.R. (3d) 272, 4 C.I.P.R. 86 (T.M. Opp. Bd.).

<sup>146</sup> *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), [1976] 2 F.C. 3, 25 C.P.R. (2d) 126 (A.D.).

<sup>147</sup> *Orkin Exterminating Co. v. Pestco Co. of Canada* (1985), 50 O.R. (2d) 726, 5 C.P.R. (3d) 433 (C.A.) [hereinafter Orkin].

<sup>148</sup> *Borden Inc. v. Hostess Food Prods. Ltd.* (1987), 14 C.P.R. (3d) 384, 10 C.I.P.R. 301 (T.M. Opp. Bd.).

## 5. General

An opponent will of course always be well advised to go beyond the minimum effort indicated above. Sometimes the applicant provides damaging evidence himself, relieving the opponent of the burden of having to do so.<sup>149</sup> Sometimes, despite failure of the applicant to file evidence or to argue its case, the Board concludes that none of the grounds of opposition have been made out, and that the applicant has discharged the onus that rests upon it.<sup>150</sup> Since the applicant in such circumstances has not lifted a finger, it would be more accurate for the Board to say that it is satisfied that the application should proceed to registration. An applicant who fails to file evidence may prejudice his chances. If, for example, there is an allegation in an application that the applicant's mark has been used in Canada from a certain date, but no evidence of use by the applicant is filed in the opposition proceedings, the Board will not assume that the applicant's use has been significant.<sup>151</sup>

## E. Evidence

Some reference to evidence has been made in the foregoing discussion about onus and material dates. A few additional points will be noted here.

A useful exposition of the Opposition Board's views on evidence is provided by Chairman Partington's 1985 paper entitled *Evidence in Opposition Proceedings*.<sup>152</sup> Chairman Partington notes that, in opposi-

---

<sup>149</sup> See, e.g., *Neilson Ltd. v. Teddy's & Koala Drive In Restaurants Ltd.* (1973), 9 C.P.R. (2d) 169 (Registrar T.M.).

<sup>150</sup> See, e.g., *Mr. Submarine Ltd. v. Canex Consulting Servs. Ltd.* (1984), 3 C.P.R. (3d) 549 at 552 (T.M. Opp. Bd.).

<sup>151</sup> See, e.g., *McCain Foods Ltd. v. Rixona Conserveen B.V.*, *supra*, note 111, where the issue was whether the applicant's and opponent's marks were confusing. Similarly, a date of use recited in a trade mark registration is of little weight in assessing likelihood of confusion with another mark: *Molson Cos. v. Scottish & Newcastle Breweries Ltd.* (1985), 4 C.P.R. (3d) 124 at 130 (T.M. Opp. Bd.); *Mark Anthony Group, Inc. v. Vins Andres du Quebec Ltee* (1987), 14 C.P.R. (3d) 422 (T.M. Opp. Bd.).

<sup>152</sup> (1985) 2 CAN. INTELL. PROP. REV. 54. The author at 63-64 refers to an unusual situation that arose in *American Express Co. v. 99040 Canada Ltd.* (1984), 2 C.P.R. (3d) 527 (T.M. Opp. Bd.). The applicant filed no evidence in the opposition proceedings, and the opponent therefore had no opportunity to obtain evidence out of the mouth of the applicant in those proceedings. The opponent had examined an officer of the applicant for discovery in infringement proceedings in the Federal Court and sought to introduce the transcript as evidence in the opposition proceedings. The transcript was held to be inadmissible, but the reasons given are, with respect, not convincing. It was noted that, at common law, admissions obtained on discovery are not admissible as evidence but can be used to contradict the party examined during his testimony at trial. However, the Registrar uses the Federal Court Rules as a guide, and in that Court a transcript of the examination for discovery of the opposite party

tion proceedings, the *Canada Evidence Act*<sup>153</sup> has long been regarded as being applicable.<sup>154</sup> However, the Board has generally made an effort not to be overly technical.<sup>155</sup> It does not insist that exhibits to an affidavit be properly notarized, where no objection is raised by the other party at the time the affidavit is originally filed and served.<sup>156</sup> The Board has refused to consider handwritten entries on an affidavit where these were not dated and initialed by the affiant and by the individual before whom the affidavit was sworn.<sup>157</sup> The Board pays no heed to hearsay or speculation in affidavits of lay witnesses.<sup>158</sup>

It may be good strategy for a party to an opposition to allow his opposite number to fail on his submitted evidence, rather than indulging in cross-examination. Cross-examination may improve the evidence, by revealing that the evidence is indeed admissible, or by curing an ambiguity,<sup>159</sup> for example, by showing unexpectedly that the evidence relates to a material date. If one does cross-examine on an affidavit, but not upon a questionable aspect of it, failure to cross-examine on the latter may give greater credibility to the affidavit.<sup>160</sup> However, failure to challenge unambiguous but weak evidence may result in the

---

noted that an examination for discovery is not voluntary, but that has no bearing on admissibility. No unfairness is involved in using such a transcript because the applicant may file affidavit evidence to clarify or explain it. It may be a contempt of court to use, in other proceedings, evidence obtained on discovery: *Wilden Pump & Eng'r Co. v. Fusfeld* (1984), [1985] F.S.R. 581 (Ch. D.); but see *Kyuquot Logging Ltd. v. British Columbia Forest Prods. Ltd.* (1986), 5 B.C.L.R. (2d) 1, 12 C.P.R. (3d) 347 (C.A.). For a discussion of the admissibility of evidence in other proceedings, see *National Oats Co. v. Super-Puff Popcorn Ltd.* (1986), 12 C.P.R. (3d) 335, 11 C.I.P.R. 267 (T.M. Opp. Bd.). The Board will, in opposition proceedings, take cognizance of evidence filed by the applicant in the *ex parte* prosecution of his application: *C.B.C. v. Colonial Broadcasting Sys. Ltd.* (1986), 12 C.P.R. (3d) 372 at 374 (T.M. Opp. Bd.).

<sup>153</sup> R.S.C. 1970, c. E-10.

<sup>154</sup> Partington, *supra*, note 152 at 54.

<sup>155</sup> *Canadian Council of Professional Eng'rs v. Lubrication Eng'rs, Inc.* (1983) 78 C.P.R. (2d) 179 at 183-85, 1 C.I.P.R. 216 at 222-25 (T.M. Opp. Bd.) (swearing of an affidavit abroad). The Board accepts dates that appear on publications without proof of the actual date of publication, see, e.g., *General Foods v. Sunny Crunch Foods Ltd.* (1987), 15 C.P.R. (3d) 380 at 384-85 (T.M. Opp. Bd.).

<sup>156</sup> *Maximilian Fur Co. v. Maximillian For Men's Apparel Ltd.*, *supra*, note 127 at 149.

<sup>157</sup> *Textron Inc. v. Home Hardware Stores Ltd.*, *supra*, note 137 at 339.

<sup>158</sup> *Vin Geloso Inc. v. Vins La Salle Inc.* (1984), 2 C.P.R. (3d) 502 at 505 (T.M. Opp. Bd.).

<sup>159</sup> An ambiguity in evidence will be construed against the party who submitted it: *GWG Ltd. v. Provenzano* (1982), 75 C.P.R. (2d) 166 at 173-75 (T.M. Opp. Bd.); *St. Lawrence Textiles Ltd. v. Leo Chevalier Int'l Ltd.* (1985), 7 C.P.R. (3d) 511, 7 C.I.P.R. 113 (T.M. Opp. Bd.).

<sup>160</sup> *Genfoot, Inc. v. Consolidated Footwear Co.* (1985), 5 C.P.R. (3d) 260 at 262, 5 C.I.P.R. 172 at 174 (T.M. Opp. Bd.).

evidence being accepted,<sup>161</sup> and a fair reading will be given to allegedly ambiguous evidence.<sup>162</sup>

It may be best not to file evidence of one's own, thereby avoiding cross-examination that might expose problems with one's case. An applicant may not feel compelled to adduce evidence where it seems that the opponent, who is obliged to file evidence first, does not appear to have made a persuasive case, or to have satisfied an evidentiary burden that falls upon him. An opponent, having pleaded all possible grounds of opposition, may adopt the strategy of seeing what evidence the applicant files, and then replying to it. This strategy will fail if the applicant files no evidence. However, the opponent might then seek leave to adduce belated evidence in chief. It may be dangerous to admit something that one considers to be notorious, in case the other side fails to prove the notoriety and the Board does not take judicial notice of it.<sup>163</sup>

As for judicial notice, Joyal J. once suggested that a court might be warranted in taking notice that the trade mark RUFFLES is in use in Canada for cookies.<sup>164</sup> However, in contested proceedings a tribunal is likely to insist on evidence that the opposite party can have an opportunity to challenge or qualify. The Board has taken judicial notice of the circulation in Canada of *Maclean's* magazine, *Time*, and *Reader's Digest*,<sup>165</sup> of *Newsweek*, the *New York Times* and the *Washington Post*,<sup>166</sup> and of major Canadian newspapers.<sup>167</sup> The Board may be more

<sup>161</sup> *Unitron Indus. Ltd. v. Miller Elecs. Ltd.* (1983), 78 C.P.R. (2d) 244 at 249 (T.M. Opp. Bd.); *Bradson Mercantile Canada Inc. v. Personnel Pool of America, Inc.* (1983), 75 C.P.R. (2d) 136 at 141 (T.M. Opp. Bd.); *Season-All Indus., Inc. v. Thermo Window Sys. Inc.* (1987), 15 C.P.R. (3d) 477 at 481 (T.M. Opp. Bd.).

<sup>162</sup> *Avon Canada Inc. v. Seekers Nominees Pty. Ltd.* (1986), 12 C.P.R. (3d) 522 at 526 (T.M. Opp. Bd.).

<sup>163</sup> *Joseph E. Seagram & Sons v. Seagram Real Estate Ltd.*, *supra*, note 107 at 334.

<sup>164</sup> *George Weston Ltd. v. Sterling & Affiliates* (1984), 3 C.P.R. (3d) 527 at 529-30 (F.C.T.D.) (proceedings under s. 44 of the Act). But see *Detroit Lions Inc. v. B.C. Lions Football Club* (1987), 15 C.P.R. (3d) 209 at 212 (T.M. Opp. Bd.), where the Board declined to take notice of "the fame of the applicant's trade mark B.C. LIONS in Canada". Notice may be taken of the meaning of words not found in dictionaries: *La Bagagerie S.C. v. La Bagagerie Willy Ltee* (16 April 1987), T-920-84 (F.C.T.D.) [unreported].

<sup>165</sup> *B.D. Wait Co. v. Sunbeam Corp.* (1985), 5 C.P.R. (3d) 543 at 545 (T.M. Opp. Bd.). However, generally speaking, the circulation of periodicals and advertising in Canada must be proved by someone having first hand knowledge: *Consolidated Foods Corp. v. Moda Reia Ltd.*, *supra*, note 45 at 417; *Proctor & Gamble Co. v. General Foods Ltd.* (1982), 75 C.P.R. (2d) 152 at 156 (T.M. Opp. Bd.). In *Northern Telecom Ltd. v. Nortel Communications Inc.* (1987), 15 C.P.R. (3d) 540 (T.M. Opp. Bd.) an affidavit of an officer of the Audit Bureau of Circulation was admitted.

<sup>166</sup> *Milliken & Co. v. Keystone Indus.* (1970) Ltd. (1986), 12 C.P.R.(3d) 166 at 168-69 (T.M. Opp. Bd.).

<sup>167</sup> *Ibid.* See also *Carling O'Keefe Breweries of Canada Ltd. v. Anheuser Busch, Inc.* (1985), 4 C.P.R. (3d) 216 at 224 (T.M. Opp. Bd.). As for the use of dictionaries, see *supra*, note 131.

reluctant than it was in the past to assume that it has knowledge of trade conditions, having regard to the decision of Cullen J. in *S.C. Johnson & Son v. Esprit de Corp*<sup>168</sup> where expert evidence satisfied His Lordship that the Board had come to a wrong conclusion about trade conditions.

Public polls or surveys have been admitted in evidence,<sup>169</sup> but are subject to criticism if not conducted in a satisfactory manner. There have been suggestions that surveys must be devised or evaluated by an expert in the field.<sup>170</sup> Undoubtedly an expert must be employed if opinion evidence on the adequacy or results of the survey is adduced. However, there is no rule of law requiring a survey to be prepared or conducted in a particular way. Professionally conducted surveys are expensive. A simple poll that is shown, by non-expert affidavit, to have been conducted with questions that are plainly not leading, and with faithfully recorded responses, may enable a tribunal to draw inferences as to facts which, for example, are capable of simple proof, but which may fall a bit short of being sufficiently notorious to be given judicial notice.

The Board does not require proof of a Canadian trade mark application or registration that is relied upon in a statement of opposition as being for a mark that is confusing with the one sought to be registered,<sup>171</sup> but it does require proof of third party marks that are relied upon to diminish the distinctiveness of the opponent's mark.<sup>172</sup> Where a party is on record in the Trade Marks Office as having adopted an inconsistent position, it is important to prove the record.<sup>173</sup>

#### F. Appeals

In opposition proceedings, there was for some years a tendency for the Registrar to regard any interlocutory ruling as conclusive if not

<sup>168</sup> *Supra*, note 75. See also *Oscar de la Renta, Ltd. v. Artro Inc.* (1986), 14 C.P.R. (3d) 37, 12 C.I.P.R. 62 (T.M. Opp. Bd.); *Creative Appliance Corp. v. G.M. Pfaff A.G.* (1987), 15 C.P.R. (3d) 338 (T.M. Opp. Bd.).

<sup>169</sup> *Molson Cos. v. John Labatt Ltd.* (1984), 1 C.P.R. (3d) 494 at 497-501 (F.C.T.D.); *Scott Paper Co. v. Beghin-Say S.A.* (1985), 5 C.P.R. (3d) 225 at 229 (F.C.T.D.).

<sup>170</sup> *Molson, ibid.; Seligco Food Corp. v. Becker Milk Co.* (1984), 3 C.P.R. (3d) 506 at 510 (T.M. Opp. Bd.). But see *Reckitt & Colman Prods. Ltd. v. Borden Inc. (No. 2)* (1987), [1987] F.S.R. 407 (Ch. D.).

<sup>171</sup> *Supra*, note 137.

<sup>172</sup> *Infra*, note 290.

<sup>173</sup> *Puma-Sportschuhfabriken Rudolf Dassler KG v. Amerella of Canada Ltd.* (1986), 13 C.P.R. (3d) 470 at 473 (T.M. Opp. Bd.); *Detroit Lions Inc. v. B.C. Lions Football Club*, *supra*, note 164 at 213-14. As to references in opposition proceedings to evidence and decisions in other proceedings, see *Sonora Cosmetics, Inc. v. Avon Canada Inc.*, *supra*, note 92 at 74-76; *Extraversion, Inc. v. Xibita Display Sys. Ltd.* (1987), 15 C.P.R. (3d) 214 at 216 (T.M. Opp. Bd.); *Creations Daisyfresh Inc. v. Elite Hosiery Mills Ltd.* (1987), 15 C.P.R. (3d) 333 at 337 (T.M. Opp. Bd.); *General Foods v. Sunny Crunch Foods Ltd.*, *supra*, note 155 at 385-86.

appealed,<sup>174</sup> but the Federal Court has since made it clear that the only appealable decisions of the Registrar are ones which conclude the proceedings before him.<sup>175</sup> Strayer J. has noted that on an appeal from a final decision it is open to an appellate court to consider preliminary determinations which might have affected the validity of a final decision.<sup>176</sup> If a party is not content to wait for the final decision, believing that a preliminary determination must be corrected before then, he may seek judicial review in the nature of a prerogative order.<sup>177</sup>

The principles applicable to appeals to the Federal Court were discussed at some length by Cattanach J. in *Atlantic Promotions Inc. v. Registrar of Trade Marks*.<sup>178</sup> His Lordship concluded that on a question of fact the test is whether the Registrar (or the Board) went wrong, and that the finding should not be interfered with if there was evidence from which the decision could reasonably be made. Where the Registrar has discretion (and the Registrar has little<sup>179</sup>), the court may substitute its decision for his if he proceeded on a wrong principle or failed to exercise his discretion judicially. On an appeal, evidence will be admitted in addition to that which was adduced before the Registrar,<sup>180</sup> and such evidence may require the court to consider the issues *de novo*. But the appellate proceedings are intended to be of a summary nature, and the court will not automatically allow cross-

<sup>174</sup> See *supra*, note 2 at 348-50. In fact, the Registrar makes few interlocutory rulings: *Partington, supra*, note 152 at 55-56.

<sup>175</sup> *Centennial Packers Ltd. v. Canada Packers Inc.* (1986), 13 C.P.R. (3d) 187, 9 F.T.R. 232 (T.D.).

<sup>176</sup> *Pfizer Inc. v. Commissioner of Patents* (1985), 3 C.P.R. (3d) 376 at 379, 4 C.I.P.R. 97 at 100 (F.C.T.D.). In *Amfac Foods Inc. v. Irving Pulp & Paper Ltd.* (1984), 80 C.P.R. (2d) 59 at 81ff, 2 C.I.P.R. 215 at 139ff (F.C.T.D.) His Lordship, in written reasons, reiterated the rulings on points of evidence made during the trial, to facilitate any appeal.

<sup>177</sup> *Harlequin Enterprises Ltd. v. Registrar of Trade Marks* (1983), [1984] 1 F.C. 1050, 73 C.P.R. (2d) 212 (T.D.); *Wordex Inc. v. Wordex* (1983), [1983] 2 F.C. 570, 70 C.P.R. (2d) 28 (T.D.); *Cara Operations Ltd. v. Registrar of Trade Marks* (1985), 3 C.P.R. (3d) 145 (F.C.T.D.); *ADIDAS S.A.R.L's Trade Mark* (1983), [1983] R.R.C. 262 at 268 (Q.B.).

<sup>178</sup> (1984), 2 C.P.R. (3d) 183 (F.C.T.D.). See also *Cantine Torresella v. Miguel Torres Carbo* (9 July 1987), T-436-86 (F.C.T.D.) [unreported].

<sup>179</sup> *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.* (1968), [1969] S.C.R. 192 at 199, 57 C.P.R. 1 at 8. Compare *Consolidated Footwear Co. v. Genfoot Inc.* (13 August 1987), T-1635-85 (F.C.T.D.) [unreported].

<sup>180</sup> *Trade Marks Act*, R.S.C. 1970, c. T-10, s. 56(5); *Standard Oil Co. v. Registrar of Trade Marks* (1968), [1968] 2 Ex. C.R. 523 at 528-29, 55 C.P.R. 49 at 55-56; *Sim & McBurney v. Majdell Mfg. Co.* (1986), 11 C.P.R. (3d) 306 at 310, 9 C.I.P.R. 105 at 110 (F.C.T.D.).

examination,<sup>181</sup> rebuttal evidence, or evidence that is submitted out of time.<sup>182</sup>

### III. QUESTIONABLE TRADE MARKS

The foregoing discussion of opposition proceedings by no means exhausts the issues that may arise in such proceedings. One issue which may arise at any time is whether what is represented to be a trade mark is a trade mark at all.

In *Pizza Pizza Ltd. v. Registrar of Trade Marks*,<sup>183</sup> the applicant sought to register its heavily advertised telephone number 967-1111 as a trade mark for pizza pies and food delivery services. The Registrar held that a telephone number functions to enable a person to reach a predesignated instrument and not to distinguish the applicant's wares and services from those of others. Muldoon J. affirmed this decision, saying that the number sequence belongs to the telephone system, that the telephone company may at any time have to assign the number to someone else, or eliminate the number, that other telephone companies, which may be Crown corporations, are not to be fettered by the applicant's claimed right, and that the Registrar cannot accord a "monopoly right" for a telephone number. His Lordship said that his pronouncement did not necessarily apply to shorter or longer sequences of digits.

There are, of course, many well known numerals that serve as trade marks, for example, 222 for headache pills, 31 for ice cream, 76 for gasoline, and it is possible to quarrel with the *Pizza Pizza* decision. A trade mark need not serve solely as a trade mark. It may, for example, serve also as an indication of grade or quality<sup>184</sup> (President's Choice for certain Loblaws food items), a person's name<sup>185</sup> (Christian Dior), as a description<sup>186</sup> (Pizza Pizza) or as an address<sup>187</sup>

<sup>181</sup> *Christina Canada Inc. v. Speedo Knitting Mills Pty. Ltd.* (6 February 1987), T-2143-86 (F.C.T.D.) [unreported]. See also *Johnson Prods. Co. v. Truso Ltd.* (1986), 12 C.P.R. (3d) 331 (F.C.T.D.).

<sup>182</sup> *Andres Wines Ltd. v. Canadian Mktg. Int'l Ltd.* (1986), 9 C.P.R. (3d) 540, 10 C.I.P.R. 206 (F.C.T.D.); *Canadian Olympic Ass'n v. Gym & Tonic Ltd.* (1987), 14 C.P.R. (3d) 274 (F.C.T.D.); *McDonald's Corp. v. Silcorp Ltd.* (4 March 1987), T-2166-86 (F.C.T.D.) [unreported].

<sup>183</sup> (1985), 7 C.P.R. (3d) 428, 6 C.I.P.R. 229 (F.C.T.D.) [hereinafter *Pizza Pizza*].

<sup>184</sup> *Bass, Ratcliff & Gretton Ltd. v. Nicholson & Son* (1931), [1932] A.C. 130 at 138, 144, 150-51, 154-55, 49 R.P.C. 88 at 99, 103, 107, 109 (H.L.). Recall the old 88 and 98 grades of gasoline of the British American Oil Company.

<sup>185</sup> *Trade Marks Act*, ss. 12(1)(a) and 12(2).

<sup>186</sup> *Pizza Pizza Ltd. v. Registrar of Trade Marks* (1983), 67 C.P.R. (2d) 202 (F.C.T.D.).

<sup>187</sup> *R.J. Reuter Coy. v. Mulhens* (1953), [1953] 2 All E.R. 1160, 70 R.P.C. 235 (C.A.).

(4711). There is provision in paragraphs (a) and (b) of section 20 for others to make *bona fide* non-trade mark use of a registered trade mark. It is conceivable that even after losing his telephone number, as a telephone number, a trader might continue to use that number as a trade mark, just as an old address number (4711) might continue to be used as a trade mark. Muldoon J. suggested that it would hardly avail a competitor to use Pizza Pizza's number wherever the number is assigned to Pizza Pizza.<sup>188</sup> However, it is not beyond the ingenuity of competitors to use numbers that are confusingly similar. In *Pizza Pizza Ltd. v. 528635 Ontario Inc.*,<sup>189</sup> the plaintiff, suing for passing off, was granted an interlocutory injunction against the defendant's use of the digits 1111 in its telephone number.

Colours in trade marks sometimes present a problem. A trade mark consisting of a single colour is not unheard of,<sup>190</sup> but the number of readily distinguishable colours is limited, and fear of colour exhaustion has led to a reluctance to register single colours. Colour combinations present less difficulty, as do marks which combine colour with shapes, words or other components.

In *Smith, Kline & French Canada Ltd. v. Registrar of Trade Marks*, the applicant sought registration of a mark which was described as "the colour green applied to the whole of the visible surface of the tablet, as shown in the specimen tablet affixed to the form of the application, the precise shade of green being shown in the attached colour patch".<sup>191</sup> The Registrar had refused the application on the ground that colour alone cannot function as a trade mark, but Strayer J. had difficulty with this as a general proposition, though he recognized that there may be difficulty in showing that such a mark is distinctive, an issue that was not before him. He did not regard the mark before him as being colour alone, but rather as being a particular colour of green applied to a particular size and shape of tablet, and on that ground he reversed the refusal by the Registrar.

---

<sup>188</sup> *Supra*, note 183 at 431, 61 C.I.P.R. 229 at 233.

<sup>189</sup> (1986), 10 C.P.R. (3d) 139 (Ont. H.C.). Compare *Canren Sys. Corp. v. B.C. Tel. Co.* (1983), [1983] 4 W.W.R. 238, 74 C.P.R. (2d) 48 (B.C.S.C.); *Goliger's Travel Ltd. v. Gilway Maritimes Ltd.* (15 June 1987) (N.S.S.C.) [unreported]; *Cyanovich Reading Center v. Reading Game*, 224 U.S.P.Q. 538 (Cal. Ct. App. 1984).

<sup>190</sup> *Re Owens-Corning Fibreglas Corp.*, 227 U.S.P.Q. 417 (Ct. App. Fed. Cir. 1985); pink fiberglass. Words which are the names of colours may be trade marks, but unregistrable if clearly descriptive or deceptively misdescriptive. See the *GOLDEN* case, *Molson Cos. v. John Labatt Ltd.* (1984), 1 C.P.R. (3d) 494, (*sub nom. Molson Cos. v. Registrar of Trade Marks*) 3 C.I.P.R. 121 (F.C.T.D.). Compare *BLUE PARAFFIN Trade Mark*, *supra*, note 124.

<sup>191</sup> (12 March 1987), T-567-84 (F.C.T.D.) [unreported]. It seems that the Federal Court had earlier dismissed an appeal from the Registrar's refusal to register a mark that was shown as a green coloured circle: *Re Smith, Kline & French Canada Ltd.* (1984), 10 C.P.R. (3d) 246 at 248 (Registrar T.M.), *aff'd (sub nom. Apotex Inc. v. Registrar of Trade Marks)* (1986), 10 C.P.R. (3d) 288 (F.C.A.D.).

In a companion case,<sup>192</sup> Smith, Kline & French applied to register a distinguishing guise, defined in section 2 of the Act as meaning,

- (a) a shaping of wares or their containers, or
- (b) a mode of wrapping or packaging wares

the appearance of which 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. . . .

To be registrable, a distinguishing guise must have been used sufficiently to have become distinctive, and it must meet other criteria set out in section 13 of the Act. But Strayer J. found it necessary to consider only whether the thing that the applicant sought to register fell within the above definition of a distinguishing guise. The applicant described its alleged distinguishing guise as follows:

The distinguishing guise consists of a light green coloured coating applied to the outside of a circular bi-convex tablet. . . . The applicant makes no claim to the shape of the tablet *per se* or the coating *per se* . . . but claims the right to the exclusive use of the distinguishing guise in the specific shape, colour and coating, limited to the wares described. . . .<sup>193</sup>

The described wares were tablets containing cimetidine.

Strayer J. noted that what the applicant claimed was a distinguishing guise included elements of both paragraph (a) of the statutory definition (a shaping of wares), and paragraph (b) (a mode of wrapping or packaging). The green coloured coating was said by the applicant to be a mode of wrapping or packaging because the coating contained no essential ingredient of the tablet but was used to distinguish the product from other products. His Lordship said that he did not need to decide whether the statutory definition extended to a combination of elements from both paragraphs (a) and (b), reasoning that, if there was no mode of wrapping or packaging, all that was left would be the shape, which was not claimed *per se*. He was unable to conclude that the green coating, adhering to the outside of the pill, inseparable from the pill and consumed with the pill, could be regarded as a mode of wrapping or packaging wares. He stated that a mode of wrapping or packaging must be a separate covering or container which is not part of the wares.<sup>194</sup> He referred to a Quebec case, *Smith, Kline &*

<sup>192</sup> *Smith, Kline & French Canada Ltd. v. Registrar of Trade Marks* (1987), 14 C.P.R. (3d) 432 (F.C.T.D.).

<sup>193</sup> *Ibid.* at 433.

<sup>194</sup> See also *Frank W. Horner Ltd. v. Hoffman-LaRoche Ltd.* (1986), 4 C.P.R. (3d) 381, 5 C.I.P.R. 304 (T.M. Opp. Bd.).

*French Inter-Am. Corp. v. H.T. Chiefetz*,<sup>195</sup> where the plaintiff had apparently relied successfully upon distinguishing guise registrations for capsules containing multi-coloured pellets. However, Strayer J. distinguished that case because there the capsules were separate from their contents (though presumably consumed with the contents).

Numerous passing off cases have been brought in common law jurisdictions by drug manufacturers whose successful pills are copied by others.<sup>196</sup> In a recent New Zealand case, the learned judge was persuaded that Canadian passing off decisions "are of limited value in this country because the Canadian legislation, which encourages competition amongst the manufacturers and distributors of drugs, must necessarily have affected Canadian decisions on passing-off in the drug field".<sup>197</sup>

*Samann v. Canada's Royal Pinetree Mfg. Co.*<sup>198</sup> involved an application to expunge two registrations of trade marks, each mark being a representation of a pine tree, registered for use in association with air fresheners and absorbent bodies impregnated with a perfumed air deodorant. The product actually sold by the registrant was an absorbent pine tree shaped body identical in appearance to the registered marks, impregnated with deodorant and contained within a sealed wrapper having a transparent window through which the absorbent body was visible. The wrapper was an important part of the product: the top of the pine tree shaped body could be pulled progressively out of the wrapper, like a wedge, once the seal was broken, to allow the deodorant progressively to be given off into the air, and the wrapper had markers showing how far the body should be pulled out from week to week. The product was the subject of a United States patent that is now expired.

The registrations were attacked on the ground that they were not for trade marks, but for ornamental and functional features of the wares. The Federal Court, Appeal Division rejected this argument. The marks as registered were not functional: the registered marks were not the wares, and in the view of the Court, "the manner in which a trade mark has in fact been used is irrelevant"<sup>199</sup> in determining its registrability. This seems to be a fair enough statement if the mark is in fact used as a trade mark. The fact that it has an outline that the wares can match in order to perform a function does not detract from the

<sup>195</sup> (1964), 46 C.P.R. 86, 28 Fox Pat. C. 115 (Que. S.C.).

<sup>196</sup> See *supra*, note 2 at 396-97 for a discussion of *Ayerst, McKenna & Harrison, Inc. v. Apotex Inc.* (1982), 36 O.R. (2d) 495, 64 C.P.R. (2d) 169 (H.C.), new trial ordered (1983), 41 O.R. (2d) 366, 72 C.P.R. (2d) 57 (C.A.). See also *Syntex Inc. v. Novopharm Ltd.* (1983), 74 C.P.R. (2d) 110 (Ont. H.C.).

<sup>197</sup> *Bayer A.G. v. Pacific Pharmaceuticals* (1986), 7 I.P.R. 227 (H.C.N.Z.).

<sup>198</sup> (1986), 9 C.P.R. (3d) 223, 8 C.I.P.R. 307 (F.C.A.D.), *rev'g* (1985), 3 C.P.R. (3d) 313, 4 C.I.P.R. 17 (F.C.T.D.), where the facts recited herein are set out fully.

<sup>199</sup> *Ibid.* at 231, 8 C.I.P.R. 307 at 316 (F.C.A.D.).

overall appearance or significance of the mark. As for ornamentation, the Court pointed out that it is likely that any design mark will have some ornamental features. However, cases reviewed by the Court indicate that something that is merely ornamental or merely functional is not a trade mark.

#### IV. ISSUES OF REGISTRABILITY

Registration of a trade mark may be refused under paragraph 12(1)(a) of the *Trade Marks Act* if it is "primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years", unless pursuant to subsection 12(2) the mark is shown to have become distinctive in Canada. In *Gerhard Horn Invs. Ltd. v. Registrar of Trade Marks*<sup>200</sup> Cattanach J. fastened upon the word "individual" in paragraph 12(1)(a), holding that the mark MARCO PECCI, claimed by the applicant to be a coined name, had to be shown to be the name of an actual person before registration could be refused.<sup>201</sup> He said that a coined name is not precluded from registration except when by chance the name coincides with the name of a living person, or of a person who bore the name and who has been dead for less than thirty years. Only then need consideration be given to the question of whether the mark applied for is "primarily merely" a name or surname rather than something else.

The validity of the MARCO PECCI registration would be subject to attack under paragraph 18(1)(a) of the *Trade Marks Act* if someone who bore the name MARCO PECCI could be located. The MARCO PECCI decision overturned the practice of the Registrar in objecting to marks which consumers would expect to be the name of an individual. That practice has now been modified to the extent that if the surname Pecci should be found to be an actual surname, and primarily merely a surname, the mark MARCO PECCI would be registered only if the applicant disclaimed the right to the exclusive use of the surname apart from the trade mark.<sup>202</sup> Writing a surname in the possessive or plural

<sup>200</sup> (1983), [1983] 2 F.C. 878, 73 C.P.R. (2d) 23 (T.D.).

<sup>201</sup> Compare with the reference to a "living individual" in paragraphs 9(1)(k) and (l) of the Act. See *Cooper v. Mark's Work Wearhouse Ltd.* (1985), 5 C.P.R. (3d) 540 at 542, 5 C.I.P.R. 194 at 197 (T.M. Opp. Bd.).

<sup>202</sup> As to whether a name which has a meaning other than as a surname is "primary merely" a surname, see *Standard Oil Co. v. Registrar of Trade Marks* (1968), [1968] 2 Ex. C.R. 523 at 532-33, 55 C.P.R. 49 at 59. In *Juneau v. Chutes Corp.*, *supra*, note 86, the word "Juneau" was held to be primarily merely a surname, though it is the capital of Alaska and also a town and county in Wisconsin. See also *Molson Cos. v. Registrar of Trade Marks* (1985), 1 C.P.R. (3d) 494, 3 C.I.P.R. 121 (F.C.T.D.).

form does not make it any less a surname, but a phonetic equivalent of a surname is not regarded as falling within paragraph 12(1)(a).<sup>203</sup>

Paragraph 12(1)(b) provides for an objection where the mark is "clearly descriptive or deceptively misdescriptive in the English or French languages" of, *inter alia*, the character or quality of the wares or services. The combination of a surname with a clearly descriptive term is not regarded as being primarily merely a surname, nor as being clearly descriptive, but in opposition proceedings the combination is likely to be rejected as non-distinctive.<sup>204</sup> Unfortunately, the Registrar does not have jurisdiction to consider the latter objection in *ex parte* proceedings.<sup>205</sup>

The last survey referred to the proposition that to be clearly descriptive or deceptively misdescriptive of the character or quality of wares, a word must refer to some intrinsic character or quality of the wares.<sup>206</sup> Thus, KOLD ONE was held to be registrable for beer, without evidence of acquired distinctiveness,<sup>207</sup> as was TAVERN.<sup>208</sup> This line of reasoning was continued by the Federal Court, Appeal Division in *Jordan & Ste-Michelle Cellars Ltd. v. T.G. Bright & Co.*,<sup>209</sup> where CHILLABLE (forming part of the mark BRIGHTS CHILLABLE RED) was held not to be clearly descriptive or deceptively misdescriptive of the character or quality of wine. Thurlow C.J. dissented. To him, CHILLABLE RED was an elliptical expression for "chillable red wine", and meant not merely that the wine could be chilled but that it was suitable for use when chilled.<sup>210</sup>

A laudatory term would seem to fit within the Appeal Division's test. For instance, the product of a person who seeks to register the

<sup>203</sup> See, e.g., *Foodcorp Ltd. v. Hardee's Food Sys. Inc.* (1983), 66 C.P.R. (2d) 217 (T.M. Opp. Bd.).

<sup>204</sup> *Molson Cos. v. John Labatt Ltd.* (1981), 58 C.P.R. (2d) 157, 1 C.I.P.R. 299 (F.C.T.D.); *LABATT EXTRA; Breck's Sporting Goods Co. v. Slater* (1983), 70 C.P.R. (2d) 265 (T.M. Opp. Bd.); *SLATER TROPHY LURES*.

<sup>205</sup> Compare s. 36(1) of the Act with s. 37(2). It has been noted in *Produits Sportifs Micron Inc. v. Karhu-Titan Oy* (1982), 74 C.P.R. (2d) 215 at 233 (T.M. Opp. Bd.) that the single letter "M" would not be objectionable under s. 12, and that an objection to its acquired degree of distinctiveness may only arise in the Trade Marks Office in opposition proceedings. As noted in the last survey, *supra*, note 2 at 407-08, the relatively narrow interpretation that courts have sometimes given to provisions in s. 12 might be circumvented by the Registrar if he could raise the distinctiveness issue. He may of course do so in *ex parte* proceedings where the applicant seeks to take advantage of ss. 12(2) or 13(1)(a).

<sup>206</sup> *Ibid.*, survey at 407-08.

<sup>207</sup> *Registrar of Trade Marks v. Provenzano* (1978), 40 C.P.R. (2d) 288, 22 N.R. 529 (F.C.A.D.).

<sup>208</sup> *Molson Cos. v. Carling O'Keefe Breweries of Canada Ltd.* (1981), [1982] 1 F.C. 275, 55 C.P.R. (2d) 15 (T.D.).

<sup>209</sup> (1984), [1984] 1 F.C. 964, 81 C.P.R. (2d) 103 (A.D.).

<sup>210</sup> *Ibid.* at 968, 81 C.P.R. (2d) 103 at 106. Compare *In re Omaha Natl. Corp*, 2 U.S.P.Q. (2d) 1859 at 1861 (Ct. App. Fed. Cir. 1987): "The factual situations in which mere descriptiveness must be resolved are too varied to lend themselves to resolution under any rigid formula."

mark GOOD may not be particularly good, but the word is one that is used clearly to describe products that are good. RIGHT for cigarettes may be refused as laudatory, no matter how bad cigarettes may intrinsically be for one's health.<sup>211</sup> A mark may be unregistrable on the ground that it is deceptively misdescriptive, but the Registrar will presume that a mark will be used fairly.<sup>212</sup>

It may be debatable whether the effect or result of using wares, or their function, is an intrinsic character or quality of the wares, but it is clear from *S.C. Johnson & Son v. Marketing Int'l Ltd.*,<sup>213</sup> where OFF! was held to be clearly descriptive of an insect repellent, that words which clearly describe an effect, result or function of the wares are *prima facie* unregistrable. There are many recent decisions of the Trade Marks Office that refuse registration of such marks.<sup>214</sup>

*Molson Cos. v. John Labatt Ltd.*<sup>215</sup> involved an application to register the word GOLDEN for brewed alcoholic beverages. One objection that was raised was that ale may have a golden colour, and that GOLDEN was clearly descriptive or deceptively misdescriptive of the character of the wares. If that were the case, the mark would be registrable on proof that it had acquired distinctiveness, under subsection 12(2). According to Cullen J. the applicants were not relying upon that subsection "and, as a matter of fact, were satisfied in their own minds that they would not be able to qualify under that particular section".<sup>216</sup> One would have thought that that ended the matter, if indeed ale may be golden in colour. But rather than addressing that factual issue, His Lordship said that in considering whether a word is clearly descriptive one must endeavour to put oneself in the position of the every-day user of the wares, and he referred to survey evidence filed by the applicant, showing that such persons use the word GOLDEN to order the applicant's ale. But such evidence, surely, goes to acquired distinctiveness, which the applicant said it could not establish, and such evidence does not affect the plain meaning of the word as

<sup>211</sup> *Imperial Tobacco Ltd. v. Benson & Hedges (Canada) Inc.* (1983), 75 C.P.R. (2d) 115 (F.C.T.D.); *Ridout Wines Ltee v. Vins Bright Ltee* (1986), 11 C.P.R. (3d) 248, 10 C.I.P.R. 254 (T.M. Opp. Bd.): SELECTION for wines; *General Foods Inc. v. Hills Bros. Coffee* (1984), 2 C.P.R. (3d) 352 (T.M. Opp. Bd.): HIGH YIELD for coffee.

<sup>212</sup> *Roc Int'l v. Robapharm (Canada) Ltee* (1985), 5 C.P.R. (3d) 165 at 170 (T.M. Opp. Bd.).

<sup>213</sup> (1979), [1980] 1 S.C.R. 99, 44 C.P.R. (2d) 16.

<sup>214</sup> E.g., *Sharp Kabushiki Kaisha v. Dahlberg Electronics, Inc.* (1983), 80 C.P.R. (2d) 47 (T.M. Opp. Bd.): SHARP for hearing aids; *Thomas J. Lipton Ltd. v. Heldon Foods (1980) Ltd.* (1986), 10 C.P.R. (3d) 517, (*sub nom. Thomas J. Lipton Ltd. v. Gilron Holdings Ltd.*) 9 C.I.P.R. 74 (T.M. Opp. Bd.): SUPERCUP for packaged dry powered beverages; *Richardson-Vicks Ltd. v. Wampole Inc.* (1986), 9 C.P.R. (3d) 284 (T.M. Opp. Bd.): COUGH FIGHTERS for cough syrup.

<sup>215</sup> *Supra*, note 190.

<sup>216</sup> *Ibid.* at 502, 3 C.I.P.R. 121 at 129.

designating a colour.<sup>217</sup> To further confuse the matter, His Lordship said that the applicant had satisfied him that the mark GOLDEN actually distinguishes the wares of the applicant from those of others, thereby suggesting that the applicant had established, by its survey, the very thing that the applicant said that it was satisfied that it could not establish.<sup>218</sup>

Although the meaning of a word such as GOLDEN is fairly obvious as applied to ale, it is appropriate to ascertain the meaning of terms to the Canadian public where the meaning is not so obvious. This is particularly true of geographical terms. Paragraph 12(1)(b) provides that, *prima facie*, a mark is unregistrable if it is clearly descriptive or deceptively misdescriptive in the English or French languages of the place of origin of the wares or services.<sup>219</sup> In *Der Stabilisierungsfonds fur Wein v. T.G. Bright & Co.*,<sup>220</sup> although it was shown that there are places in Germany, called Oberhausen, where wines are produced, there was no evidence to suggest that either the general public or average purchasers of wine in Canada were aware of the existence of those places. The Hearing Officer was unable to conclude that OBERHAUS clearly described or deceptively misdescribed the origin of wines.

Paragraph 12(1)(c) of the Act precludes the registration of a mark which is the name, in any language, of the wares or services, and such a mark cannot be registered under subsection 12(2) by providing evidence of acquired distinctiveness. In *Jordan & Ste-Michelle Cellars Ltd. v. Gillespies & Co.*,<sup>221</sup> the defendant applied to expunge a registration of the mark TOSCANO for wine. The evidence satisfied Denault J. that Toscano is the name in Italian for wine from the region known as Toscana, or Tuscany, and he ordered the registration to be expunged.

The Chairman of the Opposition Board has concluded, in *Jordan & Ste-Michelle Cellars Ltd. v. Andres Wines Ltd.*,<sup>222</sup> that under paragraph 12(1)(c) there is no need for the name of the wares to be

<sup>217</sup> We have at least one certainty, namely, that ORANGE is an "elliptical description" of the character of orange juice: *Home Juice Co. v. Orange Maison Ltee* (1970), [1970] S.C.R. 942 at 946, 1 C.P.R. (2d) 14 at 17.

<sup>218</sup> Since the foregoing was written, the Federal Court, Appeal Division has allowed an appeal, holding that it was an error for Cullen J. to rely on evidence of acquired distinctiveness, which was not at issue in the proceedings before him: *John Labatt Ltd. v. Molson Cos. Ltd.* (2 December 1987) A-1345-84 (F.C.A.D.) [unreported].

<sup>219</sup> It has been suggested that a place of origin need not necessarily be a geographic place of origin: *Harvard Club of Montreal v. Vetements Howick Apparel Ltd.* (1986), 8 C.P.R. (3d) 493 at 497, 7 C.I.P.R. 157 at 161 (T.M. Opp. Bd.).

<sup>220</sup> (1985), 4 C.P.R. (3d) 526 at 528, 4 C.I.P.R. 72 at 74-75 (T.M. Opp. Bd.).

<sup>221</sup> (1985), 6 C.P.R. (3d) 377 (F.C.T.D.).

<sup>222</sup> (1986), 11 C.P.R. (3d) 252, 10 C.I.P.R. 92 (T.M. Opp. Bd.): registration of NOSTRANO for wine refused on the ground that it is the name of a wine produced in the Italian area of Switzerland. *See also Jordan & Ste-Michelle Cellars Ltd. v. Vin Geloso Inc.* (1985), 3 C.P.R. (3d) 276 at 279 (T.M.Opp. Bd.).

generally recognized in Canada. It is of interest that in the TOSCANO case<sup>223</sup> Denault J. found the mark to be not only the name of a wine but also to be deceptively misdescriptive of the "nature and quality" of the registrant's wine. He reached the latter conclusion on the basis of expert evidence that the registrant's wines did not have the characteristics of Tuscan wines. With respect, if reliance is being placed on paragraph 12(1)(b) it is necessary to conclude that typical purchasers, not just experts, would appreciate the significance that the mark is alleged to have.<sup>224</sup>

Paragraph 12(1)(c) has been construed by the Opposition Board as not prohibiting the registration of phonetic equivalents of generic terms.<sup>225</sup>

## V. TRADE MARK USE FOR SERVICES

Subsection 4(2) of the *Trade Marks Act* provides that:

A trade mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of such services.

The Act does not define "services".

In *Kraft Ltd. v. Registrar of Trade Marks*,<sup>226</sup> the applicant sought to register the mark BREADWINNERS for "providing coupon programs pertaining to a line of food products". The Registrar objected that the claimed service was only ancillary or incidental to the sale of the applicant's food products, and that the application, therefore, did not comply with the requirement in paragraph 29(a) of the Act that the applicant provide a statement in ordinary commercial terms of the specific services in association with which the mark has been used. On appeal, Strayer J. rejected the argument that a mark cannot be registered for services that are merely incidental or ancillary to the sale of goods. He gave weight to the fact that a coupon program is not something within the normal expectation of a purchaser who buys goods, and noted that the mark BREADWINNERS could distinguish the applicant's coupon program from similar programs of others.

---

<sup>223</sup> *Supra*, note 221 at 385.

<sup>224</sup> *Jordan & Ste-Michelle Cellars Ltd. v. Vin Geloso Inc.*, *supra*, note 222 at 280.

<sup>225</sup> *Aljean Canada Inc. v. Jack Spratt Mfg. Inc.* (1984), 2 C.P.R. (3d) 521 at 526 (T.M. Opp. Bd.); *Jordan & Ste-Michelle Cellars Ltd. v. Vins La Salle Inc.* (1983), 78 C.P.R. (2d) 279 at 282 (T.M. Opp. Bd.), also noting at 284-85 that variants of descriptive terms may be caught by paragraph 12(1)(b).

<sup>226</sup> (1984), [1984] 2 F.C. 874 at 879, 1 C.P.R. (3d) 457 at 461 (T.D.) [hereinafter BREADWINNERS].

The BREADWINNERS case was distinguished by the Hearing Officer in *Carling O'Keefe Breweries of Canada Ltd. v. Anheuser-Busch, Inc.*<sup>227</sup> The opponent had promoted the sale of beer in association with a representation of a brewery cart loaded with barrels and drawn by an eight-horse team. The opponent alleged that this constituted use of a mark for the services of promoting the sale of the opponent's beer in Canada. The Hearing Officer held that the opponent was not providing a service within the meaning of the Act, stating that:

In order for an activity to be considered as a service, it would seem logical that there must be some members of the public, some consumers or purchasers, who receive a benefit from the existence of that activity. With respect to the opponent's promotion of the sale of its Carlsberg beer, the only one who could reasonably be said to have received a benefit is the opponent itself.<sup>228</sup>

Hair-styling is clearly a service. In *DeCaria Hair Studio Ltd. v. Massimo De Berardinis*,<sup>229</sup> the question arose as to when the applicant had begun to use his mark "D B & Design" for that service. In November 1976 the applicant provided hair-styling services for the Miss Canada Pageant, but his mark appeared on the television screen only at the end of the Pageant, when the applicant was identified as the hair stylist. Focussing on the definition, given above, of what constitutes use of a mark in association with services, the Hearing Officer did not regard the appearance of the mark on the television screen as being a use or display "in the performance" of the services, the services having been completed before the mark was seen. Nor was showing the mark on the screen regarded as an offering of the services (that is, as advertising the services) because nothing was being offered to any member of the public. The display of the mark on the screen was merely an acknowledgement or a credit.

Later, in January 1977, the applicant did some advertising which the Hearing Officer concluded was referable to hair-styling services that the applicant intended to provide upon the future opening of a salon in Toronto. The salon was not to open until April of 1977 and, prior to the opening of the salon, the services would apparently not have been available. The advertising of a mark in relation to services that the advertiser is not yet willing and able to provide in Canada has not been regarded as falling within the statutory definition of use in subsection 4(2), and therefore the January 1977 advertising was not regarded as use of the mark for services.<sup>230</sup>

---

<sup>227</sup> (1985), 4 C.P.R. (3d) 216 at 220 (T.M. Opp. Bd.).

<sup>228</sup> *Ibid.* at 219.

<sup>229</sup> *Supra*, note 67 at 312-13, 4 C.I.P.R. at 227-28.

<sup>230</sup> See the 1979 survey, *supra*, note 17 at 458-59; *Delta Hotels Ltd. v. Samurai Invs. Inc.* (1983), 79 C.P.R. (2d) 254 at 256 (T.M. Opp. Bd.); *Osmose Wood Preserving Co. of America v. Osmose-Pentox Inc.* (1986), 10 C.P.R. (3d) 383 at 385, 9 C.I.P.R. 49 at 51 (T.M. Opp. Bd.).

## VI. TRADE MARK USE FOR WARES

The last survey<sup>231</sup> reviewed in some detail what constitutes use of a trade mark for wares, within the meaning of subsection 4(1) of the *Trade Marks Act*, which provides as follows:

A trade mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of such wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

During the period under review, there have been several developments in this area. In *Playboy Enterprises Inc. v. Germain*,<sup>232</sup> Pinard J. has observed that a mark must be something that is seen. He construed subsection 4(1) as requiring visual rather than mere oral use.

Strayer J. has taken a liberal view of how close an association is required between a mark and wares for there to be a use within the meaning of subsection 4(1). In *Interlego AG v. Irwin Toy Ltd.*,<sup>233</sup> he considered that the appearance of trade marks in a catalogue offering toy blocks for sale constituted use as contemplated by that subsection. This was not, however, necessary to his decision because he was dealing with an issue of infringement, and for infringement under section 20 of the Act there is no need for use within the technical definition of section 4: under section 20 it may be an infringement to advertise wares in association with a mark.<sup>234</sup>

In *Bell Canada v. Classified Directory Publishers Inc.*,<sup>235</sup> the opponent Bell relied upon several trade marks registered for its directories and for advertising services. Bell displayed those marks on the bottom portion of the front page of its directories and prefaced them with the words "Unauthorized use of any Trade Mark or Trade Name confusing with any of the following is strictly prohibited." Although the marks were thereby clearly identified on the directories, the Hearing Officer doubted that they were being used to distinguish the wares and services of Bell from those of others.

To satisfy subsection 4(1), the use that is relied upon must be "in the normal course of trade", and several decisions have focussed

<sup>231</sup> *Supra*, note 2 at 353ff.

<sup>232</sup> (9 July 1987), T-1721-86 (F.C.T.D.) [unreported].

<sup>233</sup> (1985), 3 C.P.R. (3d) 476 at 488-89, 4 C.I.P.R. 1 at 13 (F.C.T.D.).

<sup>234</sup> See also *Dino's Place Ltd. v. Hellenic Import Export Co.* (1983), 79 C.P.R. (2d) 233 at 238-40 (T.M. Opp. Bd.) [hereinafter *Dino's Place*].

<sup>235</sup> (1986), 8 C.P.R. (3d) 372 at 378 (T.M. Opp. Bd.).

upon this requirement. In *Argenti Inc. v. Exode Importations Inc.*,<sup>236</sup> an American company had arranged for its Hong Kong manufacturer to send samples of goods to a Canadian company which was to act as Canadian distributor. The samples bore the trade mark ARGENTI, and the samples were used by the Canadian company to solicit orders from Canadian retailers. The Canadian company registered the mark in Canada in its own name. The issue was whether the sending of the samples constituted prior use in Canada by the American company. Pinard J. held that it did. The samples had been sent to Canada in the normal course of trade, prior to any alleged use by the Canadian importer, who was not entitled to register the mark of its supplier. By way of contrast, in *Ports Int'l Ltd. v. Registrar of Trade Marks*,<sup>237</sup> Jerome A.C.J. held that a charitable donation of dresses bearing the mark CIAO to the Toronto Symphony, to be sold by the Symphony in a fundraising sale, was not use of the mark by the donor in the normal course of trade as required by subsection 4(1). And in *Professional Gardener Co. v. Registrar of Trade Marks*,<sup>238</sup> Strayer J. was not satisfied that there had been use in the normal course of trade where the appellant had distributed some free samples with a pamphlet, but had not been able to get a sufficient supply to sell, and had what His Lordship characterized as a "vague prospect that some day the appellant would have a product to sell".

Use within the internal transactions of a company is not regarded as a use in the normal course of trade.<sup>239</sup>

In *Swift & Co. v. Monarch Fine Foods Co.*,<sup>240</sup> the Chairman of the Opposition Board took a close look at the applicant's claim to have used its mark. He noted that use may commence with a single transaction, and that it is not necessary to have substantial sales in order to have use in the normal course of trade. Transactions after the initial one, however, may reveal a course of conduct inconsistent with there ever having been a use in the normal course of trade. The Chairman was referred to leading cases in the United States and the United Kingdom where mere nominal (or token) uses, without any *bona fide* intent to establish a meaningful trade, have been held to be insufficient. He said that he did not consider those decisions to be of great assistance, but, nevertheless, he concluded that the applicant's evidence showed nothing more than that the applicant had arranged a series of transactions without the intention of putting the mark into *bona fide* commercial use. Use of the mark, within the meaning of subsection 4(1), had not been established.

---

<sup>236</sup> (1984), 8 C.P.R. (3d) 174 at 185 (F.C.T.D.).

<sup>237</sup> (1983), [1984] 2 F.C. 119 at 121, 79 C.P.R. (2d) 191 at 193 (T.D.).

<sup>238</sup> (1985), 5 C.P.R. (3d) 568 at 572, 5 C.I.P.R. 314 at 318 (F.C.T.D.).

<sup>239</sup> *Dino's Place, supra*, note 234 at 236-37.

<sup>240</sup> (1983), 70 C.P.R. (2d) 69 at 74-75 (T.M. Opp. Bd.).

## VII. SECTION 44 OF THE TRADE MARKS ACT

Under section 44 of the *Trade Marks Act*, the Registrar of Trade Marks may require the owner of the registered mark to file evidence, by way of affidavit or statutory declaration, showing whether the mark is in use in Canada for the wares and services for which it is registered. The Registrar may expunge the registration for non-use, or may amend the registration to show the wares and services for which the mark is in use, unless the registrant's evidence shows that non-use has been due to special circumstances.

As has been noted under the previous heading, "use" for wares means use "in the normal course of trade".<sup>241</sup> In *Sim & McBurney v. Majdell Mfg. Co.*,<sup>242</sup> the registrant filed an affidavit that asserted that its registered mark had been used in Canada since 1976 and was still in use. Attached to the affidavit were samples of goods, labels, tags and invoices that were alleged to show continuous use of the mark. But on appeal from the Registrar, Strayer J. held that the registrant had not provided adequate evidence of use in the normal course of trade. He noted that the affidavit did not describe what the registrant's trade was, nor to whom the registrant normally sold its goods. There was no evidence of the volume of sales, nor of the numbers and locations of purchasers. Although the Registrar had thought that the evidence was sufficient, Strayer J. drew an inference adverse to the registrant because the registrant had made no attempt to expand upon or clarify its evidence by filing further evidence on the appeal, as it was entitled to do pursuant to subsection 56(5) of the *Trade Marks Act*. Plainly, a registrant cannot be too careful with its evidence, despite what seem to be more lenient views of other judges.<sup>243</sup>

In *Parker-Knoll Ltd. v. Registrar of Trade Marks*,<sup>244</sup> Walsh J. had indicated that the registrant's evidence should relate to use of the mark before the date that the Registrar gives notice that he requires evidence of use. This is understandable, for otherwise registrants might be inclined to resume use of their marks, after receiving notice, merely to preserve their registrations. But the Federal Court has not been

---

<sup>241</sup> See *supra*, note 236 and accompanying text.

<sup>242</sup> *Supra*, note 180.

<sup>243</sup> E.g., *Union Elec. Supply Co. v. Registrar of Trade Marks* (1982), [1982] 1 F.C. 263 at 264, 63 C.P.R. (2d) 56 at 57 (T.D.); *Baume & Mercier S.A. v. Brown* (1985), 4 C.P.R. (3d) 96 (F.C.T.D.); *Pernod Ricard v. Molson Cos. Ltd.* (4 November 1987), T-434-87 (F.C.T.D.) [unreported]. But see *S.C. Johnson & Son v. Registrar of Trade Marks* (1981), 55 C.P.R. (2d) 34 (F.C.T.D.); *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1980), [1980] 2 F.C. 338, 53 C.P.R. (2d) 62 (A.D.). With respect to use of variants of the registered mark, see *infra*, text accompanying notes 347-350.

<sup>244</sup> (1977), 32 C.P.R. (2d) 148 (F.C.T.D.), referred to in the 1979 survey, *supra*, note 17 at 465.

unreasonably rigid. In *John Labatt Ltd. v. Rainier Brewing Co.*,<sup>245</sup> the registrant (an American company) had obtained orders from British Columbia just prior to the date of the section 44 notice, and had shipped goods bearing the mark from the United States to British Columbia shortly after the date of the notice, pursuant to the orders. The Federal Court, Appeal Division held that this was sufficient to satisfy section 44, though the use was not at the date of the notice. However, the Court said that the position would be different if the evidence were seen to be lacking in *bona fides*, being manufactured in an attempt to protect the registration rather than to establish genuine use of the mark in the normal course of trade. The evidence showed use for beer only, and the Court ordered that the registration be amended to delete the words "ale, porter, stout, malt beverages, malt syrup and malt extracts".<sup>246</sup>

In *Star-Kist Foods Inc. v. Registrar of Trade Marks*,<sup>247</sup> the registrant's evidence was that its last sales before the date of the section 44 notice were to large distributors and that these sales took place more than fourteen months before the date of the notice. Rouleau J. declined to order the registration to be expunged. He held that the use to which section 44 refers could be satisfied by someone other than than the registrant, in this case, large distributors selling to their retail customers. Also, the registrant had made another large sale six days after the date of the section 44 notice and His Lordship quoted the Registrar's comment that it seemed unlikely that such a large sale could be made on such short notice. He said that one sale may be enough, depending upon the circumstances.

In *Registrar of Trade Marks v. Harris Knitting Mills Ltd.*,<sup>248</sup> the Federal Court, Appeal Division settled two procedural points under section 44, namely that the affidavit or declaration may be sworn by someone other than the owner of the registration, and that more than one affidavit or declaration may be filed. The Court also considered the question of what comprises the special circumstances that excuse non-use of a registered mark. It seems that the registrant had not used its registered mark ULTRALON for two and a half years. The demand for its ULTRALON knitwear had fallen off, and the registrant had decided that it would be more profitable to manufacture a different type of knitwear and decided to stop using the mark ULTRALON for an indefinite time. There was no evidence, however, that the registrant could not have continued to use the mark without major inconvenience, and the Court saw no such compelling reason for the non-use as to constitute special circumstances. The Court observed that special circumstances

---

<sup>245</sup> (1984), 54 N.R. 296, 80 C.P.R. (2d) 228 (F.C.A.D.).

<sup>246</sup> *Ibid.* at 302, 80 C.P.R. (2d) 228 at 237.

<sup>247</sup> (1985), 3 C.P.R. (3d) 208, 4 C.I.P.R. 212 (F.C.T.D.).

<sup>248</sup> (1985), 60 N.R. 380 at 383, 4 C.P.R. (3d) 488 at 494 (F.C.A.D.) [hereinafter referred to as the *ULTRALON* case].

must be those not found in most cases of absence of use, and that circumstances which excuse non-use for a brief period may not excuse a prolonged absence of use. The Court went on to say that it is essential to know whether the absence of use is due solely to a deliberate decision by the registrant, rather than to obstacles beyond his control, reasoning that it is difficult to see why an absence of use due solely to a deliberate decision should be excused.<sup>249</sup>

A sufficient external force justifying non-use was found by Pinard J. in *Playboy Enterprises Inc. v. Germain*.<sup>250</sup> Mr. Germain had registered the mark PLAYBOY MEN'S HAIR STYLIST for the operation of a salon de coiffure. He used the mark for three years in the province of Quebec before succumbing to pressure from Hull city officials to adopt a French version of his mark. Misunderstanding the effect of Quebec's language legislation, he had discontinued use of the mark, adopting, as a French version, PLAYBOY COIFFURE POUR HOMMES. Pinard J. was satisfied that Mr. Germain always intended to use the registered mark. However, cases such as ULTRALON<sup>251</sup> show that an intent not to abandon a mark will not necessarily save a mark under section 44.<sup>252</sup>

In *George Weston Ltd. v. Sterling & Affiliates*,<sup>253</sup> Joyal J. noted that the practice under section 44 had become increasingly technical, but that he was not prepared to be technical in the circumstances of the case. The trade mark owner had registered two of its subsidiaries as users. By reason of corporate re-organizations, application was made to cancel the two registered users and to register another subsidiary as a user. A section 44 notice was received while the latter application was pending, but after cancellation of the former registered users. Evidence was filed to show the use by the prior registered users and the use by the subsidiary for which a registered user application was pending. Technically, the latter use did not enure to the benefit of the trade mark owner, but Joyal J. held that the absence of use could be excused due to the "special circumstances" of the case.<sup>254</sup>

<sup>249</sup> This is consistent with the view of Cattanach J. in *John Labatt Ltd. v. Cotton Club Bottling Co.* (1976), 25 C.P.R. (2d) 115 (F.C.T.D.), discussed in the 1979 survey, *supra*, note 17 at 465. See also *Professional Gardener Co. v. Registrar of Trade Marks*, *supra*, note 238 at 573, 5 C.I.P.R. 314 at 319, and *Humpty Dumpty Foods Ltd. v. CPG Prods. Corp.* (1985), 5 C.P.R. (3d) 384 at 390 (T.M. Opp. Bd.).

<sup>250</sup> *Supra*, note 232.

<sup>251</sup> *Supra*, note 248.

<sup>252</sup> On the other hand, a registrant's intent is of primary importance under s. 18(1)(c) of the Act where the issue is whether a mark has been abandoned. See, e.g., *Produits Menagers Coronet Inc. v. Coronet-Werke Heinrich Schlerf GmbH* (1986), 10 C.P.R. (3d) 482 at 489, 5 F.T.R. 184 at 190-91 (T.D.).

<sup>253</sup> (1984), 3 C.P.R. (3d) 527 (F.C.T.D.).

<sup>254</sup> For another corporate re-organization case, see *Turner v. G.M. (Australia) Pty.* (1929), 42 C.L.R. 352 (Aust. H.C.).

It has been held that the Registrar has no power to stay proceedings under section 44.<sup>255</sup> The Registrar considers that he has authority to terminate such proceedings on the consent of the registrant and the person who requested the Registrar to send the section 44 notice.<sup>256</sup>

### VIII. SECTIONS 9 and 10 OF THE TRADE MARKS ACT<sup>257</sup>

Reference was made in the last survey to the leading cases on what qualifies as a "public authority" entitled to appropriate marks to itself under subparagraph 9(1)(n)(iii) of the Act by simply requiring the Registrar to give notice of the authority's adoption of the marks.<sup>258</sup> "Public authority" has been liberally construed and a variety of descriptive marks have been appropriated by such authorities.<sup>259</sup>

In *R. in Right of British Columbia v. Mihaljevic*,<sup>260</sup> the plaintiffs had had notices published under subparagraph 9(1)(n)(iii) for the mark EXPO 86, and they applied for and obtained an interlocutory injunction in the Supreme Court of British Columbia to restrain the defendant from selling T-shirts and baseball caps bearing the mark. Wallace J. expressed the opinion that the principles that are applied in granting an interlocutory injunction in an action between private parties are not appropriate when Parliament has seen fit to grant to a public authority the exclusive right to use an official mark. It was not necessary for the plaintiffs to establish the likelihood of irreparable harm. They had simply to establish *prima facie* that the defendant had adopted the prohibited mark in connection with a business and to bring to the attention of the Court circumstances which in the Court's discretion warranted the issuance of an interlocutory injunction.<sup>261</sup>

Paragraph 9(1)(d) prohibits the adoption, in connection with a business, of any mark consisting of, or so nearly resembling as likely

<sup>255</sup> *Anheuser-Busch, Inc. v. Carling O'Keefe Breweries of Canada Ltd.* (1982), 45 N.R. 126, 69 C.P.R. (2d) 136 (F.C.A.D.). As to the Registrar's powers, see *Molson Cos. v. John Labatt Ltd.* (1984), 1 C.I.P.R. 299 (F.C.T.D.).

<sup>256</sup> *Registrar's Policy Statement* (1986) 33:1659 T.M.J. 104.

<sup>257</sup> Some reference has already been made to these sections, *supra*, text accompanying notes 83 and 84, with respect to material dates in opposition proceedings; *supra*, notes 138-142, with respect to onus in opposition proceedings; and *infra*, note 420, with respect to marks identified with individuals.

<sup>258</sup> *Supra*, note 2 at 403.

<sup>259</sup> H. Knopf, *Trade Marks Law Revision: Update and Options* (1987) CAN. INTELL. PROP. REV. 352 at 360-62.

<sup>260</sup> (1986), 10 C.P.R. (3d) 374 (B.C.S.C.).

<sup>261</sup> In *Joseph E. Seagram & Sons v. Andres Wines Ltd.* (2 June 1987), T-778-87 (F.C.T.D.) [unreported], Cullen J. has suggested that neither the likelihood of irreparable harm nor the balance of convenience need be considered where there is an arguable case of infringement of a registered mark. With respect, it is submitted that there should be no hard and fast rules in such cases. Each case should be decided upon its particular facts.

to be mistaken for, any word or symbol likely to lead to the belief that the wares or services it is associated with have received or are produced, sold or performed under governmental patronage, approval or authority. The Chairman of the Opposition Board has concluded that this paragraph does not benefit foreign governments.<sup>262</sup> In a domestic sense, the reference to governmental authority has been broadly construed by Muldoon J. as including "the legislative, executive and judicial branches of government and perhaps even municipal authorities".<sup>263</sup> His Lordship was of the opinion that, because of government regulation of the professions, paragraph 9(1)(d), read with paragraph 12(1)(e) which prohibits registration of marks falling within section 9 or 10, requires the Registrar "to abstain from registering words, or expressions which include words, designating the popular or official name of professions whose members are exclusively entitled to the commercial or professional use of such names, designations or titles in conformity with provincial and territorial laws".<sup>264</sup> He concluded that the term LUBRICATION ENGINEERS was consequently not registrable for lubricants, greases and oils.

Section 10 was considered by Cullen J. in *T.G. Bright & Co. v. Andres Wines Ltd.*<sup>265</sup> Andres applied to register the mark BABY DUCK CANADIAN CHAMPAGNE for "Canadian Champagne". The opponent argued that the mark was unregistrable because section 10 prohibits the adoption as a trade mark of any mark that has by ordinary and *bona fide* commercial usage become recognized in Canada as designating, *inter alia*, the kind, quality or place of origin or any wares. But the applicant disclaimed the right to exclusive use of the words "Canadian Champagne" apart from the trade mark, pursuant to section 34 of the *Trade Marks Act* which is designed to allow the inclusion in trade marks of words which are not independently registrable. Cullen J. considered that this disclaimer was a sufficient answer to the objection under section 10, though he thought that the same would not be true with respect to a mark that was objectionable under section 9 if it included such prohibited marks as R.C.M.P., the words "United Nations", or an obscenity. Nor will a disclaimer always suffice to allow registration of a mark of which part is objectionable under section 10, for what remains may add little or nothing that is distinctive.<sup>266</sup>

<sup>262</sup> *United States Gov't. v. Amada Co.* (1983), 75 C.P.R. (2d) 228 at 230-31 (T.M. Opp. Bd.).

<sup>263</sup> *Canadian Council of Professional Eng'rs. v. Lubrication Eng'rs., Inc.* (1984), [1985] 1 F.C. 530 at 543, 1 C.P.R. (3d) 309 at 320 (T.D.).

<sup>264</sup> *Ibid.* at 552-53, 1 C.P.R. (3d) 309 at 329.

<sup>265</sup> (1985), 4 C.P.R. (3d) 79, 5 C.I.P.R. 110 (F.C.T.D.).

<sup>266</sup> *Compare John Labatt Ltd. v. Molson Cos.* (1984), 3 C.P.R. (3d) 150 at 156, 2 C.I.P.R. 215 at 222 (T.M. Opp. Bd.). Disclaimers where part of a mark is deceptively misdescriptive are discussed in *United States Gov't v. Amada Co.*, *supra*, note 262.

## IX. CONFUSING MARKS

In the last survey there was an extensive discussion of the scope of rights conferred by trade mark registrations in the United Kingdom and in Canada, as contrasted with the rights conferred by registration in the United States and by common law.<sup>267</sup> In the latter cases, a defendant may avoid liability, even if using the same mark as the plaintiff, and for the same goods or services, if he does so in a way that prevents confusion, mistake or deception.<sup>268</sup> But a registration in the United Kingdom or in Canada confers an exclusive right to the registered mark for the goods or services<sup>269</sup> in respect of which it is registered. Consequently, it is an infringement to use the mark for those goods or services, despite the fact that the infringer, by some means other than the mark itself, indicates that his goods or services are not those of the plaintiff. In the United Kingdom, despite the fact that the infringer is not using the very mark registered, it is an infringement for him to use a mark that so nearly resembles the registered mark as to be likely to deceive or cause confusion. The comparison, then, is between the marks, not between the marketplace activities of the parties. As a shorthand, I have referred to this as the "*June Perfect*" principle, after one of the United Kingdom cases in which the principle was clearly stated.<sup>270</sup>

In Canada, the net of infringement is cast still wider to include the use of a "confusing" mark.<sup>271</sup> A confusing mark may differ from the registered mark and may be used by the infringer for goods or

---

<sup>267</sup> *Supra*, note 2 at 362-68.

<sup>268</sup> See the *United States Trade Mark Act of 1946*, 60 Stat. 540, s. 32(1).

<sup>269</sup> By recent amendments, trade marks may now be registered in the United Kingdom for services: *Trade Marks (Amendment) Act 1984* (U.K.), 1984, c. 19; *Patents, Designs and Marks Act 1986* (U.K.), 1986, c. 39.

<sup>270</sup> *Saville Perfumery Ltd. v. June Perfect Ltd.* (1939), 58 R.P.C. 147 at 161 (C.A.). In Canada, see *Anheuser-Busch, Inc. v. Carling O'Keefe Breweries of Canada Ltd.* (1986), 10 C.P.R. (3d) 433 at 440 (T.C.A.D.).

<sup>271</sup> S. 6(5) of the Act provides for the determination of whether a mark is confusing:

In determining whether trade marks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a) the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;
- (b) the length of time the trade marks or trade names have been in use;
- (c) the nature of the wares, services, or business;
- (d) the nature of the trade; and
- (e) the degree or resemblance between trade marks or trade names in appearance or sound or in the ideas suggested by them.

services not specified in the registration. The June Perfect principle still applies, so that the environment in which the confusing mark is used does not help the infringer; it is not one of the pertinent "surrounding circumstances" under section 6.

A related principle comes into play when the scope of a trade mark registration has to be considered. Trade marks may be used in various ways by their owners. They may be displayed more or less prominently, in association with expensive or inexpensive goods, in trade with specialists or with the general public. A use in a particular way, for example, in association with expensive goods sold to specialist purchasers, may qualify the mark for a registration that is not limited to such restricted use and, consequently, the registration may be infringed by use of a "confusing" mark on inexpensive goods sold to the general public. In determining whether a certain activity constitutes an infringement, it is necessary to compare the activity with all normal and fair uses to which the registered owner is entitled.<sup>272</sup> The same consideration of all normal and fair uses applies where a registered owner opposes registration by another.<sup>273</sup> Whether a registration should be granted, having regard to the prior rights of others, depends on what uses the registration would preclude if sustained.<sup>274</sup> This also applies in considering whether a registration should be expunged.<sup>275</sup>

These principles have now been adopted by the Opposition Board, not only in considering whether the applicant's mark is confusing with an opponent's mark,<sup>276</sup> but also in considering the distinctiveness of the applicant's mark.<sup>277</sup>

Some inconsistencies are still to be found in decisions of the Federal Court. Although useful observations have been made in several

<sup>272</sup> *Supra*, note 2 at 353-61, 374, 378.

<sup>273</sup> *Ibid.* at 374-78, where it was noted that in opposition proceedings in the United States the same principle is applied.

<sup>274</sup> *Ibid.* at 373-74, 379-81.

<sup>275</sup> *Ibid.* at 371-72. See also *Berlei Hestia Indus. Ltd. v. Bali Co.* (1973), 129 C.L.R. 353 at 362 (Aust. H.C.).

<sup>276</sup> E.g., *Produits Menagers Culinaire (Baie d'Urfe) Inc. v. Imperial Arts Corp.*, *supra*, note 61 at 116-17, 12 C.I.P.R. 136 at 139-40, comparing the goods covered under the trade mark applications of the applicant and the opponent, and the potential channels of trade; *Kraft Ltd. v. Guichard Perrachon et Cie* (1986), 11 C.P.R. (3d) 134 at 137 (T.M. Opp. Bd.) comparing the application with the opponent's registration; *Speedo Knitting Mills Pty. v. Beaver Knitwear (1975) Ltd.* (1985), 4 C.P.R. (3d) 176 at 179, 4 C.I.P.R. 255 at 259 (T.M. Opp. Bd.) on price comparisons, and locations in different sections of stores; *Stanhome Inc. v. Encheres Stanley Inc.* (1983), 82 C.P.R. (2d) 20 at 31-32 (T.M. Opp. Bd.) on trade channels and geographical areas of trade; *Procter & Gamble Co. v. General Foods, Ltd.* (1982), 75 C.P.R. (2d) 152 at 158 (T.M. Opp. Bd.) on differences in packages; *Canada Dry Ltd. v. Source Perrier S.A.* (1986), 11 C.P.R. (3d) 175 at 182, 10 C.I.P.R. 236 at 243 (T.M. Opp. Bd.) considering the mark sought to be registered, not its association with another mark used by the applicant.

<sup>277</sup> *Spar Aerospace Ltd. v. Plasticart Ltd.* (1986), 12 C.P.R. (3d) 468 at 470-71 (T.M. Opp. Bd.).

decisions of that court,<sup>278</sup> one still finds, in appeals from decisions of the Board on applications to register, reference to the particular way that the applicant and opponent currently choose to trade,<sup>279</sup> and to the quality and prices of the goods that they handle,<sup>280</sup> despite overlapping descriptions of goods and services. In one application to expunge a trade mark registration, the judge appears to have thought it relevant to consider that the parties carried on their business in different cities in Alberta.<sup>281</sup>

The Federal Court, Appeal Division has pointed out the way in the more recent case of *Henkel Kommanditgesellschaft auf Aktien v. Super Dragon Import Export Inc.*<sup>282</sup> In an action for infringement of the plaintiff's rights in its registered trade mark, the defendant argued that the trial judge had failed to consider, *inter alia*, the fact that the defendant's good were sold exclusively in certain pharmacies where the plaintiff's goods are not to be found. The Court agreed with the trial judge that this should not be taken into account, because the marketing channels could change at any time. Absence of evidence of actual confusion was also not significant, because the defendant sold its product in the Province of Quebec where the plaintiff's sales were negligible.

It would appear then that what actually transpires in the marketplace is not a reliable indication, and evidence from the marketplace, such as public opinion polls, or lack of instances of actual confusion,

---

<sup>278</sup> *Supra*, note 2 at 376-77.

<sup>279</sup> *Laurentide Chems. Inc. v. Marchands Deco Inc.* (1985), 7 C.P.R. (3d) 357 at 363-64 (F.C.T.D.): opponent's registration and applicant's application both included stains.

<sup>280</sup> *M. & K. Stereo Plus Ltd. v. Broadway Sound Plus Ltd.* (1985), 5 C.P.R. (3d) 390 at 398 (F.C.T.D.): both parties concerned with stereo products; *Hermes S.A. v. Fletcher Golf Enterprises Ltd.* (1984), 78 C.P.R. (2d) 134 at 145-46 (F.C.T.D.): both parties dealing in wearing apparel.

<sup>281</sup> *Milano Dining Room & Lounge Ltd. v. Milano Express (Medicine Hat) Ltd.* (1987), 15 C.P.R. (3d) 272 (F.C.T.D.) where, however, His Lordship required the registration to be restricted to a food take-out business, thereby distinguishing it from the eat-in business of the other party. Compare *Oshawa Holdings v. Fjord Pac. Marine Indus.* (1981), 55 C.P.R. (2d) 39 (F.C.A.D.) involving infringement proceedings.

<sup>282</sup> (1986), 12 C.P.R. (3d) 110 (F.C.A.D.), *aff'g* (1984), 2 C.P.R. (3d) 361, 3 C.I.P.R. 286 (F.C.T.D.). Compare *Mr. Submarine Ltd. v. Amandista Invts. Ltd.* (1986), 11 C.P.R. (3d) 425, 9 C.I.P.R. 164 (F.C.T.D.), *rev'd* (16 December 1987) A-603-86 (F.C.A.D.) [unreported]. The Appeal Division noted that the learned trial Judge erroneously considered matters not relevant to the scope of the plaintiff's registration, namely, that the plaintiff's registration was for sandwiches, whereas the defendant's sandwich sales were a small part of its business; that the plaintiff focussed on the walk-in trade, whereas the defendant focussed on telephone orders; and that the plaintiff used a certain style of lettering and sign to which its registration was not restricted. Such considerations would be relevant in a passing off action.

may be of minor significance.<sup>283</sup> This does not, of course, mean that the way in which marks are actually used is irrelevant. The mode of use may illustrate a normal and fair use,<sup>284</sup> the nature of trade and the likelihood of sales in competitive circumstances.<sup>285</sup> It may also help in determining the extent to which a mark has become known.<sup>286</sup> How a party uses its mark may affect the distinctiveness of the mark, where, for example, the opponent allows its mark to be used in association with various company names.<sup>287</sup>

It has been standard procedure in opposition proceedings for applicants to seek out third party marks that may help to diminish the distinctiveness of a mark relied upon by an opponent. In *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.*,<sup>288</sup> Strayer J. pointed out that third party marks are less likely to assist an applicant for registration than a defendant in an action for trade mark infringement. The applicant, if challenged, must establish the absence of all reasonable prospects of confusion with the mark of the opponent, and third party marks are only marginally relevant. In an infringement action the onus is not upon the defendant, but upon the plaintiff, and it is the higher onus of showing a reasonable probability of confusion. This, as shown by the oft quoted *Coca-Cola* case,<sup>289</sup> may be made more difficult to establish if numerous third parties have adopted similar marks. The Opposition Board correctly takes the view that evidence showing the existence of third party marks on the trade marks register is relevant only to the extent that it carries with it an implication of public knowledge or use of such marks.<sup>290</sup>

<sup>283</sup> *A fortiori* with respect to co-existence of the marks in a foreign market, but see *Sun-Maid Growers of California v. Williams & Humbert Ltd.* (1981), 54 C.P.R. (2d) 41 at 49 (F.C.T.D.).

<sup>284</sup> *Supra*, note 2 at 378.

<sup>285</sup> *Canada Wire & Cable Ltd. v. Heatex Howden Inc.* (1986), 13 C.P.R. (3d) 183 at 186 (F.C.T.D.).

<sup>286</sup> *Corporate Foods Ltd. v. Crum & Forster, Inc.* (1985), 7 C.P.R. (3d) 218 at 221, 7 C.I.P.R. 68 at 70-71 (T.M. Opp. Bd.).

<sup>287</sup> *Hermes S.A. v. Celine S.A.* (1985), 4 C.P.R. (3d) 258 (T.M. Opp. Bd.).

<sup>288</sup> (1987), 14 C.P.R. (3d) 133 (F.C.T.D.).

<sup>289</sup> *Coca-Cola of Canada v. Pepsi-Cola Co. of Canada* (1942), [1942] 2 D.L.R. 657, 1 C.P.R. 293 (P.C.), *aff'g* (1939), [1940] S.C.R. 17, [1940] 1 D.L.R. 161.

<sup>290</sup> Typical recent decisions are *Fiorucci S.p.A. v. Ferlucci Jeans (1982) Inc.* (1986), 9 C.P.R. (3d) 509 at 513-14, 9 C.I.P.R. 34 at 38 (T.M. Opp. Bd.), where the evidence was found to be unpersuasive, and *Allan Candy Co. v. Hostess Food Prods. Ltd.* (1986), 9 C.P.R. (3d) 461 at 464 (T.M. Opp. Bd.), where weight was given to the evidence. For the evidence required to prove the state of the register, together with a valuable analysis, by K.E. Eaton, Q.C., of the weight of such evidence, see *Coronet-Werke Heinrich Schlerf GmbH v. Produits Menagers Coronet Inc.* (1984), 4 C.P.R. (3d) 108 at 112-15 (T.M. Opp. Bd.). In *A. Lassonde & Fils v. Imperial Tobacco Ltd.* (21 July 1987), TD-123-87 (F.C.T.D.) [unreported], Rouleau J. relied on evidence of the state of the register as showing that the opponent's mark was "weak". See also the cases cited *supra*, note 137. For an American comment, see J.S. Wald, *The Thirty-Ninth Year of Administration of the Lanham Trademark Act of 1946* (1986) 76 T.M.R. 445 at 480.

Parties who seek to establish a likelihood of confusion have had some success in arguing that they have a family or series or marks, and that the allegedly confusing mark is likely to be taken as another member of the family.<sup>291</sup> As explained by Hearing Officer Troicuk in *General Mills Canada Inc. v. Turner*,<sup>292</sup> where an opponent relies upon a family of marks, section 6 of the *Trade Marks Act* seems to require comparison of each member of the alleged family, individually, with the applicant's mark. The existence of a family of marks is a relevant circumstance in making the comparison, provided the opponent introduces evidence of an awareness by purchasers of the family of marks. An opponent cannot assume that such awareness will be inferred from the mere existence of several marks on the register.<sup>293</sup> The ultimate onus of establishing that no reasonable likelihood of confusion exists rests, of course, on the applicant.<sup>294</sup>

An opponent sometimes finds that an applicant is seeking to register a mark which includes components of two different marks of the opponent. But by parity of analysis to that which has been stated above with respect to a family of marks, section 6 of the Act requires a comparison of the opponent's marks, individually, with that of the applicant. In making the comparison, the existence of another mark of the opponent may be a relevant circumstance if there is evidence that purchasers are likely to associate the two marks of the opponent,<sup>295</sup> as they might do if, for example, both marks frequently appear on the same packages. In the latter case the opponent might be able to contend that the two constitute a single mark or parts of a single mark.

The Opposition Board has concluded that whether marks are confusing or not is to be considered from the point of view of a bilingual person, according equal importance to the English and French languages.<sup>296</sup> With respect, this is the wrong approach. There are

<sup>291</sup> See, e.g., *McDonald's Corp. v. Yogi Yogurt Ltd.* (1982), 66 C.P.R. (2d) 101 at 112-14 (F.C.T.D.); *Kabushiki Kaisha Edwin v. S.D.B. Design Group* (1986), 9 C.P.R. (3d) 465 at 469, 9 C.I.P.R. 12 at 17 (F.C.T.D.).

<sup>292</sup> (1985), 5 C.P.R. (3d) 357, 4 C.I.P.R. 287 (T.M. Opp. Bd.).

<sup>293</sup> See *ibid.*, where the opponent failed to introduce such evidence. For cases where the opponent produced such evidence, see *Baron Philippe de Rothschild S.A. v. T.G. Bright & Co.* (1986), 12 C.P.R. (3d) 171, 9 C.I.P.R. 281 (T.M. Opp. Bd.), and *Oshawa Group v. Audette* (1986), 14 C.P.R. (3d) 167, 12 C.I.P.R. 116 (T.M. Opp. Bd.). See also *supra*, note 137. In *McDonald's Corp. v. Peter MacGregor Ltd.*, *supra*, note 42 at 440, the Board noted that the opponents had "evidenced the beginnings of a series of trademarks" and "had taken serious steps towards establishing a family or series of marks" but, with respect, it is results, not efforts, that should count.

<sup>294</sup> See *supra*, note 103 and accompanying text dealing with the topic of onus.

<sup>295</sup> See *Jean Patou, Inc. v. Laboratoire Thermyc Canada Inc.* (1985), 4 C.P.R. (3d) 250 at 256, 4 C.I.P.R. 300 at 308 (T.M. Opp. Bd.); *Kraft Ltd. v. Corporate Foods Ltd.* (1986), 8 C.P.R. (3d) 564 at 566-67 (T.M. Opp. Bd.).

<sup>296</sup> *Vins La Salle Inc. v. Vignobles Chantecler Ltée* (1985), 6 C.P.R. (3d) 533 at 535 (T.M. Opp. Bd.); *Etablissements Leon Duhamel v. Creations K.T.M. Inc.*, *supra*, note 47 at 42. See also *Produits Freddy Inc. v. Ferrero SpA.* (12 December 1986), T-1433-86 (F.C.T.D.) [unreported].

substantial numbers of people in Canada who are unilingual and substantial numbers who are bilingual. The test of likelihood of confusion is whether a significant number of purchasers are likely to be confused.<sup>297</sup> The question must therefore be addressed in three ways: is there a likelihood of confusion to a bilingual person? to a unilingual francophone? or to a unilingual anglophone?<sup>298</sup> The Board refers to "the average member" of any of these groups, but it is trite law that in considering the likelihood of confusion one must also consider purchasers who are ill-informed.<sup>299</sup> The Board notes that a mark which is descriptive, in English or French, of the wares or services with which it is associated is a weak mark, and regards it as important (if I follow the argument) that allegedly confusing marks be looked at by bilingual persons who would appreciate their weakness in either language. So be it. But a bilingual person may appreciate differences between marks that would not be appreciated by a unilingual person, causing the latter to be confused. As noted by the Hearing Officer in one of the cases,<sup>300</sup> a bilingual person would probably be less likely to be confused than a unilingual anglophone by the marks PLAISIR D'AMOUR and PLAISIR DIVIN as applied to wines. If a significant number of unilingual anglophones are likely to be confused, the marks are confusing, irrespective of whether unilingual francophones or bilingual persons would not be confused.

Registrations obtained under the *Unfair Competition Act* of 1932<sup>301</sup> are continued under the present *Trade Marks Act*,<sup>302</sup> and serve their owners less effectively than registrations under the present Act because they continue to be treated as mere words or as mere designs.<sup>303</sup> In *Parfums Jean Desprez S.A. v. S.C. Johnson & Son*,<sup>304</sup> the applicant sought to register the mark ESPREE for various toilet preparations. The opponent alleged that there was a likelihood of confusion with its mark, registered as a design mark under the *Unfair Competition Act* as a facsimile of the signature of JEAN DESPREZ, also for such preparations. The Hearing Officer ruled that, although the marks must

<sup>297</sup> *Pioneer Hi-Bred Corn Co. v. Hy-Line Chicks Pty.* (1977), [1978] 2 N.Z.L.R. 50, [1979] R.P.C. 410 (C.A.); *Canadelle Inc. v. Elegant Brassiere Inc.* (1985), 5 C.P.R. (3d) 79 at 83, 6 C.I.P.R. 24 at 28 (T.M. Opp. Bd.).

<sup>298</sup> *Scott Paper Co. v. Beghin-Say S.A.* (1985), 5 C.P.R. (3d) 225 at 231 (F.C.T.D.); *Boy Scouts of Canada v. Alfred Sternjakob GmbH & Co.* (1984), 2 C.P.R. (3d) 407 at 413, 4 C.I.P.R. 118 at 124-25 (F.C.T.D.).

<sup>299</sup> *Pugsley, Dingman & Co. v. Procter & Gamble Co.* (1929), [1929] S.C.R. 442 at 451, [1929] 3 D.L.R. 241 at 247.

<sup>300</sup> *Vins La Salle Inc. v. Vignobles Chantecler Ltee, supra*, note 296 at 536.

<sup>301</sup> R.S.C. 1952, c. 274.

<sup>302</sup> S. 26(3).

<sup>303</sup> S. 26(5). Marks registered under previous statutes are also treated in an artificial manner: see s. 26(4), *Imperial Tobacco Ltd. v. Miller Brewing Co.* (1985), 5 C.P.R. (3d) 10 at 15 (T.M. Opp. Bd.); *Carling O'Keefe Breweries of Canada, Ltd. v. Anheuser-Busch, Inc.* (1982), 68 C.P.R. (2d) 1 at 13 (F.C.T.D.).

<sup>304</sup> (1984), 3 C.P.R. (3d) 491 (T.M. Opp. Bd.).

be compared in their totalities, the totality of a design mark is its design features, whereas the applicant's mark ESPREE had no design features and could not be confusing. The words JEAN DESPREZ in the opponent's design mark registration had, under the legislation, to be emptied of all meaning.<sup>305</sup>

## X. SECTION 7 OF THE TRADE MARKS ACT

The constitutionality of section 7, which prohibits certain activities that may not involve registered trade marks, has been a matter of doubt since the decision of the Supreme Court of Canada in *MacDonald v. Vapor Canada Ltd.*<sup>306</sup> The *MacDonald* action was one for alleged breach of confidence, and the plaintiff relied on paragraph 7(e) which prohibits acts and business practices contrary to honest industrial or commercial usage in Canada. The Supreme Court of Canada ruled that paragraph 7(e) was unconstitutional, at least if it were to extend to the cause of action before it.<sup>307</sup> There are those who argue that paragraph 7(e) might be sustained if it were construed as covering only acts and practices that are *ejusdem generis* with those listed in paragraphs 7(a) through (d) which deal with various kinds of misrepresentation,<sup>308</sup> or if construed as relating to acts and practices involving intellectual property rights.<sup>309</sup>

Most of the post-*MacDonald* attention has centered on paragraph 7(b), which provides that no person shall:

direct public attention to his wares, services or business in such a way as 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 Canadian provincial courts have plenary jurisdiction at common law and have no need to refer to paragraph 7(b) to prevent

<sup>305</sup> *Ibid.* at 495, citing Duff C.J. in *Magazine Repeating Razor Co. v. Schick Shaver Ltd.* (1940), [1940] S.C.R. 465 at 472, [1940] 3 D.L.R. 129 at 133.

<sup>306</sup> (1976), [1977] 2 S.C.R. 134, 22 C.P.R. (2d) 1 [hereinafter referred to as *MacDonald*].

<sup>307</sup> *But see Baltek Corp. v. Progress Plastics & Compounds Inc.* (1982), 70 C.P.R. (2d) 221 (F.C.T.D.), an action for patent infringement, in which Jerome A.C.J. refused to strike out a claim asserting breach of confidence and passing off. The plaintiff sought punitive damages based on allegations that the patent infringement was part of a plan to undermine the patentee's business opportunities, arising from the alleged breach of confidence relationship and an attempt to deceive the public as to the identity of the wares of the plaintiff and the defendant.

<sup>308</sup> The Ontario Court of Appeal accepted the applicability of the *ejusdem generis* rule to s. 7(e) in *Eldon Indus. Inc. v. Reliable Toy Co.* (1965), [1966] 1 O.R. 409, 48 C.P.R. 109 (C.A.).

<sup>309</sup> *Novopharm Ltd. v. Wyeth Ltd.* (1986), 8 C.P.R. (3d) 448 at 454 (F.C.A.D.); *Riello Canada Inc. v. Lambert* (1986), 9 C.P.R. (3d) 324 (F.C.T.D.) [hereinafter referred to as *Riello*].

activities of the kind proscribed by that paragraph.<sup>310</sup> But the Federal Court of Canada tends to be the court of choice in intellectual property matters.<sup>311</sup> The Federal Court has only such jurisdiction as is conferred upon it by statute. Section 55 of the *Trade Marks Act* gives jurisdiction to the Federal Court to deal with an action under section 7, to the extent that the latter is constitutional. The issue as to paragraph 7(b) may now have been resolved by the Federal Court, Appeal Division, in *Asbjorn Horgard*,<sup>312</sup> where it was held that this paragraph is constitutional. But interesting arguments can still be made<sup>313</sup> and only the Supreme Court of Canada can finally settle the matter.

Since the *Asbjorn Horgard* decision has given paragraph 7(b) a new lease on life, its scope deserves attention. The Federal Court, Appeal Division said in that case that what is deemed to cause confusion is explained in section 6 of the Act. This has been questioned.<sup>314</sup> Section 6 is concerned with whether trade marks or trade names are confusing; it clearly relates to issues of registrability of trade marks under paragraph 12(1)(d), to who is entitled to register under section 16, and to what is deemed to be an infringement of the rights of the owner of a registered mark under section 20. But paragraph 7(b) does not employ the inelegant term "confusing", nor is it confined to likelihood of confusion between trade marks and trade names. In *Asbjorn Horgard*, the Court of Appeal said that the leading authority in the area of confusion in trade marks is *Oshawa Holdings v. Fjord Pac. Marine Indus.*<sup>315</sup> The latter case was an application to expunge a trade mark registration, and the following passage from the *Oshawa Holdings* case is reproduced in the *Asbjorn Horgard* decision:

It is not necessary in my view for there to be actual use of the conflicting marks in the same area, nor for there to be evidence of actual confusion. The test of s-ss. (2) and (3) of s. 6 is not what has happened in fact but what inference would likely be drawn if the appellant and respondent did

<sup>310</sup> In the province of Quebec similar principles are applied. See *Societe pour l'Expansion des Tissus Fins v. Marimac Inc.* (1984), 78 C.P.R. (2d) 112 at 132 (Que. S.C.); *Creations 2000 Inc. v. Canper Int'l Prods. Ltd.* (29 August 1985) (Que. S.C.) [unreported].

<sup>311</sup> Because of, *inter alia*, its nationwide jurisdiction, its relative speed in handling cases and the relatively greater exposure that its judges have to intellectual property matters.

<sup>312</sup> *Supra*, note 64.

<sup>313</sup> D.R. Bereskin, *Notes from Canada* (1987) 77 T.M.R. 154. There is a suggestion in *Promotions Atlantiques Inc. v. Hardcraft Indus. Ltd.* (10 August 1987), T-1013-87 (F.C.T.D.) [unreported], that the *Asbjorn Horgard* decision could be construed as going no further than upholding paragraph 7(b) in a controversy involving trade marks.

<sup>314</sup> *Building Prods. Ltd. v. BP Canada Ltd.* (1961), 36 C.P.R. 121 at 134 (Ex. Ct.). Compare *Old Dutch Foods Ltd. v. W.H. Malkin Ltd.* (1969), [1969] 2 Ex. C.R. 316 at 322-23, 58 C.P.R. 146 at 153.

<sup>315</sup> *Supra*, note 281 [hereinafter *Oshawa Holdings*].

use the conflicting marks and trade names in respect of the different classes of goods in the same area.<sup>316</sup>

While the foregoing statement is perfectly applicable to a case relating to registered trade marks, it is, with respect, inapplicable to a case of passing off, to which paragraph 7(b) is closely analogous. When a trade mark is registered in Canada, the registrant normally receives nationwide exclusivity in the registered mark.<sup>317</sup> Where reliance is not placed upon rights acquired by such a registration, nationwide exclusivity does not arise, and whether the parties are trading in the same or adjacent areas is relevant in determining the likelihood of confusion. In fairness to the Court in *Asbjorn Horgard*, the foregoing extract was quoted not in respect of any territorial issue, but in relation to an argument, which the Court correctly rejected, that there must be more than a fifty percent chance of confusion on the part of buyers, and that what has happened in actuality is determinative of a likelihood of confusion.

The territorial reach of paragraph 7(b) is relevant to its constitutionality. If the paragraph is not tied to rights that are nationwide or interprovincial, then it seems plainly to deal with rights that may be merely intraprovincial.

Interpreted according to its plain meaning, paragraph 7(b) is a compendious prohibition of what has traditionally been regarded as passing off. It does not prohibit what is now sometimes called the "extended" action of passing off, exemplified by the judgment in *Erven Warnink B.V. v. J. Townend & Sons (Hull)*,<sup>318</sup> where the defendant makes a misrepresentation going to something other than the source of goods or services. Such misrepresentations are captured, at least in part, by paragraph 7(d) of the Act, which provides that no person shall:

make use, in association with wares or services of any description that is false in a material respect and likely to mislead the public as to

- i) the character, quality, quantity or composition,
- ii) the geographical origin, or
- iii) the mode of the manufacture, production or performance

of such wares or services. . . .

---

<sup>316</sup> *Supra*, note 64 at 331, citing *Oshawa Holdings*, *ibid.* at 43.

<sup>317</sup> *Trade Marks Act*, s. 19.

<sup>318</sup> (1979), [1980] R.P.C. 31 (H.L.) [hereinafter ADVOCAT], discussed in the last survey, *supra*, note 2 at 390.

The constitutionality of paragraph 7(d) would seem to stand or fall with that of 7(b). The same applies to paragraph 7(c) which prohibits passing off other wares or services as those ordered or requested (frequently referred to as palming off or substitution<sup>319</sup>).

This leaves for consideration paragraph 7(a), which prohibits false or misleading statements tending to discredit the business, wares or services of a competitor. Paragraph 7(a) was applied and given a broad construction by the Supreme Court of Canada in *S. & S. Indus. v. Rowell*,<sup>320</sup> although the constitutionality of the paragraph was not considered. In *Riello*,<sup>321</sup> Strayer J. gave effect to paragraph 7(a) with respect to statements made by a patentee to the plaintiff's customers. Though the issue of constitutionality was not argued by the parties, His Lordship said that he regarded the paragraph as a legitimate exercise of the federal legislative authority in preventing the abuse of patent rights conferred by federal law.<sup>322</sup>

The facts in *Riello* are worth stating, because the decision shows the danger of writing warning letters to customers of one's competitor. The defendant Lambert held a Canadian patent relating to a heat saving device for use with burners. He alleged that the devices of the plaintiff infringed his patent, but the plaintiff, through his solicitors, denied infringement and alleged that the patent was invalid. On September 29, 1983, two of the plaintiff's customers received letters from the defendant threatening them with an action for infringement if they did not pay certain royalties to the defendant on sales of the plaintiff's devices. On September 30, the plaintiff commenced an action in the Federal Court for a declaration that his devices did not infringe the defendant's patent and for a declaration that the patent was invalid. On October 5 the defendant sued the customers in the provincial court for infringement. In the Federal Court action, Strayer J. found that the defendant's patent was invalid and not infringed. The defendant had therefore made false statements to the plaintiff's customers tending to discredit the plaintiff's wares. Though the defendant had rapidly followed up his threats with an action against the customers, His Lordship enjoined the defendant from making further such statements and granted a reference as to damages. It had earlier been decided by the Supreme Court of Canada in the *S. & S.* case<sup>323</sup> that malice need not be proved

<sup>319</sup> The province of Ontario has purported to exercise jurisdiction with respect to substitution in the *Health Disciplines Act*, R.S.O. 1980, c. 196, s. 155(4), which enables pharmacists to substitute generic drugs for ones prescribed by trade mark unless the prescribing physician directs otherwise.

<sup>320</sup> (1966), [1966] S.C.R. 419, 48 C.P.R. 193 [hereinafter *S. & S.*].

<sup>321</sup> *Supra*, note 309.

<sup>322</sup> *Ibid.* at 340-41. *But see ACA Joe Int'l v. 147255 Canada Inc.* (1986), 10 C.P.R. (3d) 301 (F.C.T.D.), decided after *Riello*, but before the *Asbjorn Horgard* decision of the Court of Appeal. Collier J. expressed doubt about the constitutionality of s. 7(a). His Lordship was also unable to find any jurisdiction in the Federal Court under the *Statute of Monopolies* (U.K.), 21 James I, c. 3, s. 4.

<sup>323</sup> *Supra*, note 320.

in an action under paragraph 7(a), unlike a common law action for malicious falsehood.

## XI. DISTINCTIVENESS

### A. *Trade Mark Licensing*

The last survey included a brief discussion of the subject of allowing a licensee to use a trade mark before obtaining the approval of the Registrar of Trade Marks as a user.<sup>324</sup> The problem is that subsections 49(2) and 49(3) of the Act seem to countenance use by a licensee after, but not before, the licensee has been approved as the user by the Registrar. In *Motel 6, Inc. v. No. 6 Motel Ltd.*,<sup>325</sup> Addy J. suggested that if the trade mark owner and the licensee were to apply to have the licensee approved forthwith after they have agreed to the use, they should not suffer from the delays that occur in the Trade Marks Office in approving and registering the licensee as a user of a registered mark. His Lordship was not called upon to decide whether the same would be true if, when the registered user application is filed, there is only a pending application to register the mark.

The latter situation has since been considered by Muldoon J. in *Imperial Devs. Ltd. v. Imperial Oil Ltd.*<sup>326</sup> The applicant, Imperial Developments, had filed trade mark applications based on proposed use and accompanied by applications to register its related companies as users. The trade mark applications were opposed by Imperial Oil. The evidence in the opposition proceedings showed that the proposed users had used the marks after the filing of these applications but before being approved as users. Indeed, they were still not approved as users because of the practice of the Registrar of not approving proposed users until opposition proceedings, if any, are concluded. The Hearing Officer had rejected the applications to register the marks on the ground that the marks were not distinctive, having regard to the use by the proposed users before their approval as users by the Registrar.<sup>327</sup> The Hearing Officer had explained that it was not the practice of the Trade Marks Office to approve users until after the opposition period, because it would not be in the public interest to grant "permitted use" status until the registrability of the marks had been determined in the opposition proceedings. Muldoon J. thought, on the contrary, that by filing the trade mark applications and the registered user applications the applicant had put the circumstances

---

<sup>324</sup> *Supra*, note 2 at 386-88, 392.

<sup>325</sup> (1981), 127 D.L.R. (3d) 267 at 284, 56 C.P.R. (2d) 44 at 64 (F.C.T.D.).

<sup>326</sup> (1984), 79 C.P.R. (2d) 12 at 26 (F.C.T.D.) [hereinafter *Imperial*].

<sup>327</sup> (1983), 71 C.P.R. (2d) 107 at 125-29 (T.M. Opp. Bd.), *rev'd ibid.*

before the Trade Marks Office.<sup>328</sup> He said, without explanation, that if the distinctiveness objection were to prevail after protracted proceedings it could create a situation where the public would be greatly confused. He reasoned that it would be contrary to the public interest to thwart the applicant in these circumstances. Regarding the matter as one of discretion, he thought that the discretion of the Registrar and the Court should be not to support the argument of non-distinctiveness.<sup>329</sup> No one is likely to doubt the equity of the result. His Lordship noted that there was no suggestion that the licensees were engaged in any use that was not authorized by the trade mark owner, or that the public would be deceived.

On similar facts, Cullen J. came to a similar conclusion in *Molson Cos. v. Registrar of Trade Marks*.<sup>330</sup> The applicant had a wholly owned subsidiary which managed the applicant's brewery interests through various other wholly owned subsidiaries of the applicant. It seems that the latter subsidiaries used the trade mark which the applicant was seeking to register, that quality control was exercised by the applicant, and that the necessary documentation to register the subsidiaries as users had been filed. Whether the registered user applications were filed before the subsidiaries commenced their use of the mark is not revealed. Clearly, the subsidiaries were not yet approved by the Registrar as users because the trade mark application was the subject of opposition proceedings. Nevertheless, His Lordship held that "effective and appropriate use" had been made of the registered user provisions of section 49 of the Act.

In a case where the trade mark was registered, and where a "distributor" has been registered as a user, the Quebec Superior Court upheld the distinctiveness of the mark despite the fact that, before being registered as a user in 1978, the distributor had used the mark for seventeen years.<sup>331</sup> By paragraph 18(1)(b) of the Act, distinctiveness of a registered mark is to be judged at the time proceedings bringing the validity of the registration into question are commenced — in this case about two years after the registration of the user. The Court seems

---

<sup>328</sup> But, in fact, the Office would not know that the proposed users were using the marks before being approved by the Registrar as users.

<sup>329</sup> By s. 49(7) of the Act the Registrar is given discretion with respect to approving a proposed user, but he seems to have no discretion on an issue of distinctiveness. By reasoning which it is not easy to follow, the judge referred to s. 16(3), which provides for a situation in which, at the date of filing, two marks are confusing. He seems to have thought that this also fixed the date as of which the issue of distinctiveness should be considered. As has been noted *supra*, text accompanying note 92, the prevailing view is that the material date for considering distinctiveness is the date of filing of the opposition. By that date the related companies in the *Imperial* case were using the marks.

<sup>330</sup> (1984), 1 C.P.R. (3d) 494, 1 C.I.P.R. 299 (F.C.T.D.). The *Imperial* case was not cited by Cullen J.

<sup>331</sup> *Societe pour l'Expansion des Tissus Fins v. Marimac Inc.*, *supra*, note 310.

to have thought that registration of the user foreclosed any inquiry into the factual distinctiveness of the mark as a result of the long prior use by the distributor, unsheltered by the registered user provisions of the Act. How the distributor had used the mark is not explained.<sup>332</sup>

A former trade mark licensee who persists in using a registered mark after termination of his licence is unlikely to receive judicial sympathy if he attacks the validity of the registration on the ground that while licensed he should have been registered as a user. In *Rowell Laboratories Inc. v. ICN Canada Ltd.*, where such a situation arose, the Court held that for purposes of an interlocutory injunction application the mark should, as between the parties, be taken as validly registered.<sup>333</sup>

In the foregoing cases the courts have not provided full discussion of the facts or the law. It is difficult to draw conclusions, other than that the judges were not disposed to be technical.

The Opposition Board has been more cautious, though it must of course try to follow the guidelines laid down by the courts.<sup>334</sup> The court cases noted above turned on the issue of distinctiveness. In *Buns Master Bakeries Inc. v. 451011 Ontario Inc.*,<sup>335</sup> one of the grounds of attack on the trade mark application was that the applicant was not the person entitled to registration. The use relied upon by the applicant was use by "licensees yet unapproved as registered users", and such alleged use was refused recognition by the Board. Evenhandedly, the Board also refused to allow the opponent to establish priority of use based upon use by licensees of the opponent before those licensees

---

<sup>332</sup> Compare *Mayborn Prods. Ltd. v. Registrar of Trade Marks* (1984), 70 C.P.R. (2d) 1, 1 F.T.R. 107 (T.D.), holding that a distributor who sold goods in packages bearing the trade mark and the name of the distributor was not using the mark on behalf of its parent company, which made and packaged the goods. But most distributors are mere conduits for goods, not users of the marks that they bear: *Manhattan Indus. Inc. v. Princeton Mfg. Ltd.* (1972), 4 C.F.R. (2d) 6 at 17 (F.C.T.D.). A manufacturer may be an agent of the trade mark owner: *Congoleum Corp. v. Armstrong Cork Co.*, *supra*, note 92 at 470, 9 C.I.P.R. 294 at 306-07. The message conveyed by the labelling of the goods can be important: *Yamamoto & Co. (America) v. McCabe* (1985), 4 C.P.R. (3d) 9 at 16-17 (T.M. Opp. Bd.).

<sup>333</sup> (1986), 10 C.P.R. (3d) 78 at 82 (Ont. H.C.), *leave to appeal refused* (1986), 12 C.P.R. (3d) 477. In the United States it has been held that a former licensee is estopped from disputing the validity of the licensor's mark based upon facts that arose while the licence was subsisting: *Chrysler Corp. v. Alloy Automotive* (1987), 34 BNA's P.T.C.J. 383 (N.D. Ill.).

<sup>334</sup> Thus, the *Imperial* case, *supra*, note 326, was followed by the Board in *John Labatt Ltd. v. Molson Cos.* (1985), 3 C.P.R. (3d) 192 at 197 (T.M. Opp. Bd.). But in *Baron Petroleum v. Pronto Auto Repair Dealerships Inc.* (1984), 2 C.P.R. (3d) 558 at 561 (T.M. Opp. Bd.) the Board declined to consider that use by customers of the applicant should be considered to be use by the applicant merely because registered user applications could be filed. See also *Mighty Star Ltd. v. Paul Sicard Enterprises Ltd.* (1985), 4 C.I.P.R. 93 (T.M. Opp. Bd.) as to sales by the opponent, whom the applicant had proposed to licence.

<sup>335</sup> (1984), 2 C.P.R. (3d) 449 at 458 (T.M. Opp. Bd.)

were registered as users.<sup>336</sup> Similarly in *Faberge Inc. v. Organic Beauty Prods. Inc.*,<sup>337</sup> the applicant had claimed use of the mark in question since 1982, but in fact the only use had been by another company. An application had been filed in 1983 to register the other company as a user, and in 1984 the trade mark application itself was assigned to the other company (the proposed user). But the Board rejected the trade mark application on the ground that it failed to comply with paragraph 29(b) of the Act in alleging that 1982 was the date of first use by the original applicant. The Board takes the position that the *Imperial* case does not stand for the proposition that use by the proposed registered user before the filing date of a trade mark application enures to the benefit of the applicant.<sup>338</sup>

In *Kraft Ltd. v. Evergreen Cheese Ltd.*,<sup>339</sup> the applicant had continuously used the trade mark in question since November, 1977, for cheese. The applicant granted a licence to another to use the mark, for two years from December 21, 1979, for cheese obtained from the applicant. During the time that this licence was in effect the opponent began opposition proceedings against the application to register the mark. The opponent contended that the mark was not distinctive. The Hearing Officer noted that the licensee was not approved by the Registrar as a user,<sup>340</sup> and said that the distinctiveness of the applicant's mark was to be judged as of the date the opposition proceedings were begun. However, mere licensing does not destroy the distinctiveness of a mark. There was no evidence of the extent of use of the mark by the licensee. The Hearing Officer held that in the absence of such evidence the opposition failed.<sup>341</sup>

At common law it is well established that several traders may share the goodwill in a name or mark and may be able to restrain others from using the mark in a way that is likely to deceive customers.<sup>342</sup> This was recognized in a recent Ontario case involving the

<sup>336</sup> The Board correctly noted, *ibid.* at 454, that an opponent may rely on use by its licensees in attacking the distinctiveness of applicant's mark, though the licensees are not registered users. It seems to be suggested in *Federated Coops. v. Goodyear Tire & Rubber Co.* (1983), 79 C.P.R. (2d) 27 at 37-38 (T.M. Opp. Bd.) that on the issue of whether marks are confusing, an applicant could benefit from the extent to which its mark was made known by a subsidiary that was not a registered user. However, this seems to be an isolated suggestion.

<sup>337</sup> (1986), 12 C.P.R. (3d) 176 (T.M. Opp. Bd.).

<sup>338</sup> *Ibid.* at 181. See also *Hardee's Food Sys. Inc. v. Hardee Farms Int'l Ltd.*, *supra*, note 144; *Butler Travel Assocs. v. Butler* (1981), 63 C.P.R. (2d) 221 (T.M. Opp. Bd.).

<sup>339</sup> *Supra*, note 58.

<sup>340</sup> There is no reference to an application having been filed to obtain such approval.

<sup>341</sup> As to onus, see *supra*, note 143 and accompanying text. See also *Jerome Alexander Cosmetics Inc. v. Giovanni Mgmt. Canada Inc.* (1987), 14 C.P.B. (3d) 484 at 490-91 (T.M. Opp. Bd.).

<sup>342</sup> See *supra*, note 2 at 388.

name "Champagne",<sup>343</sup> though the action failed because the French plaintiffs who shared the goodwill in that name were unable to prove a likelihood of confusion with wines produced in Canada and labelled "Canadian Champagne". A member of the group who shares the goodwill in a name may not, however, validly register the name as his own trade mark. This is illustrated in *Laflamme Fourrures (Trois Rivieres Inc.) v. Laflamme Fourrures Inc.*<sup>344</sup> Several members of the Laflamme family established themselves in the fur business in different places in the Province of Quebec, using names which included the words "Laflamme Fourrures". The business in Granby, Quebec was carried on by Laflamme Fourrures Inc., which registered the mark LAFLAMME FOURRURES, in a certain design, for furs. On application by another of the family businesses the registration was expunged on the ground that the mark, used by others with insubstantial variations, was not distinctive of the wares of the registrant. Cases where the various users were under common control by the person claiming to own the mark were distinguished, for here there was not such control. The common interest that the Laflamme businesses had in the mark was no justification for a registration conferring exclusivity on one of them, giving that person a sword of Damocles over the heads of the others.

It is questionable whether common control would have saved the Laflamme registration. In *Asbjorn Horgard A/S v. Gibbs/Nortac Indus. Ltd.*,<sup>345</sup> an application was brought in 1980 to expunge a trade mark registration in the name of Gibbs. The evidence revealed that Gibbs had ceased using the mark in 1977 when its parent company Northwest began to use it. Northwest was not registered as a user. Collier J. held that the mark was not distinctive of Gibbs' wares when the registration was attacked in 1980. A 1981 assignment of the mark to Northwest did not affect the result.

A mark which on its face indicates a group of companies is not inherently distinctive of one of the companies. In *Imperial* the Opposition Board said that the mark A MEMBER OF THE IMPERIAL GROUP OF COMPANIES might be registrable in the name of a partnership, but

---

<sup>343</sup> *Institut National des Appellations d'Origins des Vins et Eau-de- Vie v. Andres Wines Ltd.* (1987), 60 O.R. (2d) 316 (H.C.). Occasionally it is suggested that, although persons who share the use of a trade name may enforce their rights against third parties, those who share the goodwill in a trade mark may not. See, e.g., *Canren Sys. Corp. v. B.C. Tel. Co.*, *supra*, note 189 at 243, 74 C.P.R. (2d) 48 at 53-54.

<sup>344</sup> (1986), 11 C.P.R. (3d) 237, 3 F.T.R. 48 (T.D.).

<sup>345</sup> (1986), 9 C.P.R. (3d) 341 at 350, 3 F.T.R. 37 (F.C.T.D.); *rev'd supra*, note 64. The issue of distinctiveness was not dealt with on the appeal. See also *National Oats Co. v. Super Puff Popcorn Ltd.* (1986), 10 C.P.R. (3d) 73 at 76-78 (T.M. Opp. Bd.), where use by two companies in different areas of Canada, both having the same majority shareholders, was held to render the mark non-distinctive of the goods of one of them.

not in the name of one company which filed an application for registration in its own name together with applications to register related companies as users.<sup>346</sup> But the Board considered that THE IMPERIAL GROUP would be distinctive of a single entity having a number of corporate divisions, or a group of services, or a group of employees.

It is unwise for a registered user to use a variation of the registered mark, because under subsections 49(2) and (3) of the *Trade Marks Act*, it is only use of the "registered trade mark" that constitutes permitted use having the same effect as use by the registered owner. Nevertheless, some variation may be tolerated. In *Carling Breweries Ltd. v. Molson Cos.*, use by registered users of a registered label design which bore the word "Canadian" prominently was held to enure to the benefit of the applicant in seeking to register the mark CANADIAN.<sup>347</sup> On the other hand, in *Carling O'Keefe Ltd. v. Molson Cos.* use by registered users of registered label designs bearing the word "Golden" were held not to enure to the benefit of the applicant in seeking to register the word GOLDEN, which did not dominate the registered labels.<sup>348</sup>

A test that may in future be applied is the one adopted by the Federal Court Appeal Division, in *Registrar of Trade Marks v. Compagnie Internationale pour l'Informatique CII Honeywell Bull, S.A.*,<sup>349</sup> where the trade mark BULL was expunged for non-use, though the registrant was using the composite mark CII HONEYWELL BULL. The test is whether the registered mark remains recognizable and has not lost its identity in the variant. Generally this test will be satisfied if

---

<sup>346</sup> *Supra*, note 327. On the appeal, *supra*, note 326, the applicant did not persist with this application.

<sup>347</sup> (1982), 70 C.P.R. (2d) 154 (T.M. Opp. Bd.). *See also John Labatt Ltd. v. Molson Cos.* (1984), 3 C.P.R. (3d) 192 (T.M. Opp. Bd.), where use by a registered user of a slightly embellished version of the mark sought to be registered was held to be use of the latter, enuring to the benefit of the applicant rather than rendering the simpler version non-distinctive. The mark sought to be registered did not bear the words "This is the original MOLSON'S BLUE" which appeared in small print on the registered mark.

<sup>348</sup> (1982), 70 C.P.R. (2d) 279 (T.M. Opp. Bd.). *See also Molson Cos. v. Scottish and Newcastle Breweries Ltd.*, *supra*, note 151, and *Molson Cos. v. Österreichische Brau AG*, *supra*, note 123, where use by the opponent's registered users of a registered label design mark which included the word "Export" was not regarded as use of the word "Export" enuring to the benefit of the opponent. The Board does not regard trade name use by a registered user as accruing to the benefit of the licensor: *Textron Inc. v. Home Hardware Stores Ltd.* (1984), 2 C.P.R. (3d) 334 at 340 (T.M. Opp. Bd.). *See J.C. Cohen & A.J. Finlayson, Trade Marks in the Corporate Names of Related and Subsidiary Companies* (1984) 1 CAN. INTELL. PROP. REV. 210.

<sup>349</sup> *Supra*, note 124.

the differences are so unimportant that the unaware purchaser would be likely to infer that both identified goods have the same origin.<sup>350</sup>

### B. Knowledge in Canada of a Foreign Trade Mark or Trade Name

Canadians may be aware, to varying degrees, of trade marks and trade names that are in use in other countries by businesses that have not expanded to Canada. Important questions arise as to the right of someone, other than the foreign user, to use the mark or name in Canada and to acquire and maintain a Canadian trade mark registration.<sup>351</sup>

#### 1. The Common Law Position

Reference was made in the last survey<sup>352</sup> to several conflicting decisions as to whether a foreigner who has a local reputation but no local business may successfully claim that someone who adopts his name or mark is making a misrepresentation that is actionable at common law. The outcome depends whether the local court will equate the foreigner's local reputation with local goodwill. The traditional view has been that there can be no local goodwill without a local business. That is the view adopted by the English Court of Appeal in its 1984 decision in *Anheuser-Busch Inc. v. Budejovicky Budvar N.P.*,<sup>353</sup> where the American plaintiffs, producers of BUDWEISER, the world's largest selling beer, were unable to prevent the use of that mark in the United Kingdom by a Czechoslovakian company. The Czechoslovakian company had an independent right to the mark in Eastern Europe and had expanded its sales into the United Kingdom at a time when the

---

<sup>350</sup> This is close to the test proposed earlier by Hearing Officer Martin in another case involving Molson trade marks, *John Labatt Ltd. v. Molson Cos.* (1984), 2 C.P.R. (3d) 150 (T.M. Opp. Bd.). The latter part of the Court's test (what an unaware purchaser would infer) is perhaps too liberal. The former part (whether the mark remains recognizable and has not lost its identity) is similar to that used in the United States, namely, whether the variant creates the same commerical impression: *Feed Flavors Inc. v. Kemin Indus., Inc.*, 214 U.S.P.Q. 360 at 363 (T.T.A.B. 1982). Compare the strict view of the Canadian Opposition Board where an applicant for registration has not used quite the mark that he claims to have used: *supra*, note 128.

<sup>351</sup> Where the foreigner has done business in Canada, and a Canadian seeks to establish himself as entitled to exclusive use of the mark in Canada, further important questions arise but they will not be discussed here. There is some discussion of such situations in the 1979 survey, *supra*, note 17 at 442-43 (the *Wilkinson* and *Mepps* cases) and at 448 (the *Moore* case).

<sup>352</sup> *Supra*, note 2 at 397-98.

<sup>353</sup> (1984), [1984] F.S.R. 413, [1984] L.S. Gaz. R. 1369 (C.A.) [hereinafter BUDWEISER].

American plaintiffs' mark had a substantial reputation in Britain but negligible business there.<sup>354</sup>

The reasoning in the *BUDWEISER* case has been rejected by the Ontario Court of Appeal in *Orkin Exterminating Co. v. Pestco Co. of Canada*.<sup>355</sup> The plaintiff used the word mark ORKIN in the United States in association with its pest control business, and also used a design mark consisting of the word ORKIN on a red diamond background. The name ORKIN was known to many Canadians who travelled to the United States and some of them used the plaintiff's services at their American residences. Also advertising of the American company had been seen in Ontario. The defendant carried on a pest control business in Ontario. It listed itself as Orkin Exterminating Company in the Toronto telephone directory and adopted the same marks as the American company had used in the United States. A suit by the American company for passing off was successful. The Ontario Court had no difficulty in concluding that the plaintiff had a local reputation upon which the defendant was trading, with the likelihood that the public would associate the defendant's business with that of the plaintiff.<sup>356</sup> There was a likelihood of damage to the plaintiff through its loss of control over its name and through the impediment that the defendant's use would create to the planned expansion of the plaintiff's business into Ontario.<sup>357</sup>

In cases not governed by legislation it is difficult to apprehend why national boundaries should play a significant role in what constitutes unfair competition, particularly when the commercial relations of the countries generally are drawing closer together.<sup>358</sup> It is well estab-

---

<sup>354</sup> There had been larger sales of the American *BUDWEISER* beer at American military bases in the United Kingdom, but the Court regarded these as being sales to a separate market from the United Kingdom at large.

<sup>355</sup> *Supra*, note 150. See also *Maxim's Ltd. v. Hong Kong Caterers Ltd.*, noted 74 T.M.R. 87 (Hong Kong S.C.). These and other cases upon which the Court relied show that the report of the death of *Crazy Horse* in the 1979 survey, *supra*, note 17 at 453, was only a little exaggerated.

<sup>356</sup> The Court held that the relevant date for determining whether the plaintiff had established a sufficient goodwill was the date when the defendant began the activity complained of. See also *Cadbury-Schweppes Pty. Ltd. v. Pub Squash Co.* (1980), [1981] R.P.C. 429 at 494, [1981] 1 All E.R. 213 at 221 (P.C.) [hereinafter *PUB SQUASH*], agreeing with the date specified in s. 7(b) of the *Trade Mark Act*.

<sup>357</sup> It has been said that a plaintiff's intention to expand is relevant: *Turner v. G.M. (Australia) Pty.*, *supra*, note 254 at 364, but, with respect, the test should be whether the plaintiff has in fact done enough to make the defendant's activity actionable.

<sup>358</sup> Compare *Crusader Oil N.L. v. Crusader Minerals of N.Z. Ltd.* (1984), 3 I.P.R. 171 at 177, 181 (N.Z.H.C.). In the *Champagne* case, *supra*, note 343 at 367, DuPont J. pointed out that our proximity to the United States and its mass market and media must be considered in relation to the public understanding of the significance of a term.

lished that within the confines of a nation there may be passing off by a defendant trading in an area which the plaintiff has not yet reached.<sup>359</sup>

## 2. Trade Mark Registration

A foreigner who has used a trade mark in a country that is a member of the Paris Convention for the Protection of Industrial Property<sup>360</sup> and who has made the mark well known in Canada has a sufficient basis for registering the mark in Canada, though it is often difficult to know whether the mark has become sufficiently known in Canada to qualify for registration.<sup>361</sup> Important questions arise where the foreigner's mark is known in Canada to some extent, but is not registered here, and someone else seeks to register the mark or has registered it in Canada.

The relatively old *SPANADA* case<sup>362</sup> established that registration by a Canadian of a proposed mark should be refused for non-distinctiveness if a foreign use of the mark is widely known in Canada, even if the foreign mark has not become sufficiently well known in Canada to qualify for registration here on that basis.<sup>363</sup>

A more difficult case is one where a mark has been properly used and registered in Canada but the Canadian market is subsequently inundated from abroad with overflow advertising of a confusing mark. This situation arose in *Philip Morris Ltd. v. Imperial Tobacco Ltd.*,<sup>364</sup> the *MARLBORO* case. Imperial Tobacco owned a Canadian trade mark registration for MARLBORO for cigarettes. They had owned the registration since 1932, and had made sufficient sales in Canada to satisfy the Court that they had not abandoned the mark, though their sales were small. One of the grounds of attack on the registration was that the mark was not distinctive of the goods of Imperial Tobacco, having regard to Philip Morris' massive American advertising of MARLBORO

---

<sup>359</sup> *Chelsea Man Menswear Ltd. v. Chelsea Girl Ltd.* (1987), [1987] R.P.C. 189 (C.A.).

<sup>360</sup> *Supra*, note 55.

<sup>361</sup> For the details, see ss. 5, 16(2) and 29(d) of the *Trade Marks Act*, and the last survey, *supra*, note 2 at 342-43. Application may also be based upon use and registration abroad, under ss. 16(2) and 29(d), or upon proposed use in Canada under ss. 16(3) and 29(e). In either of these cases there is no need for the mark to be known in Canada or to have been used here at the date of application.

<sup>362</sup> *Re Andres Wines Ltd. and E. & J. Gallo Winery*, *supra*, note 146.

<sup>363</sup> In *Tune Masters v. Mr. P's Mastertune Ignition Serv. Ltd.*, *supra*, note 59, the evidence of knowledge in Canada of the foreign mark was found to be insufficient. The case is of interest for its analysis of the much older *Williamson Candy Co. v. W.J. Crothers Co.*, [1924] Ex. C.R. 183 [hereinafter *OH HENRY!*]. But the *OH HENRY!* case has not yet received a decent burial, see, e.g., *Anheuser-Busch, Inc. v. Carling O'Keefe Breweries of Canada Ltd.* (1986), 10 C.P.R. (3d) 433 at 444-47 (F.C.A.D.).

<sup>364</sup> (1985), 7 C.P.R. (3d) 254 (F.C.T.D.) [hereinafter *MARLBORO*], *aff'd* (29 September 1987), A-906-85, A-907-85 (F.C.A.D.) [unreported].

cigarettes. Philip Morris provided survey evidence showing that its magazine and television advertising had had a "profound influence" in Canada. The survey "indicated that Canadians more readily identify the U.S. cigarette and trade mark as opposed to the Canadian product".<sup>365</sup> But Rouleau J. was unwilling to hold that the validity of a Canadian registration should be defeated by the economic strength of an American mark. He noted that Philip Morris had transferred the Canadian rights in the mark to Imperial Tobacco's predecessors forty-nine years ago, and since then had not sold MARLBORO cigarettes legally in Canada nor complained of Imperial Tobacco's use. He was not persuaded that Philip Morris could recover the right to enter the Canadian market by its unilateral acts aimed at the American market. Though Canadians might purchase Philip Morris MARLBORO cigarettes while abroad, the survey evidence did not satisfy him that Canadian smokers were unable to distinguish an American brand from a Canadian one. In his view, of cigarettes found on the Canadian market, the trade mark MARLBORO distinguished Imperial Tobacco's cigarettes from those of others. His Lordship said that the test to be applied was whether the trade mark used by Imperial Tobacco "enables it to distinguish its wares from that [sic] of others offered on the same market".<sup>366</sup> In the *SPANADA* case,<sup>367</sup> which he did not cite, the goods of neither party were on the Canadian market. His Lordship seems to have thought that what is known in Canada, but is not on the market here, is relevant only where registration is being opposed or at the time when registration is obtained, but not thereafter. From his emphasis on what is on the Canadian market it seems that His Lordship would not have been persuaded that the mark MARLBORO was not distinctive, even if the evidence had satisfied him that a significant number of Canadians would, on seeing the mark MARLBORO on a package of cigarettes in Canada, assume that the cigarettes are the ones that they had seen in American advertising.

In *SPANADA* the only significance that the mark had in Canada was that which it had acquired through overflow advertising from the United States. The *SPANADA* case was concerned with the distinctiveness of a mark that the Canadian company, Andres, was seeking to register. In the *MARLBORO* case, like the *HERMOS* case decided some years before,<sup>368</sup> the question was how much of an inroad into distinctiveness is permissible before statutory rights in a registered mark are lost. Is there, as suggested by the Opposition Board in the *WINDSURFER*

<sup>365</sup> *Ibid.* at 269.

<sup>366</sup> *Ibid.* at 272.

<sup>367</sup> *Supra*, note 146.

<sup>368</sup> *Supra*, note 135, where the issue was loss of distinctiveness through generic use rather than through association of the mark with another trader. As indicated, *supra*, note 145, the *PENTHOUSE* decision is suspect in its suggestion that lack of distinctiveness in some parts of the country does not affect the validity of a territorially unrestricted registration where the mark is distinctive in another part of the country.

case,<sup>369</sup> a more rigorous test of distinctiveness when one is seeking to register a mark, as in *SPANADA*, than when one is seeking to defeat a registration, as in *MARLBORO* or *THERMOS*? Nothing in the statute clearly says so, though the reference in subsection 12(2) to a mark having "become distinctive" might suggest a requirement of a high degree of distinctiveness in order to be registered, whereas the reference in paragraph 18(1)(b) to a mark that is "not distinctive" might suggest that to be expunged from the register the mark must have virtually lost any capacity to distinguish the goods of one person from those of another. On the other hand, a Canadian trade mark registration gives to its owner an exclusive right to the mark, irrespective of the care that others who use the mark might take to avoid confusion (the June Perfect principle discussed above).<sup>370</sup> This nationwide exclusivity conferred by a Canadian registration suggests that the statute contemplates a registered mark that distinguishes the goods of its owner from those of all others, save for *de minimis* cases or cases of infringement that are vigorously prosecuted.

One might think, from a simple examination of the statute, that a decision as to whether a mark is distinctive is determined objectively. This does not seem to be the case. In *Anheuser-Busch, Inc. v. Carling O'Keefe Breweries of Canada Ltd.*<sup>371</sup> the Federal Court Appeal Division concluded that principles of estoppel, laches and acquiescence may apply when expungement is belatedly sought. It seems that the "clean hands" of the applicant for expungement will be considered.<sup>372</sup> In the *MARLBORO* case, for instance, Rouleau J. was clearly influenced by Philip Morris' delay in attacking Imperial Tobacco's registration, and also, it seems, by the fact that Imperial Tobacco had many years before acquired the mark (through its predecessors) from Philip Morris.<sup>373</sup>

### C. Law Reform

The effect of the Canadian cases to date seems to be that the owner of a registered mark may hold on to its registration, despite inroads upon the distinctiveness of the mark, if the mark continues to indicate a connection with the owner to a significant segment of the

---

<sup>369</sup> *Supra*, note 136. As to the onus on an applicant, see *Ridout Wines Ltee v. Vins Bright Ltee* (1986), 11 C.P.R. (3d) 248 at 252 (T.M. Opp. Bd.).

<sup>370</sup> *Supra*, note 270 and accompanying text.

<sup>371</sup> *Ibid.* at 446.

<sup>372</sup> *Ibid.* The applicant for expungement may be one who has been accused of infringing the rights of the owner of the registration. By s. 20 of the Act it is deemed to be an infringement of the rights of the owner of a registered trade mark to advertise a confusing mark in Canada. However, in the case of overflow advertising from abroad there is an interesting question as to whether there is an infringement if the goods are not being offered for sale in Canada. There is also an obvious problem of enforcement even if there is an infringement.

<sup>373</sup> *Supra*, note 364.

public. On this view, the Canadian distinctiveness requirement, that the mark distinguish the wares or services of its owner from those of others, may not require that it distinguish from wares or services of *all* others. But when it comes to the trade mark owner's own activities in licensing its registered mark, there is a hardy line of cases holding that statutory rights are lost or unavailable if the mark is used with goods or services of licensees which are not registered as users. The common law, and the interpretation of trade mark statutes in other jurisdictions, has outgrown this narrow view.<sup>374</sup> The Canadian statute should also be amended.

The Canadian Act has been held to be constitutional,<sup>375</sup> but a point that remains to be considered is whether Parliament has the right to confer upon a merely local trader a nationwide exclusivity in his mark.<sup>376</sup> As commerce continues to grow, and the world in business terms continues to shrink, provincial boundaries become less and less relevant. Yet it remains an interesting question whether the Canadian Act, like the American Act, may have to be confined to the registration of marks that affect trade beyond an intraprovincial locality, and whether the effect of registration should be to prevent only deception, confusion and mistake — as in the United States — rather than to confer an exclusive proprietary right.

---

<sup>374</sup> See the last survey, *supra*, note 2 at 388-93, and D.R. Bereskin, *The Source Theory of Trade Mark Law and its Effect on Trade Mark Licensing* (1987) 3 CAN. INTELL. PROP. REV. 322.

<sup>375</sup> *Asbjorn Horgard*, *supra*, note 64.

<sup>376</sup> See Bereskin, *supra*, note 313. A curious turn of events occurred in *Canada Dry Ltd. v. Beverages Cott Ltee* (1982), 72 C.P.R. (2d) 103 (T.M. Opp. Bd.). The applicant sought to register the mark CHAMPAGNE COLA for the city of Montreal and an area within a radius of fifty miles thereof, and filed evidence under s. 12(2) of the act in an effort to show that the mark had become distinctive within the area. On this basis the application was advertised. It was opposed on the ground that the mark was clearly descriptive or deceptively misdescriptive of the character of the wares, and the applicant's claim to the benefit of s. 12(2) was challenged. The Chairman of the Board concluded that the mark was not clearly descriptive nor deceptively misdescriptive of the wares, and that the applicant was not, therefore, entitled to rely upon s. 12(2), or to seek a registration for less than the whole of Canada pursuant to s. 31(2). The Chairman saw no alternative but to register such a mark for the whole of Canada, noting that to give the Registrar a general authority to grant territorially restricted registrations might be *ultra vires* the federal government. However, he felt obliged to reject the application because it had been advertised on the basis that only a territorially restricted registration was being sought, and that that restriction might have influenced others not to oppose the application.

## XII. TRAFFICKING IN A TRADE MARK

The commercial potential of exploiting trade marks and copyright works by licensing has given rise to a new industry. Since the licensed "property" often consists of or includes the name of or a representation of a character, real or fictional, the industry is called character merchandising. To ensure that the use of a trade mark by licensees enures to the benefit of the licensor, registration of the licensees as users must be recommended. Registration of users is within the discretion of the Registrar of Trade Marks.<sup>377</sup> But in practice this discretion gives rise to no difficulty in Canada if the application recites that the owner and the proposed user are related companies or that the owner has the right to control the quality of the proposed user's goods or services and the right to inspect the goods and services.<sup>378</sup>

The statutory provisions in Canada for registering users, enacted in 1953, were inspired by but did not fully adopt all the provisions of the British *Trade Marks Act, 1938*.<sup>379</sup> The British Act, unlike the Canadian Act, provides in subsection 28(6) that the Registrar of Trade Marks must refuse an application to register a user if it appears to him that the grant thereof would tend to facilitate trafficking in a trade mark. This provision against trafficking gave rise to a problem for character merchandisers in the *HOLLY HOBBIE* case.<sup>380</sup> American Greetings Corporation had produced greeting cards which featured a little girl, dressed in calico, called HOLLY HOBBIE. American Greetings made licence agreements with thirteen unrelated companies, allowing these licensees to use the mark for an immense range of merchandise (over 400 products) not made or sold by American Greetings, including toys, T-shirts, textiles, furniture, tableware, toiletries and foodstuffs. American Greetings had no intention of using the mark for any of those goods, but filed applications in the United Kingdom to register the mark for the various goods and applied contemporaneously to register the licensees as users. The Assistant Registrar rejected the registered user applications, and partially rejected the trade mark applications (for goods which American Greetings did not propose to sell) on the ground that the proposed registrations would facilitate trafficking in the trade mark. This decision was affirmed on subsequent appeals to the Chancery Division, the Court of Appeal and the House of Lords.

---

<sup>377</sup> *Trade Marks Act*, s. 49(7).

<sup>378</sup> Lord Brightman characterized such provisions as providing only slight control: *see Re American Greetings Corp.'s Application* (1984), [1984] 1 W.L.R. 189 at 197, (*sub nom. HOLLY HOBBIE Trade Mark*) [1984] R.P.C. 329 at 356 (H.L.) [hereinafter *HOLLY HOBBIE*], discussed *infra*, notes 383-388 and accompanying text.

<sup>379</sup> *Trade Marks Act, 1938* (U.K.), 1 & 2 Geo. 6, c. 22, s. 28.

<sup>380</sup> *Supra*, note 378.

In Canada the Registrar does not have express jurisdiction to consider the possibility of trafficking, nor does the *Trade Marks Act* refer to trafficking. The Registrar has the discretion to refuse an application for registration of a user, where he considers that the use by a proposed user would be contrary to the public interest.<sup>381</sup> The registered user registration may be cancelled by the Federal Court when the user has used the mark in such a way as to cause, or be likely to cause, deception or confusion.<sup>382</sup>

In the *HOLLY HOBBIE* case, in the House of Lords, Lord Bridge was satisfied that "character merchandising deceives nobody. . . . No one who buys a Mickey Mouse shirt supposes that the quality of the shirt owes anything to Walt Disney Productions."<sup>383</sup> It was only the express reference to trafficking in the British statute that drove him to agree with the result in the *HOLLY HOBBIE* case.<sup>384</sup> However, in giving the principal reasons for judgment in the Court of Appeal, Dillon L.J. said that "trafficking in a trade mark has from the outset been one of the cardinal sins of trade mark law".<sup>385</sup> The sin "was disposing of the reputation in the mark, as of itself a marketable commodity, independent of the goodwill established in the business in which the mark was used. The objection, the reason why it was a sin, was that it would,

<sup>381</sup> *Trade Marks Act*, s. 49(7).

<sup>382</sup> *Trade Marks Act*, s. 49(10)(c)(ii). Compare the observation of Dillon L.J. in *HOLLY HOBBIE* (1983), [1983] 1 W.L.R. 912 at 919, [1984] R.P.C. 329 at 345 (C.A.):

If Rolls-Royce decided to market the well-known Rolls-Royce badge of quality by granting licences for money to use the mark to a wide range of independent manufacturers of e.g. lawn mowers, motor boats, wristwatches, bicycles, transistors and other equipment, that would plainly, in my judgment, be trafficking in the mark, and might well lead to the confusion of the public. . . . It would not be any the less trafficking . . . if each licence agreement included quality control provisions to ensure that the licensed products were not shoddy goods of their kind. . . .

A third party may apply to the Federal Court of Canada to cancel a registered user registration, whereas the trade mark owner or a registered user has the option of applying to the Registrar, presumably on any ground that may persuade the Registrar, because s. 49(10)(a) does not prescribe any grounds. An example of an unsuccessful application brought before the Registrar by a trade mark owner is *Application by Sasson Jeans, Inc.* (1986), 13 C.P.R. (3d) 515 (Registrar T.M.). Here the trade mark owner had managed to obtain an interlocutory order in Quebec enjoining the registered user from using the mark. Then the owner argued unsuccessfully before the Registrar that the licence agreement between the parties had been terminated.

Transfer of ownership of a registered mark has been held not to affect the rights of a registered user: *Mr. P's Mastertune Ignition Servs. Ltd. v. Tune Masters* (1984), 82 C.P.R. (2d) 128 (F.C.T.D.).

<sup>383</sup> *Supra*, note 378 at 191, [1984] R.P.C. at 350.

<sup>384</sup> *Ibid.* at 192, [1984] R.P.C. at 351.

<sup>385</sup> *Supra*, note 382 at 916, [1984] R.P.C. at 342.

or might, lead to deception of the public."<sup>386</sup> In Canada, trade marks are regarded as separable from the goodwill of the business,<sup>387</sup> but the public interest in avoiding deception is clearly spelled out in the registered user section 49.

It remains to be seen whether Canadian tribunals share Lord Bridge's view about the effects of character merchandising. This may depend upon how much merchandising is conducted.<sup>388</sup> It is probable that in Canada attention will continue to focus primarily upon the Canadian statute, whose definition of a "distinctive trade mark" has been the principle concern in cases that could be regarded as cases of trafficking.<sup>389</sup> However, in the relatively old *BUSY BEE* case, a Canadian registration for the service of licensing dry cleaning establishments was held invalid on the ground that such licensing was nothing more than trafficking in the mark and contrary to public policy.<sup>390</sup> In the *HOLLY HOBBIE* case, Lord Brightman noted the opinion of the Assistant Registrar that the applicant's business was really that of providing a marketing advertising service. Service marks were not then, but are

---

<sup>386</sup> *Ibid.* at 917, [1984] R.P.C. at 343.

<sup>387</sup> *Trade Marks Act*, s. 47. The provisions of the British statute for assignment without goodwill are more complex: *Trade Mark Act, 1938*, s. 22.

<sup>388</sup> Note the strong words of Jackett P. in *Wilkinson Sword (Canada) Ltd. v. Juda* (1966), 51 C.P.R. 55 at 79n. (Ex. Ct.):

That Parliament impliedly authorized what the Courts have always regarded as a fraud on the public seems to me so obviously wrong that I am tempted to dispose of this argument by adopting the words of Lindley, L.J., in *Edwards v. Dennis* (1885), 30 Ch. D. 454 at p. 476: "That construction of the Act seems so irrational that I cannot adopt it."

This comment by Jackett P. was made in relation to a trade mark transfer that could be characterized as trafficking.

<sup>389</sup> See the *Wilkinson Sword* case, *ibid.*, and the seminal case on licensing under the present Act, *Cheerio Toys & Games Ltd. v. Dubiner* (1965), [1966] S.C.R. 206, 55 D.L.R. (2d) 313, discussed in the 1979 survey, *supra*, note 17 at 443-44. For a discussion of earlier cases, see G. Rolston, "Trafficking" in a Trade Mark (1960) 33 C.P.R. 220.

Various solutions to the *HOLLY HOBBIE* problem have been proposed. See S. Lane, *Holly Hobbie in No-Man's Land*, [1985] 1 E.I.P.R. 6 at 10; P. Mitchell, *Holly Hobbie, The Decision and What to Do About It* (1984) 2 INT'L MEDIA LAW 38.

If the licensor's mark includes artwork, he may have effective copyright protection, subject to the risk that application of the artwork to an article may result in an industrial design that must be protected, if at all, under the *Industrial Design Act*, R.S.C. 1970, c. I-8. This subject is of current interest in relation to Bill C-60, *An Act to Amend the Copyright Act and to Amend Other Acts in Consequence Thereof*, 2d Sess., 33d Parl., 1986-87 (second reading, February 11, 1988 in the Senate). See also *Rotisseries St. Hubert Ltee c. Syndicat des Travailleurs(euses) de la Rotisserie St. Hubert Drummondville (C.S.N.)* (1987), 12 C.I.P.R. 89 (Que. S.C.).

<sup>390</sup> *MacKenzie v. Busy Bee Enterprises Int'l Ltd.* (1976), 32 C.P.R. (2d) 196 (F.C.T.D.) [hereinafter *BUSY BEE*], discussed in the 1979 survey, *supra*, note 17 at 466-67.

now, registrable in the United Kingdom.<sup>391</sup> However, a British registration for an advertising service would be of value only against someone who also engaged in such a service, because there is no infringement of a British registration except for goods or services specified in the registration. Canadian registrations are sometimes obtained for advertising services and, unlike those in the United Kingdom, may be infringed when the registered marks are used for goods or services not specified in the registration.<sup>392</sup> A character merchandiser who registers for such services may perform the services by advertising, for example, HOLLY HOBBIE promotional services for a wide range of goods.<sup>393</sup> But the use of the registered mark by licensees for such goods would be likely to render the mark non-distinctive if the mark were not registered for the goods, with the licensees registered as users for the goods.

One thing is clear in Canada. To obtain a trade mark registration the applicant or his predecessor, before the registration is granted, must have used the mark somewhere for all the goods and services for which the applicant is seeking registration.<sup>394</sup> In the case of a proposed mark the use may be by a user who has commenced the use and is approved by the Registrar.<sup>395</sup> A valid registration is not obtainable for goods and services for which the mark has not been used and, at least to that extent, registrations of marks are not obtainable for the business of dealing in the marks.

A fundamental issue raised by the *HOLLY HOBBIE* case is whether the trade mark owner must himself trade in the licensed goods and services.<sup>396</sup> Lord Brightman put it this way:

To my mind, trafficking in a trade mark context conveys the notion of dealing in a trade mark primarily as a commodity in its own right and not primarily for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested. If there is no real trade connection between the proprietor of the mark and the licensee or his goods, there is room for the conclusion that the grant of the licence is a trafficking in the mark. It is a question of fact and a degree in every case whether a sufficient trade connection exists.<sup>397</sup>

---

<sup>391</sup> *Supra*, note 269.

<sup>392</sup> *Trade Marks Act*, s. 20.

<sup>393</sup> A service mark can be "used" in Canada by advertising the services: *Trade Marks Act*, s. 4(2), discussed *supra*, text accompanying note 226.

<sup>394</sup> *Trade Marks Act*, s. 16(1) read with ss. 5, 29(b) and (c); s. 16(2) read with s. 29(d); and s. 16(3) read with ss. 39(2) and 29(e).

<sup>395</sup> *Trade Marks Act*, s. 39(2). See *Hunter Douglas Canada v. Flexillume Inc.* (1983), 78 C.P.R. (2d) 212 at 222-23 (T.M. Opp. Bd.), with respect to trafficking in proposed marks.

<sup>396</sup> In a registered user situation it seems that the trade mark owner need not be associated by the public with the goods or services: *S.C. Johnson & Son v. Marketing Int'l Ltd.*, *supra*, note 213.

This statement supports the view of Dillon L.J., in the Court of Appeal, that risk of deception is not an essential element of the sin of trafficking under the British statute,<sup>398</sup> but it appears that the risk of deception or confusion is necessary to vitiate licensing under section 49 of the Canadian Act.

### XIII. RIGHTS ACQUIRED BY REGISTRATION

A trade mark registration ordinarily confers a right to exclude others throughout Canada from use of the mark for the wares and services for which it is registered<sup>399</sup> and from distributing and advertising wares and services in association with a confusing trade mark or trade name.<sup>400</sup> One exception, provided for in section 67 of the Act, is for marks registered in Newfoundland before it entered the Canadian confederation on April 1, 1949. In an interlocutory decision, Labatt Brewing who obtained a Newfoundland registration in 1945 for the mark BLACK LABEL were able to restrain Carling O'Keefe Breweries of Canada from using that mark in Newfoundland and Labrador, though Carling had sold BLACK LABEL beer in other parts of Canada since 1937 and had a registration under the present Canadian Act excepting Newfoundland.<sup>401</sup>

Some unconventional views were expressed by Strayer J. in the *TODAY'S PARENT* case.<sup>402</sup> The plaintiff had on February 29, 1984 applied to register TODAY'S PARENT for a magazine, based on proposed use. On December 12, 1984 the plaintiff filed in the Trade Marks Office a declaration that it had begun to use the mark in Canada. Registration issued to the plaintiff on March 29, 1985. The defendant began to publish a magazine called TORONTO PARENT in September 1984, some two months before the first issue of the plaintiff's magazine

---

<sup>397</sup> *Supra*, note 378 at 198, [1984] R.P.C. at 356. The statutory definition of a trade mark in the United Kingdom differs from that in Canada. The definition in s. 68(1) of the British statute calls for use of the mark "in relation to 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 as registered user to use the mark". Lord Brightman's statement seems curiously inconsistent with this reference to a connection with a registered user.

<sup>398</sup> *Supra*, note 382 at 919, [1984] R.P.C. at 345. Dillon L.J. thought that risk of deception was merely the reason for the objection to trafficking which, in the United Kingdom, is an unqualified objection.

<sup>399</sup> *Trade Marks Act*, s. 19.

<sup>400</sup> S. 20.

<sup>401</sup> *Labatt Brewing Co. v. Carling O'Keefe Breweries Canada Ltd.* (1985), 55 Nfld. & P.E.I.R. 30, 5 C.P.R. (3d) 273 (Nfld. C.A.). See also *supra*, note 135.

<sup>402</sup> *Supra*, note 126.

appeared. Assuming that the plaintiff's registration of TODAY'S PARENT was valid,<sup>403</sup> Strayer J. said that the plaintiff was entitled to claim for infringement from the time the plaintiff actually used the trade mark, though that date preceded the date of registration.<sup>404</sup> With respect, there is no basis for this conclusion. Under section 19 of the *Trade Marks Act*, rights arise upon registration of a mark.<sup>405</sup> Conceivably the plaintiff might have had a cause of action for passing off before the registration issued, because before the defendant published the first issue of its magazine in September 1984 the plaintiff had, as early as April 1984, advertised its forthcoming magazine. The issue would be whether, when the defendant commenced the activity complained of,<sup>406</sup> the plaintiff had acquired a goodwill cognizable at common law or under paragraph 7(b) of the *Trade Marks Act*.<sup>407</sup>

As for the scope of the rights conferred by a trade mark registration, Strayer J. was referred to the well known common law principle that where a plaintiff adopts descriptive words as his trade mark or trade name a court may accept small differences in the defendant's mark or name as sufficient to avoid liability, despite the fact that some risk of confusion is inevitable.<sup>408</sup> Similar reasoning has hitherto been generally accepted where registered trade marks are involved.<sup>409</sup> But Strayer J. makes the interesting point that in a case of alleged infringement of the rights conferred by registration,

<sup>403</sup> In fact, His Lordship held that the plaintiff's registration was invalid on the ground that the mark was clearly descriptive of the character of the plaintiff's magazine.

<sup>404</sup> *Supra*, note 126 at 215. His Lordship said at 217 that "the plaintiff first made use of its trade mark when it first advertisement for TODAY'S PARENT appeared . . . during the first week of April, 1984". However, it seems clear from section 4 of the Act that the appearance of a trade mark in a mere advertisement for wares is not a "use" within the meaning of that section: *see, e.g.*, *Syntex Inc. v. Apotex Inc.* (1984), [1984] 2 F.C. 1012 at 1018, 1 C.P.R. (3d) 145 at 150 (A.D.).

<sup>405</sup> However, in *Culinar Inc. v. Gestion Charaine* (20 July 1987), TD-2973-84 (F.C.T.D.) [unreported], Denault J. said that rights under a trade mark registration were retroactive to the date of filing of an application based on proposed use of the mark. With respect, ss. 3, 16(3) and 39(2), to which he referred for his authority, relate to the right to register, not to the effect of registration. Compare the United Kingdom where (unlike Canada) registrations date from the date of application: *McGregor-Domiger Inc. v. Sterling McGregor Ltd.* (1980), [1981] F.S.R. 299 at 300 (Ch. D.).

<sup>406</sup> *Cadbury Schweppes Pty. Ltd. v. Pub Squash Co.*, *supra*, note 356.

<sup>407</sup> As to whether advance publicity confers rights under the common or civil law, *see B.B.C. v. Talbot Motors Co.* (1980), [1981] F.S.R. 228 (Ch. D.); *Elida Gibbs Ltd. v. Colgate-Palmolive Ltd.* (1982), [1983] F.S.R. 95 (Ch. D.); *CBS, Inc. v. Logical Games*, 221 U.S.P.Q. 498 (Ct. App. 4th 1983); *Maxwell v. Hogg* (1867), L.R. 2 Ch. App. 307; *T.V. Guide Inc. v. Publications la Semaine Inc.* (1984), 9 C.P.R. (3d) 368, 6 C.I.P.R. 110 (Que. S.C.).

<sup>408</sup> *Office Cleaning Servs. Ltd. v. Westminster Window and Gen. Cleaners Ltd.* (1946), 63 R.P.C. 39 at 42 (H.L.).

<sup>409</sup> *G.M. Corp. v. Bellows* (1949), [1949] S.C.R. 678 at 690, 10 C.P.R. 101 at 115; *A. Lassonde & Fils v. Imperial Tobacco Ltd.*, *supra*, note 290.

the use of common words for a trade mark should be seen as enhancing, rather than reducing, the possibility of confusion. If use of common words is to disentitle the owner of a registered trade mark to monopoly protection, it should be in my view through an expungement of the registration.<sup>410</sup>

An attempt at parody gave rise to an interlocutory injunction in *Source Perrier S.A. v. Fira-Less Marketing Co.*<sup>411</sup> The French plaintiff had registered several trade marks in Canada for its spring water, one being the word PERRIER, another being a distinctive green bottle, and other marks being labels that were used on the bottle. The plaintiff's PERRIER water was well known in Canada. The defendant began to sell ordinary tap water in a green bottle of somewhat different configuration, bearing labels which at first glance appeared to be substantially identical to those of the plaintiff, and bearing the words PIERRE EH! in a typeface similar to that used by the plaintiff. Attached to the neck of the defendant's bottle was a recipe booklet having a typeface like that of a similar leaflet used by the plaintiff. The reading matter on the defendant's labels and leaflet consisted of what purported to be humorous comments about the Canadian federal administration and about Prime Minister Pierre Trudeau. The defendant's bottle was a little larger than the largest one used by the plaintiff, and the defendant's suggested selling price was almost five times higher than that of the plaintiff. The defendant's product was sold in displays which carried a caricature of the Prime Minister, and it appears that the product bore a disclaimer that it was not to be confused with the plaintiff's product. Dube J. considered that, having regard to the general appearance of the defendant's product, there was a likelihood of confusion, and that the plaintiff had established a *prima facie* case of trade mark infringement. However, he considered it to be of more significance (at least for purposes of an interlocutory injunction) that the plaintiff had made out a case under subsection 22(1) of the *Trade Marks Act*, which provides that "[n]o 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".

Section 22 refers to the use of "trade mark registered by another". His Lordship did not, it seems, consider that the mark used by the defendant need be identical to that registered by the plaintiff, but he did not discuss the point.<sup>412</sup> Rather he focussed on the likelihood of depreciating the value of the goodwill attaching to the plaintiff's marks. He thought there was a likelihood of deception, stating as follows:

---

<sup>410</sup> *Supra*, note 402 at 215.

<sup>411</sup> (1983), [1983] 2 F.C. 18, 70 C.P.R. (2d) 61 (T.D.).

<sup>412</sup> For a different opinion, see *Rotisseries St. Hubert Ltée c. Syndicat des Travailleurs(euses) de la Rotisserie St. Hubert de Drummondville (C.S.N.)*, *supra*, note 389.

The defendant is clearly attempting to cash in on the well-established reputation of PERRIER, and the deception, in my view, tends to dilute the quality of its trade marks, to impair its business integrity established over the years, and to cause injury to its goodwill.<sup>413</sup>

Dube J. shared the view of Thurlow J. in the first important decision under section 22,<sup>414</sup> holding that under that section it is not necessary to show a likelihood of confusion or deception. He said it was no answer that a customer who examined the labels would discover that the defendant was engaged in a political spoof. Intention to create a spoof was no defence. His Lordship referred to American decisions where alleged spoofs had been found to be damaging to the goodwill of the plaintiffs.<sup>415</sup>

The defendant relied unsuccessfully on subsection 2(b) of the *Constitution Act, 1982*<sup>416</sup> which declares that everyone has the fundamental freedom of opinion and expression. His Lordship said that this does not embrace the freedom to depreciate the goodwill attaching to registered trade marks, nor afford a licence to impair the business integrity of an owner of a mark merely to accommodate the creation of a spoof. The plaintiff here was not a politician who was a target of the spoof, but a trade mark owner. The plaintiff was likely to suffer irreparable damage and the balance of convenience was against the defendant.<sup>417</sup>

#### XIV. THE GREY MARKET

Trade mark owners and their authorized distributors may find it to their commercial advantage to try to prevent the distribution, through unauthorized channels, of imported goods bearing their trade marks, the marks having been placed legitimately on the goods in the country from which they were imported. Unauthorized importers are sometimes called "grey marketers", or "parallel importers" where they are importing in parallel with authorized importers. Grey marketers espouse a theory that after a first legitimate sale of goods bearing a trade mark the rights in the mark are "exhausted".

The subject of grey marketing is a large one because of the variety of circumstances in which it can arise. I have reviewed the

---

<sup>413</sup> *Supra*, note 411 at 23, 70 C.P.R. (2d) at 65.

<sup>414</sup> *Clairol Int'l Corp. v. Thomas Supply & Equip. Co.* (1968), [1968] 2 Ex. C.R. 552 at 569, 55 C.P.R. 176 at 195.

<sup>415</sup> *Supra*, note 411 at 23, 70 C.P.R. (2d) 61 at 65.

<sup>416</sup> Being Schedule B of the *Canada Act 1982* (U.K.), 1982, c. 11.

<sup>417</sup> For a further discussion of the right to use a trade mark registered by another, see *Hayhurst, supra*, note 134; *Syntex Inc. v. Apotex Inc.*, *supra*, note 404; *Interlego A.G. v. Irwin Toy Co.* (1985), 3 C.P.R. (3d) 476, 4 C.I.P.R. 1 (F.C.T.D.).

subject elsewhere<sup>418</sup> and will make only brief reference here to the leading Canadian case, *Consumers Distrib. Co. v. Seiko Time Canada Ltd.*<sup>419</sup> Seiko Time were the authorized Canadian distributors of SEIKO watches. They obtained these watches from sources authorized by the Japanese owner of the registered Canadian trade mark SEIKO. Seiko Time had made a considerable investment in Canada in setting up a network of knowledgeable dealers, in promoting the sale in Canada of SEIKO watches, and in honouring the warranties on the watches. From some unknown source, Consumers Distributing were able to obtain genuine SEIKO watches, and they sold these watches in Canada in competition with dealers selected by Seiko Time without providing a warranty that the Seiko organization would recognize. An action for an infringement in respect of the registered trade mark SEIKO would not succeed because the watches sold by Consumers Distributing were genuine. But Seiko Time alleged that Consumers Distributing were not providing the public with what the public expected. They contended that the public expected to obtain SEIKO watches from dealers approved by the Seiko organization, knowledgeable about the watches at the point of sale, and able to provide a warranty that the Seiko organization would honour. The Ontario courts agreed, and granted injunctions to prevent Consumers Distributing from holding themselves out as authorized SEIKO dealers and from issuing warranties that customers would be led to believe were backed by the Seiko organization. But the Ontario courts went further, and enjoined Consumers Distributing from selling any SEIKO watches. This latter injunction, said the Supreme Court of Canada, went too far. Any misrepresentation by Consumers Distributing would be cured by the other injunctions.

## XV. RIGHTS OF PUBLICITY AND PRIVACY

Reference was made in previous surveys to the relatively recent recognition in the Province of Ontario of rights of publicity and of privacy.<sup>420</sup> British Columbia, like Saskatchewan, Manitoba and Newfoundland, has a *Privacy Act*.<sup>421</sup> In *Joseph v. Daniels*,<sup>422</sup> an action based on the British Columbia statute failed. The plaintiff was a body builder, and was asked by the defendant to pose for a photograph for

<sup>418</sup> W.L. Hayhurst, *Importation of Grey Goods into Canada* (1985) 2 INTELL. PROP. J. 23.

<sup>419</sup> (1984), [1984] 1 S.C.R. 583, 1 C.P.R. (3d) 1 [hereinafter SEIKO]. The lower court decisions are discussed in the last survey, *supra*, note 2 at 393-96.

<sup>420</sup> *Supra*, note 2 at 401-02 and note 17 at 450-52.

<sup>421</sup> *Privacy Act*, R.S.B.C. 1979, c. 336; *The Privacy Act*, R.S.S. 1978, c. P-24; *The Privacy Act*, S.M. 1970, c. 74, C.C.S.M. P125; *The Privacy Act*, S.N. 1981, c. 6.

<sup>422</sup> (1986), 4 B.C.L.R. (2d) 239, 11 C.P.R. (3d) 544 (S.C.). See also *Li Yau Wai v. Genesis Films Ltd.* (1987), noted [1987] 7 E.I.P.R. D-151 (Hong Kong S.C.).

a magazine. The plaintiff did so, for a modeling fee of fifty dollars. He refused to sign a release for unrestricted use of the photograph. The photograph, as agreed, was used on the cover of the magazine and won an award for graphic design. The defendant decided to produce posters showing the photograph, and being unable to locate the plaintiff he proceeded to do so without the plaintiff's consent. Unfortunately for the plaintiff, British Columbia's *Privacy Act* was construed as being applicable only to a recognizable likeness of the plaintiff and the posters showed only his torso, from which he was not recognizable. On similar grounds a common law claim for wrongful misappropriation of personality was dismissed. The plaintiff was not identifiable from the photograph and identification was considered by the learned Judge to be an essential element of the tort.<sup>423</sup> Relief was, however, granted, based on contract theory. By using the photograph for a purpose other than that which was originally contemplated, the plaintiff was said to have impliedly assumed the obligation to pay the "going rate" for a modeling fee, which the Judge found to be \$550. Prejudgment interest was also awarded.

At least two cases have held that loss of publicity may give rise to an award of damages. In *Kafka v. Mountain Side Devs. Ltd.*,<sup>424</sup> the plaintiff in British Columbia was given damages for the lost publicity that he would have received had the defendant used the plaintiff's building plans and given him appropriate credit as designer, rather than copying the plaintiff's plans in disregard of his rights.

In an Ontario case, *Multivision Films Inc. v. McConnell Advertising Co.*,<sup>425</sup> the plaintiff Voronka had pursued a successful career in producing and directing motion picture films and in making television commercials. He had not been associated with television programmes other than commercials. He conceived the idea of a television programme having a series of episodes in which different historical figures, portrayed by actors, would be interviewed aggressively. In a written presentation of his idea he described it, in part, as follows:

---

<sup>423</sup> No claim was made under subsection 9(1) of the *Trade Marks Act*, which provides that

[n]o 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. . . .

Presumably also under these provisions the individual would have to be identifiable.

<sup>424</sup> (1982), 62 C.P.R. (2d) 157 (B.C.S.C.). For a discussion of this case, see the last survey, *supra*, note 2 at 425-26.

<sup>425</sup> (1983), 69 C.P.R. (2d) 1 (Ont. H.C.).

Marshall McLuhan says that television would have destroyed Hitler early in his career: shown him for what he was.

And that's the premise of this series: to use the medium to capture the essence of controversial historical figures by confronting them with long hidden evidence, by pursuing every facet of new-found information and challenging their image as history knows it.

The interviewer might pick apart an American president, tear into a tyrant, gossip with a Biblical figure, compromise a King or challenge the morals of a Marquis de Sade or an Al Capone.

On occasion he might confront the whole Jeanne d'Arc tribunal with its lies and follies, or get Chamberlain, Stalin and Hitler together on the events that led to World War II, or talk with both Custer and Sitting Bull. . . .<sup>426</sup>

Mr. Voronka had the necessary artistic expertise and contacts with performers to produce and direct the series. The defendant had the necessary facilities, as well as financing and marketing ability. Mr. Voronka approached the defendant with his idea, making it clear that he wished to act as producer and director of the programme. With the aid of Mr. Voronka's written presentations, and a pilot film in which the plaintiffs and the defendant collaborated, the defendant succeeded in negotiating an agreement with a Canadian television network to produce a full series of thirty-six episodes for the network. Mr. Voronka and the defendant had entered into a written agreement under which Mr. Voronka would be the producer and director of the series.

The series went into production under the title "Witness to Yesterday". The first twenty episodes, produced and directed by Mr. Voronka, were an artistic success, but not a financial one for the defendant. The television network defaulted on its obligation to accept and pay for further episodes. However, the defendant was able to interest another television network in the series, and further episodes were made by the defendant and shown on that network, the last twelve without the services of Mr. Voronka.

This was held by the Court to constitute an unjustified repudiation of the agreement between the plaintiffs and the defendant, wrongfully terminating Mr. Voronka's participation. Mr. Voronka was awarded damages for breach of contract, but he was also awarded damages for loss of publicity. Henry J. concluded that it was an implied term of the agreement between the parties, and consistent with the custom of the trade, that as creator, producer and director of the programme Mr. Voronka would receive screen credits for the entire series. He had been given such credits for the episodes to which he contributed, but not for the last twelve. The latter were of lower quality. For them Mr. Voronka should have been employed as producer and director, and in

---

<sup>426</sup> *Ibid.* at 5-6.

any event should have received credit as creator of the concept behind the series.

Receiving proper credit was important to Mr. Voronka. He wanted to break into television programming, and he regarded this series as his opportunity to establish his reputation as a creator, director and producer and to launch himself on a successful new career. The learned judge referred to English and Canadian decisions in which artists, athletes and authors had succeeded in recovering damages for loss of public exposure or opportunity by reason of breach of contract or negligence of others. Lack of certainty as to what benefits such persons might have had from such exposure makes the assessment of damages difficult, but the court must do the best it can.

His Lordship said that in assessing damages he must take account of the probability that, had the publicity wrongfully withheld been given, it would have led to future commercial activities. But having his name associated with the last twelve inferior episodes would not have added to Mr. Voronka's stature, and his name had been properly associated with the initial and most important episodes. However, that was not the end of the matter because His Lordship considered that he must also consider the value of publicity for its own sake in keeping the plaintiff's name before the public, in rewarding his self-esteem and encouraging further development of his talents. If, as earlier Canadian cases had held, wrongful appropriation of the personality of a sports figure could give rise to an award of damages, so also could deprivation of publicity — which is an essential part of a plaintiff's artistic reputation and personality — be compensable in damages regardless of its commercial effects. There was evidence that opportunities to participate as creator, director and producer of a television series are rare, and that it is necessary to continue to get publicity to remain in the business. Credits not given to the plaintiff were taken by the defendant, thereby denying the plaintiff's creativity and putting a cloud on his claim to creativity. Accordingly the Court awarded the plaintiff \$5,000 for loss of publicity.

## XVI. UNFAIR COMPETITION

Because the title of this Part includes the term "Unfair Competition", a few words should be said about that term. We have seen that new life seems to have been given to section 7 of the *Trade Marks Act*,<sup>427</sup> which, as a pithy statutory statement, cannot be assumed to be the precise counterpart to the common law of passing off. Courts in the British Commonwealth have been progressive in their views of

---

<sup>427</sup> See *supra*, Part X.

what constitutes passing off, as exemplified by the *ADVOCAT* case,<sup>428</sup> though a strong conservative element remains, as exemplified by the *BUDWEISER* case,<sup>429</sup> accompanied by a notable reluctance, as seen in the *PUB SQUASH* case,<sup>430</sup> to venture into some wider concept of unfair competition.

American courts have been more venturesome, and Canada has benefitted from this.<sup>431</sup> We have seen the emergence in Canada of a common law right of publicity.<sup>432</sup> Estey J., who gave this right its impetus in the *Krouse* case,<sup>433</sup> has since spoken in *SEIKO* of "the protection of the community from the consequential damage of unfair competition or unfair trading".<sup>434</sup> Our growing links with the United States received express recognition in the reasons for judgment of Morden J.A. in the *Orkin* case.<sup>435</sup> It seems inevitable that, regardless of the outcome of the pending free trade discussions between Canada and the United States, it will be increasingly difficult for Canadian lawyers to confine their readings to Canadian and Commonwealth cases, journals and treatises.

---

<sup>428</sup> *Supra*, note 318.

<sup>429</sup> *Supra*, note 353.

<sup>430</sup> *Supra*, note 356.

<sup>431</sup> See C.R. Carson, *The Influence of U.S. Intellectual Property Law Precedents in Canadian Courts* (1987) 3 CAN. INTELL. PROP. REV. 371.

<sup>432</sup> See *supra*, Part XV.

<sup>433</sup> *Krouse v. Chrysler Canada Ltd.* (1973), 1 O.R. (2d) 225 at 238, 13 C.P.R. (2d) 28 at 42 (C.A.) [hereinafter *Krouse*].

<sup>434</sup> *Supra*, note 419 at 598, 1 C.P.R. (3d) 1 at 13.

<sup>435</sup> *Supra*, note 147 at 743-44, 5 C.P.R. (3d) 433 at 450.

