

## Trade Mark Expungement under Canadian Law \*

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### A — INTRODUCTION

It has been over a decade since the present *Trade Mark Act*<sup>1</sup> was enacted. Since that time it has withstood most of the winds of controversy and recommendations for change,<sup>2</sup> but not all.<sup>3</sup> Nevertheless, it would be worthwhile to review certain of the provisions of the *Act* for inconsistencies, especially those dealing with maintaining valid registrations of trade marks.

Some suggestions have been made for amendments.<sup>4</sup> It has been pointed out by one advocate<sup>5</sup> of change that trade mark applicants, who base their applications for registration on foreign use, are at a distinct advantage to the Canadian applicant. On the other hand, it has been noted<sup>6</sup> that Canada is bound to give foreign

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<sup>1</sup> 1-2 Eliz. II, S.C. 1952-53, c. 49, proclaimed in force July 1, 1954.

<sup>2</sup> *House of Commons Report on Drug Costs and Prices*, (Harley Report), 1966-67, *Royal Commission on Health Services*, (Hall Commission), 1964; *Restrictive Trade Practices Commission concerning the Manufacture, Distribution and Sale of Drugs*, (Combines Report), 1961.

<sup>3</sup> Bill C-102 of the first Session of the 28th Parliament of Canada, 17 Eliz. II 1968-69, provides among other things that one will not infringe the trade mark of a registrant by importing into Canada pharmaceuticals which bear that trade mark and which were made by a company which is, vis-à-vis the registrant, a "related company", pursuant to section 2(r) of the *Trade Marks Act*.

<sup>4</sup> Maybee's Centennial Project for the Patent and Trade Mark Institute, April 1967, *Bulletin of the Patent and Trade Mark Institute of Canada*; Robinson: Counter-proposal, pp. 107-108, August 1967, *Bulletin of the Patent and Trade Mark Institute of Canada*; Mr. Maybee's letter to the Editor of *The Bulletin of the Patent and Trade Mark Institute of Canada*, April 1968 issue, p. 173.

<sup>5</sup> Mr. Maybee, *loc. cit.*, *supra*, n. 4.

<sup>6</sup> Mr. Robinson, *loc. cit.*, *supra*, n. 4.

applicants the rights they now possess since this Nation is a signatory to the International Conventions.<sup>7</sup>

Reflecting on the divergent views, justice to both might be achieved if we were to direct our attention to what constitutes a valid registration rather than to restrict ourselves to the more obtuse consideration of who has the right to apply for registration of a trade mark. In some instances, it might well be that he who has the dominant right to apply for registration might be the pertinent consideration. On the other hand, irrespective of who has the right to apply, if the rights are improperly exercised, the right to exclusive use may vanish with the accruing susceptibility that the mark might be expunged from the Register.

## B — MODES OF CANCELLING OR ALTERING TRADE MARK REGISTRATIONS SUMMARILY

### 1. Registrations prior to 1 July, 1954

#### (a) Section 43, Trade Marks Act, Notices — re-define wares

Prior to July 1, 1954, *The Unfair Competition Act*<sup>8</sup> was in force. Under that Act,<sup>9</sup> “a concise description, expressed in such terms as are ordinarily and commercially used by the applicant, of the wares with which the applicant (was) commercially concerned” was required to accompany the application for registration of a Trade Mark. Also required was “a concise description in like terms of the specific wares in association with which the applicant has used the mark.”

Under the present *Trade Marks Act*, “a statement in ordinary commercial terms of the specific wares or services in association with which the mark has been used or is proposed to be used” is required.<sup>10</sup> Although these two Acts appear to be substantially identical as to the extent which wares are to be defined, they are of course different as to services since marks directed to services were not registerable under *The Unfair Competition Act*.<sup>11</sup>

<sup>7</sup> *Convention of the Union of Paris* made on March 20, 1883, and amendments, particularly the London text of 1934, and the Lisbon text of 1958. Canada has not acceded to the Lisbon text.

<sup>8</sup> 22-23 Geo. V, S.C. 1932, c. 38, assented May 13, 1932; also R.S.C. 1952, c. 274.

<sup>9</sup> *The Unfair Competition Act*, *loc. cit.*, Sec. 30(2), (3).

<sup>10</sup> *Trade Marks Act*, *loc. cit.*, Sec. 29(a).

<sup>11</sup> No provision was made in either the definition of trade mark, word mark or design mark which would permit its use with services. In fact, each of the definitions, see ss. 2(m) and (n) and (c) respectively required that the marks distinguish “particular wares falling within a general category

Prior to 1932, *The Trade Mark and Design Act*<sup>12</sup> was in force, and Trade Marks were of two general classes, general trade marks and specific trade marks. The former were in connection with the sale of various articles in which the proprietor (dealt) with in his trade, business, occupation or calling generally;<sup>13</sup> the latter were to be used in connection with the sale of a class of merchandise of a particular description.<sup>14</sup> The wares to which the marks were to be applied were not further defined in the *Act*. It might be said in summary, that the *Trade Mark and Design Act* required either a generic description of the wares, if the wares, irrespective of what they were, were to have applied to them a trade mark, or, a specific description of the wares. The specific description of the wares would be appropriate where a manufacturer wished to identify one of his products by a trade mark more commonly called a product or commodity mark, such as *ASPIRIN*.<sup>15</sup> Accordingly, in order to bring

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from other wares falling within the same category." See also ss. 2(k), (b) to the same effect, wherein what is "similar" is defined to relate to wares associated with trade marks, trade names, or distinguishing guises. No mention is made of services. Another major distinction between the two Acts has been exposed by *Green, Young & Co. Ltd. v. Kimberly-Clark of Canada Ltd.*, (1969), 40 Fox P.C. 188, 57 C.P.R. 81 (Ex. Ct.) affirming (1967), 35 Fox P.C. 84, (1968), 52 C.P.R. 279. In that case the President noted, at p. 194, (1969), 40 Fox P.C.; (at p. 88, 57 C.P.R.), that:

"The test being applied [in *General Motors Corporation v. Bellows*, [1949] S.C.R. 678, 9 Fox P.C. 78, 10 C.P.R. 101, a case under *The Unfair Competition Act*] as to whether the two marks were 'similar', was whether the two marks were marks 'so resembling each other or so clearly suggesting the idea conveyed by each other' that their contemporaneous use in the same area with wares of the same kind 'would be likely to cause dealers in and/or users of such wares to infer that the same person assumed responsibility for their character or quality...' The test in s. 6(2) does not limit a finding of confusion to cases where a resemblance between the marks or the suggestion by the marks of the same idea results in persons in the market being led to infer a common origin. The test requires a finding of confusion whenever the contemporaneous use of the two marks would, having regard to all the surrounding circumstances, lead to such a conclusion. Care must therefore be exercised in applying the authorities under the provision under consideration in the *General Motors* case to the application of s. 6(2).

<sup>12</sup> *Trade Mark and Design Act*, 31 Vict., S.C. 1868, c. 55 consolidating the various trade mark statutes of the several provinces of the Dominion of Canada. The *Act* was amended by 38-39 Vict., S.C. 1876, c. 35; re-enacted 42 Vict., S.C. 1879, c. 22; consolidated R.S.C. 1886, c. 63; amended, 54-55 Vic., S.C. 1891, c. 35; consolidated R.S.C. 1906, c. 71; R.S.C. 1927, c. 201; amended 18-19 George V, S.C. 1928, c. 10; repealed by *The Unfair Competition Act*, *supra*, note 8.

<sup>13</sup> *Trade Mark and Design Act*, Sec. 4(a).

<sup>14</sup> *Trade Mark and Design Act*, Sec. 4(b).

<sup>15</sup> A registered trade mark of the Bayer Company # 29/6889; 182/40220.

previous registrations, which were made either under *The Unfair Competition Act*, or *The Trade Mark and Design Act*, into accord with the requirements of *The Trade Marks Act*, section 43 of the *Trade Marks Act* permits the Registrar to issue a notice to a registrant requiring him to provide a statement of particulars which contain all the elements which an applicant for registration would be required to provide if a registration were made under the present *Trade Marks*.<sup>16</sup> If the mark is not now used for certain wares for which it was originally registered, then the Registrar may alter the Register, and expunge from the Register those wares with which the mark is no longer used.<sup>17</sup> On the other hand if no statement is received from the registrant, the whole registration may be expunged.<sup>18</sup>

It should be particularly noted that the Registrar has the discretion to send out a Section 43 notice at any time;<sup>19</sup> on the other hand, he is compelled to send out a notice if "any person" pays the prescribed fee of \$5.00.<sup>20</sup> Reconsidering the requirement to describe wares, it is interesting to note that the Office takes the view that the present Trade Mark Rules<sup>21</sup> require more precise description of the wares with which the trade mark is used than the description of the wares which was required to be made under *The Unfair Competition Act*.<sup>22</sup> This view is tenuous, but prevails.

<sup>16</sup> *Trade Marks Act*, Sec. 43.

"(1) The Registrar may at any time, and shall at the request of any person who pays the prescribed fee, by notice in writing require the registered owner of any trade mark that was on the register at the date on which this Act comes into force, to furnish to him within three months from the date of the notice the information that would be required on an application for the registration of such trade mark at the date of such notice.

(2) The Registrar may amend the registration in accordance with the information furnished to him under subsection (1).

(3) Where the information is not furnished, the Registrar shall by a further notice fix a reasonable time after which if the information is not furnished, he may expunge the registration of the trade mark."

<sup>17</sup> *Loc. cit.* Sec. 43(2).

<sup>18</sup> *Loc. cit.* Sec. 43(3).

<sup>19</sup> *Loc. cit.* Sec. 43(1). (Section 23(2) of *The Unfair Competition Act* was of identical wording except the time interval allowed was four months from the date of the Registrar's notice rather than the present three months.)

<sup>20</sup> *Ibid.*, also Schedule 1, Part 1, item 13 under Rule 13 of the *Trade Mark Rules*, SOR/54-172.

<sup>21</sup> See forms 1 through 7 of Schedule II, *Trade Mark Rules*, *supra*, n. 20.

<sup>22</sup> *The Unfair Competition Act* required "a concise description expressed in such terms as are ordinarily and commercially used... (on)... the wares." The present *Act* requires "a statement in ordinary commercial terms of the specific wares"; the rules under the present *Act* require a description in

In *ABBY CELLAR*<sup>23</sup> the Registrar forwarded a section 43 notice and after suitable interval of time, the registrant responded with a statement that the mark, a word mark, "has been used since July 1, 1938, for alcoholic beverages," which were the wares shown on the Register. The registrar responded that he required to know whether the alcoholic "beverages are distilled, brewed or fermented." The registrant advised that the wares were "distilled alcoholic beverages" and the Register was amended accordingly.

(b) *Word marks or design marks*

Rules are established<sup>24</sup> by which marks, which were on the Register on the coming into force of the present Act,<sup>25</sup> were classified

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ordinary commercial terms of all the specific wares (services) with which the mark is, or is to be, used. The Oxford Dictionary defines *concise* as *true, brief, and specific* as *characteristic of a thing or kind, definite*. As can be seen, these adjectives mean the same. One should not confuse the adjective *specific* with the verb *specify*. The verb means *state definitely in detail*.

<sup>23</sup> Unreported decision of the Registrar of Trade Marks, N.S. 35/9750 of July 26, 1938, serial number 173,796 filed July 26, 1938. One wonders why the Registrar did not make a further demand for greater particulars to define the distilled alcoholic beverages as whisky, rum, gin, etc.

<sup>24</sup> *Trade Marks Act*, Sec. 26, reads as follows:

"(4) Trade marks on the register at the date of the coming into force of the *Unfair Competition Act, 1932*, shall be treated as word marks or as design marks as defined in that Act according to the following rules:

- (a) any trade mark consisting only of words or numerals or both without any indication or a special form or appearance shall be deemed to be a word mark;
- (b) any other trade mark consisting only of words or numerals or both shall be deemed to be a word mark if at the date of its registration the words or numerals or both would have been registerable independently of any defined special form or appearance and shall also be deemed to be a design mark for reading matter presenting the special form or appearance defined;
- (c) any trade mark including words or numerals or both in combination with other features shall be deemed
  - (i) to be a design mark having the features described in the application therefor but without any meaning being attributed to the words or numerals, and
  - (ii) to be a word mark if and so far as it would at the date of registration have been registerable independently of any defined form or appearance and without being combined with any other feature; and
- (d) any other trade mark shall be deemed to be a design mark having the features described in the application therefor.
- (5) Trade marks registered under *The Unfair Competition Act, 1932*, or *The Unfair Competition Act*, Chapter 274 of the Revised Statutes of Canada, 1952, shall, in accordance with their registration, continue to be treated as word marks or design marks as defined in that Act."

<sup>25</sup> July 1, 1954.

either as word marks, design marks, or what shall be called in this paper "composite marks", that is, marks possessing word mark features *and* design mark features.<sup>26</sup> As we shall see, this statutory distinction between design marks and word marks has in recent years sometimes been overlooked.<sup>27</sup>

## 2. Registrations prior to July 1, 1954 and subsequent thereto

### (a) Section 44, Trade Marks Act, Notice — to determine extent of use of the mark.

Firstly, we should observe that the Registrar is obliged to forward a section 44 notice if requested, "unless he sees good reason to the contrary".<sup>28</sup> It appears that this phrase is interpreted as in the

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<sup>26</sup> *The Unfair Competition Act, loc. cit.*, ss. 2(c) (o); 23(5); 27; 28; particularly section 31 which required an applicant to classify his mark as a word mark or design mark. Note that the effect of section 23(1) and (5) classified all trade marks which had been made under *The Trade Mark and Design Act* as word marks or design marks according to the rules therein set down. These rules are the same as those of section 26(5) of the *Trade Marks Act, supra*, n. 24. Section 23(1) of *The Unfair Competition Act* made all trade marks registered under *The Trade Mark and Design Act* part of the Register under *The Unfair Competition Act*.

<sup>27</sup> *Infra*, p. 405.

<sup>28</sup> *Trade Marks Act*, Sec. 44.

"(1) The Registrar may at any time and, at the written request made after three years from the date of the registration by any person who pays the prescribed fee shall, unless he sees good reason to the contrary, give notice to the registered owner requiring him to furnish within three months an affidavit or statutory declaration showing with respect to each of the wares or services specified in the registration whether the trade mark is in use in Canada and, if not, the date when it was last so in use and the reason for the absence of such use since such date.

(2) The Registrar shall not receive any evidence other than such affidavit or statutory declaration, but may hear representations made by or on behalf of the registered owner of the trade mark or on behalf of the person at whose request the notice was given.

(3) Where, by reason of the evidence furnished to him or the failure to furnish the evidence, it appears to the Registrar that the trade mark, either with respect to all of the wares or services specified in the registration or with respect to any of such wares or services, is not in use in Canada and that the absence of use has not been due to special circumstances that excuse such absence of use, the registration of such trade mark is liable to be expunged or amended accordingly.

(4) When the Registrar reaches a decision as to whether or not the registration of the trade mark ought to be expunged or amended he shall give notice of his decision with the reasons therefor to the registered owner of the trade mark and to the person at whose request the notice was given.

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in such appeal."

*Patent Act*,<sup>29</sup> and virtually every request is followed by the dispatch of a notice. This is exemplified in *re: SLEEPING BEAUTY*.<sup>30</sup> The Registrar, having received an affidavit pursuant to a section 44 notice, forwarded a second notice pursuant to a request by another, some 19 months later.

The facts in *re: SLEEPING BEAUTY*, may be summarized as follows: A section 44 notice was forwarded August 24, 1964 and the exclusive sales agent for the registrant advised, by affidavit, that the mark was in use in Canada for some of the wares against which it was registered but not in use for others. The deponent contemplated that the mark would be used with all the wares registered as soon as the movie "Sleeping Beauty" was re-released sometime in 1965 or 1966. In March 1966, the Registrar considered the explanation satisfactory and decided not to expunge the certification mark. Some 19 months later, on November 15, 1966, the Registrar forwarded a second section 44 notice pursuant to the request by a party different from that who had requested the first section 44 notice. The reply indicated that the mark was in use only on a small list of wares which were not quite identical with the wares in use in late 1964; that the re-release of the motion picture "Sleeping Beauty" was re-scheduled to be re-released in the fall of 1967 or 1968. The Registrar expunged from the Register those wares which were not in use at the date of the affidavit file pursuant to the notice of November 15, 1966.

Two things should be carefully noted of this decision. Firstly, the Registrar did not strike out those wares which were not in use

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<sup>29</sup> Section 43 of the *Patent Act*, R.S.C. 1952, c. 203, as amended provides that the Commissioner of Patents shall grant compulsory licenses to manufacture food or medicine unless he sees good reason to the contrary. Every applicant which has requested compulsory license has been granted one except in but two cases. A license was refused in the *Borden Co. v. Salada — Sheriff — Horsey*, (1960), 34 C.P.R. 238, 20 Fox P.C. 169 (C. of P.) because the grant would not increase the consumption of potatoes generally. (The patent was for a method of manufacturing instant mash potatoe products and to the product itself.) In the other case, *Gilbert Surgical Supply Company Limited v. Park Davis and Company*, (1958), 30 C.P.R. 21, 18 Fox P.C. 62, the Commissioner of Patents refused to grant a license in respect of a drug product where the applicant was not prepared to manufacture the medicine in Canada. To do otherwise would be to grant a license to import and this would be contrary to the compulsory licensing provisions of section 67 and subsequent of the *Patent Act* which permit a compulsory license to be granted where the Canadian demand is supplied solely by importation.

<sup>30</sup> Registration # 174,811 of September 22, 1959, S.N. 249,897 of March 13, 1959, being a registration in favour of Walt Disney Productions for the certification mark registered against a long list of wares.

at the time the affidavit was filed in response to the first notice, because as the Registrar said "the absence of use on the remainder of wares specified in the registration is due to special circumstances that excuse such absence of use." The deponent, in response to the first notice, described the circumstances of non-use and implied<sup>31</sup> that re-release of the motion picture would have the effect of revitalizing promotional campaigns and the use of the certification mark. However, because the revitalization of the mark had not taken place by 1966, as originally undertaken, the Registrar expunged those wares from the Register which were not in use at the time the affidavit was filed pursuant to the second notice. Secondly, it should be noted, that the affidavits filed and accepted were those of the exclusive sales agent for the registrant. Initially, when the first affidavit was filed in response to the first notice, the Registrar objected that the person other than the registrant was the deponent of the affidavit. The attorney for the registrant noted<sup>32</sup> that the *Act* does not mention who may depose the information required under the section. As the attorney said, the exclusive Canadian sales agent was in a better position to know the extent of the use of the certification mark in Canada than the registrant, which was an American Company.

"Special circumstances excusing non-use"<sup>33</sup> justify the Registrar in exercising his discretion not to expunge a registration. This discretion was exercised, as we have seen in *re: SLEEPING BEAUTY* after the first notice was sent but not after the second notice.<sup>34</sup> Special circumstances appear to include instances where the supply of the product to which the trade mark applies is

<sup>31</sup> His affidavit reads in part as follows:

"That the motion picture *Sleeping Beauty* was released by Walt Disney Productions in 1959. The release of this picture was accompanied and followed by an intensive promotional campaign during which licensees sold in Canada in association with the certification mark *SLEEPING BEAUTY* wares for which the certification mark is registered. This campaign was at its peak at the time of release of the motion picture and immediately thereafter and is still in existence but on a lesser scale, the primary reason for this being that since 1959 other motion pictures have been accompanied by intensive promotional campaigns involving similar wares and different certification marks. In view of the limited Canadian market quite naturally most emphasis has been given to campaigns associated with the most recent motion picture releases."

"I am aware that the motion picture "*Sleeping Beauty*" is scheduled for re-release in 1968 and in the fall of 1967 a new promotional campaign will be undertaken to publicize the re-release of this film." (Specimens were attached.)

<sup>32</sup> *Supra*, n. 31.

<sup>33</sup> *Trade Marks Act*, *loc. cit.*, sec. 44(1) and (3), *supra*, n. 28.

<sup>34</sup> *Supra*, n. 30.

beyond the registrant's control and unobtainable. Thus in *re: B. Q. -6x*,<sup>35</sup> the registrant, Drakes Agency Limited, in response to a section 44 notice dispatched October 11, 1963, filed an affidavit that the mark was last used in Canada on the 5th of October 1963 by reason of the fact that supplies of the pharmaceutical were unavailable from the sole manufacturer of the product. Through further correspondence with the Registrar, the registrant advised that it intended to use the mark and that use was contemplated within 90 days thereof; namely, before October 21, 1964. On January 8, 1965, the Registrar sent on his own initiative, a further request to the Registrant asking whether the mark had been put to use. (The originator of the request for the section 44 notice objected to the delay of the Registrar in expunging the mark for non-use saying that the Registrar was not entitled, under s. 44, to consider future use of an unused trade mark. The Registrar rejected his contention).<sup>36</sup> The Registrar took cognizance of the statutory declaration subsequently filed indicating that the registrant had no intention to abandon the mark; that use of the trade mark had taken place in Canada up to six days before the dispatch of the section 44 notice; namely, up to October 5, 1963, and also during the interval between November 8, 1963 and September 3, 1964, when supplies were available from the American supplier; that the supplier had stopped manufacture of the pharmaceutical product but an arrangement with another supplier was being made as soon as the clearances were obtained from the Department of Health and Welfare; Food and Drug Division. The mark was not expunged.<sup>37</sup>

Similarly in *re: JAMAICA DIAMOND*,<sup>38</sup> the trade mark was not used at the time of the section 44 notice, but this was due to unavailability of supply. Evidence was submitted that abandonment was not intended and that new supplies would become available

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<sup>35</sup> Registration Number 119,632 of September 27, 1960, wherein the application was filed August 21, 1959, as Serial Number 252,517, based on use since December 31, 1954.

<sup>36</sup> The Registrar said: "It is not agreed that section 44 does not permit the owner of a registration to rely on any future use of its trade mark. Evidence has been furnished that the trade mark is now used. That evidence is not complete and an extension of time has been granted until April 10, 1965, within which a satisfactory response".

<sup>37</sup> An appeal was filed in the Exchequer Court of Canada, June 21, 1965. The action is still pending.

<sup>38</sup> An unreported decision of the Registrar concerning registration #113,012 of January 23, 1959, filed January 23, 1958, as serial number 244,772, for JAMAICA RUM in association with Rum.

shortly. The Registrar accepted the excuse but stated that he would issue a second section 44 notice in six months time. A notice was duly forwarded and evidence, an affidavit and exhibits illustrating use of the mark, were subsequently furnished showing use of the mark with the wares. The registrar did not amend or expunge the mark from the Register.

Similarly, special circumstances excusing non-use appear to lie if the registrant is unable to do business by virtue of being bankrupt<sup>39</sup> or if the use is performed by a licensee even though he is not a registered user.<sup>40</sup> In *re: PHANTOM*,<sup>41</sup> the registrant became bankrupt prior to the dispatch of a section 44 notice. At the date

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<sup>39</sup> Registration number 55/14,650 of September 9, 1940, for the word mark PHANTOM for hosiery amended in 1952 to include slips, half slips and night-gowns, brassieres, panties and kindered lingerie products, (originally filed September 1950, serial number 178,197). The Registrar said in his decision to sustain the registration that: "I am still of the opinion that the registration should not be amended or expunged. I agree with your comment" (the comment of the originator of the section 44 notice objecting to the tentative decision not to expunge), "that the trade mark was not in use by the registered owner at the date of the section 44 notice but feel that the absence of use is due to special circumstances that excuse such absence of use, namely the registered owner went into receivership".

Further the Registrar said: "As to the allegation that the use by Susan Hosiery Limited is an improper use which in law operates to invalidate the registration, I am of the opinion that the Registrar has not jurisdiction to expunge a trade mark in such circumstance".

<sup>40</sup> Registration completed on May 12, 1959, filed May 9, 1958, serial number 247,261 for the mark BEER NUTS as applied to shelled and salted peanuts. The evidence filed by the registrant indicated that one Bruster Nut Shops was exclusive Canadian licensee of the mark and the terms of the license were generally spelled out. The Registrar rejected the suggestion that the mark was not validly being used, as use was by an exclusive licensee, even though not a registered user. The trade mark was not expunged because as the Registrar said: "In my opinion the provisions of section 44 of the *Trade Marks Act* does not empower the Registrar to govern the validity or the gravity of the use of the mark. Section 44 may provide that the Registered owner must furnish evidence whether the mark is in use in Canada. Use in relation to a trade mark is defined under section 2(v) as meaning any use that by section 4 is deemed to be use in association with wares or services. Under section 4, a trade mark is deemed to be used in association with wares if, at the time of the transfer of the property of the possession of the wares in the normal course of trade, it is marked on the wares themselves". See also *supra*, n. 39.

In this particular case, satisfactory evidence was produced that the trade mark BEER NUTS is in use in Canada within the meaning of section 2(v) and section 4 of the *Trade Mark Act* in association with the wares specified in the registration — the registration should not be expunged. Bruster Nut Shops were later registered as registered users *after* the Registrar had rendered his decision not to expunge the mark.

<sup>41</sup> *Supra*, n. 39.

of the notice, the registrant was not using the mark, but the Trustee in Bankruptcy was making arrangements to grant an exclusive license to use the mark to one Susan Hosiery for five years with the rights to renew. Susan Hosiery filed, by affidavit, evidence that it was not a registered user at that time but that it had acquired the exclusive rights to use the mark and that a registered user application would be filed shortly; further, that PHANTOM was used by the registrant up to two months after bankruptcy and that Susan Hosiery had been using the mark, under license since.

"Circumstances not excusing non-use" of a trade mark include the argument that tariff barriers prohibit economic sale of imported wares in Canada provided no wares have in fact been sold in Canada, or that the market is insufficient to warrant sale in Canada.<sup>42</sup>

"The evidence of use must be by way of affidavit or statutory declaration and should include exhibits which show with respect to

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<sup>42</sup> Registration 114,928 of August 12, 1959, for GOLDEN FRY based on use since 1948, was expunged June 2, 1965, because the excuse that resumption of the use of the mark in Canada was delayed owing to a tariff barrier imposed by the Canadian Government was not a satisfactory reason. Similarly, Registration 110/25,953 of January 2, 1920, for the word ALLIGATOR filed January 2, 1920, as serial number 98,981 was expunged May 17, 1965, because the Registrar did not consider the excuse "that the mark had not been used in Canada since 1961 as a result of unfavourable tariff structure and rates of exchange was satisfactory".

Registration number 120,435 of December 13, 1960, filed April 10, 1959 as serial number 250,365 for mark B - P for surgical blades, knives, dental equipment, etc. The affidavit filed with supporting exhibits on September 8, 1967 indicated that the mark was in use at the date of the section 44 notice and afterwards on some wares but not on X-ray attachments, surgical scissors, pipe ends and hemalological sets because of the lack of demand. These wares were expunged from the registration. In *Kurb Side, infra*, n. 46, however, the Registrar said:

"I have carefully considered the evidence submitted and the representations made and I have come to the conclusion that while the mark KURB SIDE was not in use in Canada on July 22, 1965, the date the notice under section 44 of the *Trade Marks Act* was sent, the absence of use was due to the high Canadian tariff on aluminium truck bodies (the wares in association with which the trade mark KURB SIDE is registered). I am therefore satisfied that the absence of use of the mark was due to special circumstances that excuse such absence of use within the meaning of subparagraph 3 of section 44 of the *Trade Marks Act*. Furthermore it appears that the mark was used October 1965, that arrangements were concluded with General Motors Products of Canada Ltd. to import the truck bodies manufactured by J.B.E. Olson Corporation (the registrant) under the trade name KURB SIDE and that a Canadian subsidiary of J.B.E. Olson Corporation was incorporated in 1966. As a matter of fact, some seventy-five truck bodies were sold in Canada during the year 1967.

In the circumstances, my decision is that the registration of the trade mark KURB SIDE ought not to be amended or expunged."

each of the wares and services specified in the registration whether the Mark is in use in Canada..."<sup>43</sup> In *re: JESCO*,<sup>44</sup> statements by the agent of record about use of the mark in Canada which were not in affidavit form, were not considered, while in *Don the Beachcomber*,<sup>45</sup> non-use of a mark in Canada related to services not performed in Canada was no excuse even though the mark was known in Canada.

In *re: KURB SIDE*,<sup>46</sup> the same question of showing use was in issue. The Registrar stated, after filing of the affidavit by the registrant, that:

An affidavit stating that the mark was in use in Canada does not in my opinion, meet the requirements of the Act. The affidavit should recite the circumstances of use or non-use of the trade mark in Canada at the date of the notice and, if the mark is in use, a specimen exhibiting the trade mark as used should be submitted with the affidavit.

Invoices and actual labels, containers or displays showing the trade mark as used could be acceptable.

A subsequent affidavit was filed setting out the facts of use and non-use and the reasons for non-use at the date of the Section

<sup>43</sup> The relevant parts of a standard form of section 44 notice read: "Pursuant to section 44 of the *Trade Marks Act*, which is reproduced on the attached sheet, the Registrar hereby requires the owner of the trade mark referred to above to furnish within three months from this date an affidavit or statutory declaration in duplicate showing, with respect to each of the wares or services specified in the registration, whether the trade mark is in use in Canada at the date of this notice and, if not, the date when it was last so in use, and the reason for the absence of such use since such date. If the trade mark is in use, a specimen exhibiting the trade mark as used must be furnished."

<sup>44</sup> An unreported decision of the Registrar expunging Registration number 104,627 of October 12, 1956, filed June 17, 1955, as S.N. 230,978 relating to the mark JESCO for surgical instruments. Two affidavits were filed and the Registrar dismissed both saying: "The first affidavit does not satisfy the requirements of section 44 of the *Trade Marks Act* and it does not establish that the mark was or is used in Canada in association with each of the wares specified in the registration. The second affidavit is not acceptable as it is based on information obtained from a distributor in the U.S."

It should be noted that the first affidavit did not set out facts of use but made statements of use and that shipments of wares bearing the mark were being shipped from Germany. A single exhibit was filed of one class of wares bearing the trade mark. The refusal to accept the affidavit of the U.S. distributor should be compared with *In re: Sleeping Beauty* where the affidavit of the exclusive Canadian sales agent was accepted when it was explained he was better qualified to depose than the Registrant.

<sup>45</sup> *Porter v. Don the Beachcomber*, (1966), 33 Fox P.C. 79, (Ex. Ct.), (1967), 48 C.P.R. 280.

<sup>46</sup> Registration # 127,017 of June 26, 1962, filed October 3, 1958, as S.N. 247,655 as to mark KURB SIDE as applied to aluminum truck bodies. The Registrar's comments appear consistent with court decisions; see *infra*, pp. 411-412.

44 notice. At the date of filing of the affidavit, December 1967, the trade mark had been applied to some 75 truck bodies sold in Canada during that calander year. The decision of the Registrar is still pending.

The affidavit must provide "evidence of use as of the date of the notice or of the special circumstances justifying excuse for non-use."<sup>47</sup> Further "exhibits must be filed."<sup>48</sup> These demands by the Registrar require review. As we have seen, the words of the section 44 notice follow closely the terminology of section 44(1). The notice<sup>49</sup> uses the phrase "at the date of this notice" and "from this date" whereas Section 44(1) uses the phrase "whether the trade mark is in use in Canada." Considering, that the words "in use" in the subsection are in the present tense, rather than the past and that the terminal part of the subsection provides for an explanation for non-use, if the mark is not being used, it would appear that the Registrar is justified in his interpretation that use must be shown at the date of the notice.

It is recognized that there may be a valid argument to sustain a view opposite to that of the Registrar; namely, that the Registrar has no authority to demand evidence of use at the date of the notice since subsection (3) of section 44 is not so restricted. Further, a recent judicial review of the provision of Section 44 made no mention of the fact that use had to be shown at the date of the notice. The court did take cognizance of evidence showing plans for rendering services in Canada in the future in association with the mark.<sup>50</sup>

As to the requirement for exhibits, the court has taken cognizance of them.<sup>51</sup> The Registrar<sup>52</sup> demands exhibits, presumably because subsection (1) of Section 44 requires an affidavit or statutory declaration *showing use* in Canada. But showing is not limited to the presentation of exhibits for the word showing includes *exposing to view, explaining, proving*.<sup>53</sup> Obviously, in cases of design marks or marks having deisgn features, exhibits of the mark as used are the best evidence for corroborating the affidavit evidence. Exhibits are also probably the best evidence for determining whether

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<sup>47</sup> *Supra*, n. 44; also *re: KURB SIDE*, to the same effect.

<sup>48</sup> *Ibid.*

<sup>49</sup> *Supra*, n. 43.

<sup>50</sup> *KURB SIDE*, *supra*, n. 46.

<sup>51</sup> *Porter v. Don the Beachcomber*, per Thurlow, J., 33 Fox P.C. at p. 86.

<sup>52</sup> *Re: KURB SIDE*; *re: JAMAICA RUM*; *re: JESCO*, *op. cit.*

<sup>53</sup> The Shorter Oxford Dictionary.

a registered design mark is the actual design mark in use.<sup>54</sup> In the case of word marks exhibits of the mark as used are not as relevant and should not be mandatory. Any other evidence, such as an affidavit from an uninterested third party, is just as satisfactory for corroborating purposes in explaining the use of the mark. It should be recalled that third party affidavits are accepted as evidence of use of a mark when secondary meaning of the mark is being established under Section 12(2).

Erroneously, *no distinction* is made by the Registrar *between use of a word mark and the use of a design mark* or of a composite mark.<sup>55</sup> Thus in Swift's FLEUR DE LYS<sup>56</sup> trade mark, the design mark features as appear on the Register were abandoned but the mark was not expunged. A section 44 notice was requested on the 15th day of December 1964. After authorized extensions, an affidavit was filed stating that *SWIFT CANADIAN COMPANY LIMITED* "is using the trade mark *Fleur De Lys* and design in Canada in association with lard, shortening, cooking oils and margarine and that a specimen showing the trade mark as used by Swift Canadian Company Limited in association with lard is hereto attached." The exhibits also indicated that only the words FLEUR DE LYS were used, and only on a small number of wares<sup>57</sup> against which the original registration stood. The Register indicates a registration for the words FLEUR DE LYS *along with the conventional registration of a Fleur de Lys*.

The Registrar expunged, from the Register, those wares for which no evidence of use of the design mark was before him.<sup>58</sup> He allowed the registration to stand, unaltered in other respects, against those wares for which a use has been shown,<sup>59</sup> even though the mark used was not identical or even similar with that mark appearing on the Register.<sup>60</sup> The fact that the Registrar did not take into

<sup>54</sup> See *re: FLEUR DE LYS*, *infra*, n. 56.

<sup>55</sup> *Supra*, p. 397.

<sup>56</sup> An unreported decision of the Registrar of Trade Marks relating to a mark *FLEUR DE LYS* and the conventional representation of the *Fleur de Lys* represented as 163/36,585 on October 31, 1924 in favour of Swift Canadian Company Limited bearing serial number 120,819 and filed October 8, 1924 for the wares of ham, bacon, lard, shortening, cooking oil, sausage, butter, cheese, eggs, poultry, mince meat, canned fish. Under the rules for word marks and design marks, the mark as originally registered is a design mark.

<sup>57</sup> Ham, bacon, lard, shortening, cooking oil and sausages.

<sup>58</sup> Struck from the register were the following wares, namely, butter, eggs, cheese, poultry, mince meat, and canned fish.

<sup>59</sup> *Supra*, n. 57.

<sup>60</sup> The mark registered was the word FLEUR DE LYS along with the conventional representations of a Fleur de Lys. The mark used was but the words

account that the form of use of the registered mark had materially changed from that in which the registration stood would appear to be an unwarranted extension of the THERMOS principle.<sup>61</sup> (The THERMOS principle was strictly confined to a determination by the Registrar, during opposition proceedings, of whether two marks were "confusing").

### 3. Appeals from Decisions of the Registrar

Although it is clear that the Exchequer Court has exclusive jurisdiction to expunge a registered trade mark because it has become generic or non-distinctive or even abandoned;<sup>62</sup> this ground should not be confused with the Registrar's two fold responsibilities under sections 43(3) and 44(5),<sup>63</sup> and those during opposition proceedings. The Registrar's obligation under section 43 and 44

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Fleur de Lys. The Register indicates that only one trade mark existed on the register for the words FLEUR DE LYS at the time of the application by Swift in 1924 and that was for use with Perfumes, registration # 229/4628. Several composite marks were on the register in 1924 for the words FLEUR DE LYS along with a diagrammatic representation thereof; namely, # 4/677 for flour; 24/5642 for confectionary; 26/6128 for tobacco; 35/9751 for whisky; and others; but none for any of the wares for which Swift originally obtained registration. It would therefore appear the mark is really a composite mark rather than a design mark.

<sup>61</sup> *Canadian Thermos Products Ltd. v. Crown Machine and Toll Company*, (1963), 24 Fox P.C. 15 (Reg. of T.M.). The opponent Canadian Thermos Products was registered owner of the mark THERMOS for containers and vacuum bottles, and opposed Crown Machine's application for registration of the mark THERMOS for use with plastic cups, cartons, containers since June 24, 1948. The applicant provided evidence which indicated that Thermos had become generic for vacuum bottles. The Registrar refused to consider evidence disputing the validity of the opponent's mark. McCaffery, the former Registrar, said: "I feel that I have no jurisdiction to consider the matter of the validity of the opponent's registration". *Ibid.*, at p. 16.

It should be noted that by s. 2(o) a "registered trade mark" means a trade mark that is on the register; further by s. 12(1) (d), a mark is not registerable if it is confusing with a registered trade mark, but see sections 24, 25, and 15. The Act does not state that registered trade marks, which are invalid, must not be cited in opposition proceedings. All registered marks, valid and invalid are citable not only in opposition proceedings but in applications for registration. See also sections 16, 17, 18, 21, 29, 30, 33, 43, and 44.

<sup>62</sup> The combined effect of sections 56 and 18(b). *Infra*, p. 17.

<sup>63</sup> *Supra*, n. 23; section 44(5) uses the terminology "the Registrar shall act in accordance with his decision . . . or if an appeal is taken, shall act in accordance with the final judgment given". There is absolutely no discretion. Section 43(2) is different; the Registrar has discretion for he "may amend the registration" if information of use is furnished, or he "may expunge" the registration "of the trade mark . . . when the infirmation (which need not be by affidavit) is not furnished".

determine if special circumstances excuse the non-use. In instances where the mark existed in the Register prior to July 1, 1954, the Registrar must also determine whether the mark is a word mark or a design mark or a composite mark having word mark features as well as design mark features, according to the statutory rules.<sup>64</sup> In order for a composite mark to remain on the Register, appropriate evidence should have to be submitted to show use of both the word mark and design mark features. In instances where the design mark features are no longer used the mark should properly remain validly on the Register only as a word mark. The Register should be amended accordingly. On the other hand if the composite mark has also lost its word mark features it should not validly stand even as a word mark, and it must be expunged completely from the Register. This is consistent with the holdings of the Court in the *Silhouette* case<sup>65</sup> and comments of the court in *GOLDEN CIRCLET*.<sup>66</sup>

Now once a decision of the Registrar is rendered, his authority becomes defunct and two avenues are available to the applicant. In one, an appeal to the Exchequer Court is in order, pursuant to the provisions of section 55 or an original application may be made to the Exchequer Court pursuant to section 56(2) of the *Act*.<sup>67</sup>

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<sup>64</sup> *Supra*, n. 24.

<sup>65</sup> *Silhouette Products Ltd. v. Prodon Industries Ltd.*, [1965] 2 Ex. C.R. 500, (1965), 30 Fox P.C. 129, (1966), 47 C.P.R. 183. One of the grounds of invalidity of the plaintiff's registered design mark was that the design which was registered was not the design which it used on its products although they were both quite similar. The ground appears to be synonymous with that of abandonment. On appeal (1961), 51 C.P.R. 304, the Supreme Court of Canada affirmed the decision expressing no opinion on whether the registered trade mark was invalid because it was not distinctive at the time the proceedings had commenced or because it had become abandoned.

<sup>66</sup> *Benson & Hedges (Canada) Limited v. St. Regis Tobacco Corporation and the Registrar of Trade Marks*, (1968), 37 Fox P.C. 83, Jackett, P., at pp. 85 and 86 said: "I should mention a contention of the respondent that the appellant could not rely on its registered design mark and could not rely on its registered word mark except in association with cigars because it must be taken to have abandoned them inasmuch as the design mark had not been used by the appellant for at least twelve years and the word mark had not been used except in association with cigars for at least twelve years... In my view, this contention fails".

<sup>67</sup> Sec. 54: "The Exchequer Court of Canada has jurisdiction to entertain any action or proceeding for the enforcement of any of the provisions of this Act or of any right or remedy conferred or defined thereby."

Sec. 55: "(1) An appeal lies to the Exchequer Court of Canada from any decision of the Registrar under this Act within two months from the date upon which notice of the decision was despatched by the Registrar or within such further time as the Court may allow either before or after the expiry of the two months.

(2) The appeal shall be made by way of notice of appeal filed with the Registrar and in the Exchequer Court of Canada.

These propositions are exemplified in the *Wolfville* and *Noxema* cases.<sup>68</sup> In the former, it was held that once the Registrar has issued his order under section 44 expunging a trade mark by the reason of the fact that there had been no statutory declaration or affidavit filed within three months showing use of the trade mark in respect to the wares specified in such registration, the Registrar was unable to extend time under section 46, to allow the registrant to file such affidavit of user. The registrant had only one way of proceeding and that was by way of appeal to the Exchequer Court under section 55.

On the other hand, in the *Noxema* case, it was held that the applicant was not precluded to commence original proceedings under section 56(2) to expunge a registered trade mark on the basis that the registered trade mark had become abandoned, even though the applicant to those proceedings had previously requested the issuance of two section 44 notices. The defendant in both instances had filed affidavit evidence indicating that the use of the trade mark had resumed. The President concluded that section 56(2) of the *Trade Marks Act* does not preclude the applicants instituting a proceeding under section 56(2) for expungement on the grounds of abandonment. He pointed out that section 44 of the *Trade Marks Act* does not provide a summary procedure for determining whether a trade mark has been abandoned, but merely calls upon the Registrar to consider whether it appears to him, that the trade mark is not in use or whether absence of such use is due to special circumstances,

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(3.) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trade mark that has been referred to by the Registrar in the decision complained of and to every other person who was entitled to notice of such decision.

(4) The Court may direct that public notice of the hearing of the appeal and of the matters at issue therein be given in such matters as it deems proper.

(5) On the appeal evidence in addition to that adduced before the Registrar may be adduced and the Court may exercise any discretion vested in the Registrar."

Sec. 56: "(1) The Exchequer Court of Canada has exclusive original jurisdiction on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of such application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar of which such person had express notice and from which he had a right to appeal."

<sup>68</sup> *Re Wolfville Holland Bakery Ltd.*, (1965), 42 C.P.R. 88, (1963-64), 25 Fox P.C. 169 (Ex. Ct.); *Noxema Chemical Company of Canada Limited v. Sheran Manufacturing Limited et al.*, (1968), 38 Fox P.C. 89, 55 C.P.R. 147.

etc. In other words, the court did not consider the action to expunge a trade mark based on abandonment to be a proceeding calling into question any decision which the Registrar rendered as a result of his statutory duties pursuant to section 44 because the Registrar had, in compliance with the *Act*, expressed no decision as to abandonment.

In instances where appeals are made from decisions of the Registrar to the Exchequer Court the same appear to be *de novo*, for "the court may exercise any discretion vested in the Registrar."<sup>69</sup> In *Whitehall Laboratories Ltd. v. Ultravite Laboratoire Ltd.*,<sup>70</sup> the editor notes that the Court is not reluctant to assert its own first impression for that of the Registrar.<sup>71</sup>

In *Tooke Brothers*,<sup>72</sup> the Registrar dispatched a notice under s. 44(1) but the same appears never to have been received by the registrant, because of removal of their offices to another city, nor by their trade mark agents. As a result, the Registrar exercised his discretion and cancelled the registration. The registrant then appealed under section 55 within two months of the decision and the court reversed the decision of the Registrar. The Court said:

It is sufficiently apparent that the Registrar reached this decision to cancel registration, for no other motive than failure on the appellant's part to put in an appearance as required by the Act. This omission having previously been explained [to the court and set out in the report], the Court believes that the appellant is not to blame under the circumstances.<sup>73</sup>

In opposition proceedings there appears to be a different view exposed by recent decisions.<sup>74</sup> In *GOLDEN CIRCLET*,<sup>75</sup> Jackett, P., would have come to a conclusion opposite to that of the Registrar and allowed the opposition but he refused to reverse the Registrar saying:

I have, however, come to the conclusion that it is not open to me, in the circumstances of this case, to substitute my conclusion for that of the Regis-

<sup>69</sup> Sec. 55(5), *supra*, n. 67.

<sup>70</sup> [1964] Ex. C.R. 913, 42 C.P.R. 3, 26 Fox P.C. 177, 44 D.L.R. (2d) 343, reversed (1967), 31 Fox P.C. 547 (S.C.C.).

<sup>71</sup> *Loc. cit.*, 42 C.P.R., at p. 4.

<sup>72</sup> (1963-64), 25 Fox P.C. 176, (1966), 45 C.P.R. 162 (Ex. Ct.).

<sup>73</sup> At pp. 176-177 (at p. 163, C.P.R.).

<sup>74</sup> *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco and the Registrar of Trade Marks*, *supra*, n. 66, a judgment of Jackett, P., with respect to an opposition to the application for registration of GOLDEN CIRCLET wherein he followed the *dicta* of the Supreme Court of Canada in the *Rowntree Company v. Paulin Chambers Co. Ltd.*, (1968), 37 Fox P.C. 77 (Ex. Ct.) and affirming (1963-64), 25 Fox P.C. 182 (R. of T.M.) herein called "*Smarties v. Smoothies*".

<sup>75</sup> *Benson & Hedges v. St. Regis Tobacco and the Registrar of Trade Marks*, *supra*, n. 66.

trar, having regard to the nature of this Court's duty on any appeal of this kind as established by the decision of the Supreme Court of Canada in the *Rowntree Company Limited v. Paulin Chambers Co. Ltd. et al.*, rendered on November 28, 1967 [(1968), 37 Fox P.C. 77]. In that case, as in this, there was an appeal from a decision of the Registrar on an application for registration of a trade mark. In that case, this Court substituted its view on an issue as to whether two trade marks were confusing for that of the Registrar, there was an appeal to the Supreme Court of Canada, and that Court, by a unanimous judgment delivered by Ritchie, J., allowed the appeal and restored the Registrar's decision. The part of the reasons for judgment which, as I understand it, contain the reasoning by which the Court reached its decision, is the following:

"It is contended on behalf of the respondent that the conclusion reached by the learned trial judge should not be disturbed having regard to the terms of S. 55(5) of the Act which provides that "on the appeal... the Court may exercise any discretion vested in the Registrar". I do not, however, take this as meaning that the Court is entitled to substitute its view for that of the Registrar unless it can be shown that he proceeded on some wrong principle or that he failed to exercise his discretion judicially.<sup>75a</sup>

In my view the Registrar of Trade Marks in the present case applied the test required of him by the statute and I do not think that grounds were established justifying the learned judge of the Exchequer Court in interfering with his conclusion."

I would allow this appeal and restore the decision of the Registrar of Trade Marks refusing the respondent's application S.N. 264,951.

In this case, no submission has been made that the Registrar proceeded on a "wrong principle" or "that he failed to exercise his discretion judicially" and I know of no basis upon which any such submission could have been made. Not only is there no indication that he failed to follow the requirements of any provision in the statute, but there is no room for suggesting that he left out of account any material fact or came to any conclusion on the facts

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<sup>75a</sup> For a very similar approach, see *Union Carbide & Carbon Corporation's Application*, (1952), 69 R.P.C. 306, per Lloyd-Jacob, J., at page 308, where he said:

"If I were satisfied that in arriving at that decision the Hearing Officer had observed the right approach, having regard to the language of the Statute and the guidance given by the decided cases, the mere fact that his conclusion would not necessarily be that at which I myself would have arrived without his assistance is no reason whatever for interfering with his decision. Indeed, I think it would be true to say that, even if I came to the conclusion, as I think I might, that his conclusion was fanciful, and indicated failure to appreciate the unsubstantial nature of the objection posed, none the less, except upon the footing that in exercising his discretion the Hearing Officer had failed to exercise it judicially, I should not be justified in interfering with his conclusion. Accordingly I have given the closest attention to the language in which he has framed his conclusion and indicated his mental process, in order that I should be in a position to determine whether or not there has been any departure from the principles which it is incumbent upon those dealing with these matters to bear fully in mind."

that could not be supported on the evidence. Certainly, there is no room for suggesting that he did not act judicially. That being so, there is no occasion for this Court to interfere with his conclusion and substitute its decision for his.

The appeal is dismissed with costs.<sup>76</sup>

Now the effect of the *GOLDEN CIRCLE* decision might be to immunize any decision of the Registrar, from attack, by way of appeal. Hence it might be concluded that the court, though empowered to "exercise any discretion vested in the Registrar", will not do so unless a condition precedent is satisfied; namely, that additional evidence is adduced before the court, which was not adduced before the Registrar,<sup>77</sup> or unless the record indicates that the Registrar based his decision on an error in law.<sup>78</sup> Such an error in law was found by Cattnach, J., in the *Drackett*<sup>79</sup> case.

*Drackett* was on appeal from the Registrar's decision, in opposition proceedings by the opponent, Drackett, to the respondent's application for registration of a proposed trade mark ONCE-A-WEEK to be used in association with a "Floor Cleaner". The opponent, Drackett, alleged the respondent's application was confusing with the opponent's unregistered trade mark "Once in Every Week DRAIN in Every Drain" which the opponent alleged had been used in Canada, and had become known in Canada prior to the date of the application for registration by the applicant-respondent.

In *Drackett* Cattnach, J.,<sup>80</sup> said:

In the present appeal counsel for the appellant did submit that the Registrar had proceeded on a "wrong principle", that "he failed to exercise his discretion judicially", that his conclusion on the facts could not be supported on the evidence before him and that he gave no reasons for his decision as it was his obligation to do by virtue of section 37(8).

In contradiction, counsel for the respondent submitted since the issues of whether a proposed trade mark is clearly descriptive of the character or quality of the wares with which it is to be associated and whether a proposed mark is adapted to distinguish those wares are both matters of first impression and accordingly the Registrar could say no more than he did. He further submitted that there was evidence before the Registrar upon which he could reasonably find as he did and, therefore, his decision cannot be reviewed.

<sup>76</sup> At pp. 90-92.

<sup>77</sup> *Supra*, n. 69.

<sup>78</sup> Per Jackett, P., in the *GOLDEN CIRCLE* case, *supra*. The practice of the Registrar to render curt decisions not explaining the basis of his decisions, especially in opposition proceedings, makes the possibility of successful appeal to the court very remote, especially if the view of Jackett, P., in the *GOLDEN CIRCLE* case, is upheld by the Supreme Court.

<sup>79</sup> *The Drackett Co. of Canada Ltd. v. American Home Products*, (1968), 38 Fox P.C. 1, 55 C.P.R. 29.

<sup>80</sup> At p. 8, Fox P.C., p. 36, C.P.R.

I have looked at the language employed by the Registrar in stating his conclusion in an attempt to ascertain whether he attached the weight he should have to the material before him, or whether he rejected material which he should have considered and in short to determine if he arrived at his conclusion judicially.

I have been unable to obtain any assistance therefrom. After identifying the proposed trade mark and the product with which it was to be associated, reciting the three grounds of opposition to its registration and stating that he considered the evidence on file, the written and oral representations on behalf of the respective parties, he then announced his conclusion that "the grounds of opposition are not well founded" and rejected the opposition. Other than that he did not elaborate upon the grounds by which he reached that conclusion.

Having regard to the nature of the application, the simple question that the Registrar had to decide under section 12(1) (b) of the Act was whether the expression "ONCE-A-WEEK" used in association with a "floor cleaner" would be clearly descriptive or deceptively misdescriptive of the character or quality of the floor cleaner. Making every allowance for the possibility of different minds reacting differently to the same set of circumstances, I cannot escape the conclusion that the Registrar erred in law in not holding that it would be. Just as no person, properly addressing himself to the question to be decided, could come to any conclusion with reference to a word such as "tender" used in association with meat, except that it is clearly descriptive or deceptively misdescriptive within the meaning of section 12(1) (b), so, in my opinion, no person, properly addressing himself to the question to be decided, could come to any conclusion with reference to the expression "ONCE-A-WEEK" used in association with a floor cleaner, except that it is clearly descriptive within the meaning of section 12(1) (b).

It follows that I must conclude that the Registrar misconceived the question that he had to decide when considering that branch of the case and is manifestly wrong.

Having reached that conclusion, there is no need to decide whether the other attack on the application for registration, that is, that the proposed trade mark is not capable of being adapted to distinguish the respondent's product and is therefore not distinctive, should have succeeded.

The appeal is allowed with costs and the matter is referred back to the Registrar for appropriate action in accordance with these reasons.

As was noted above (n. 78), the Registrar habitually renders summary decisions. It appears that the Court may now take the view that such practice by the Registrar is tantamount to notice to the Court that he, the Registrar, proceeded on a "wrong principle" or "that he failed to exercise his discretion judicially" with the appending result that the decision becomes reviewable by the Court.

In summary, *Golden Circlet* and *Smarties v. Smoothies* indicate that the court will not, in opposition proceedings, review the decision of the Registrar when it is not manifestly wrong, where there was no error in law or in the exercise of judicial discretion. But when there is, *Drackett* and *Tooke Brothers* indicate the court will intervene and impose its own view; on the other hand, in view of

*Noxzema* and *Wolfville*, it would appear that proceedings under section 56(2) are always possible even when the Registrar has made a decision, whether in opposition proceedings or under sections 43 and 44, provided the ground for expungement is not one to which the Registrar has given consideration. Open is the issue as to whether successful appeal can be launched from the decision of the Registrar rendered under the authority of section 43(3) or 44(5).

C — MODES OF CANCELLING OR  
ALTERING TRADE MARK APPLICATIONS AND REGISTRATIONS

(a) Opposition Proceedings

Although opposition proceedings are not strictly procedure for expunging trade marks, they are procedures which prevent applications for registered marks from maturing into registered trade marks. The *Act* clearly sets out the procedure. A mark is published in the *Trade Marks Journal* for opposition. Any person, upon payment of the prescribed fee, may file a statement of opposition,<sup>81</sup> setting out the ground for opposition. The applicant may file a counter statement<sup>82</sup> and the opponent may then file evidence.<sup>83</sup> The deponents may be cross-examined on their affidavits,<sup>84</sup> and then the parties may present oral argument before the Registrar.<sup>85</sup> The Registrar then renders his decision<sup>86</sup> which is appealable to the Exchequer Court.<sup>87</sup> But one may avoid opposition proceedings and attack the mark as soon as registration ensues without sacrificing any rights.<sup>88</sup>

In the *MacEachern*<sup>89</sup> case, the court noted that there was nothing which obligates one to oppose a trade mark when the mark is published for opposition, prior to the granting of registration. Reciting section 37(1),<sup>90</sup> the court said that "this I believe clearly

<sup>81</sup> *Trade Marks Act*, Sec. 37(1).

<sup>82</sup> *Ibid.*, Sec. 37(6).

<sup>83</sup> *Ibid.*, Sec. 37(7).

<sup>84</sup> *Trade Mark Rules*, *supra*, n. 20, rule 46.

<sup>85</sup> *Trade Marks Act*, Sec. 37(7), (8).

<sup>86</sup> *Ibid.*

<sup>87</sup> *Loc. cit.*, Sec. 55, 56(2), *supra*, n. 67.

<sup>88</sup> The grounds for successful attack of a registered trade mark are discussed below, *infra*, pp. 22-36, see also, *supra*, n. 67. One of the grounds for attack is that the mark should not have been registered.

<sup>89</sup> *Gordon A. MacEachern Ltd. v. National Rubber Co.*, [1964] Ex. C.R. 135, (1964), 41 C.P.R. 149, (1963), 24 Fox P.C. 117, 39 D.L.R. (2d) 668.

<sup>90</sup> Sec. 37(1): "Within one month from the advertisement of an application any person may upon payment of the prescribed fee, file a statement of opposition with the Registrar".

implies that the (opposition) procedure contemplated is not compulsory”.

In the *DINKY*<sup>91</sup> case, the opponent Smit had filed an opposition to the granting of registration of a trade mark DINKY which had been advertised for opposition in the Trade Marks Journal under section 37(1) for wares comprising diamond drills. The court found that the opposition of Smit had arrived at the Trade Marks Office on the last day allowable under section 37(1), which provides for a one-month opposition period. The opposition, however, was without the \$10.00 statutory (opposition) fee. It was held by the Registrar and confirmed by the court that such opposition, without fee, was null and void. The Registrar, therefore, allowed registration of DINKY as if no opposition had been filed, which action the court approved. Smit then instituted proceedings by way of Notice of Motion in the Exchequer Court pursuant to 56(1) on the basis of section 17(1) that the registration granted to Packsack for DINKY should be expunged. The court held that in view of the fact that the Applicant had not filed an opposition with fee within one month of publication in the Trade Marks Journal, he was not precluded by section 56(2) from commencing expungement proceedings by way of Notice of Motion under section 17 because he was never a party to the opposition proceedings, which in fact never existed. The applicant thus had no right to appeal the Registrar's decision but he nevertheless maintained his right to apply for expungement under sections 17 and 56(2).

Probably the only true advantage to an opponent of a mark which is published for opposition for entering opposition proceedings is the summary procedure by which these proceedings are carried out. These may result in a saving of substantial costs of formal litigation before the Exchequer Court and of time. Nevertheless, these might well be acceptable prices if one fears an adverse decision by the Registrar which is, except in rare instances, unappealable.

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<sup>91</sup> *J. K. Smit and Sons International Ltd. v. Packsack Diamond Drills Ltd.*, [1964] Ex. C.R. 226, (1963), 24 Fox P.C. 146, (1963), 40 D.L.R. (2d) 46, (1964), 41 C.P.R. 158; affirmed without reasons, (1965), 28 Fox P.C. 115, 43 C.P.R. 188 (S.C.C.).

**(b) Expungement in the Exchequer Court****(i) Procedure**

The "Exchequer Court of Canada has exclusive jurisdiction to expunge a registered trade mark".<sup>92</sup> The registered trade mark may be expunged under three separately originating procedures; namely, (a) by way of *originating notice* in the Exchequer Court, (b) by way of *counterclaim* in an action for infringement, or (c) by way of *statement of claim in an action claiming additional relief* under the *Act*.<sup>93</sup> Whichever mode of expungement is selected, the ground of expungement is common and that is that at the date of the application for expungement, the registration as it appears on the register does not accurately define the existing rights of the person appearing to be the registered owner of the mark.<sup>94</sup>

It is to be noted that the originating procedures are more extensive in their grounds for expungement than the appeal procedures.<sup>95</sup> We therefore should carefully examine them to determine under what circumstances the Register does not accurately express or define the existing rights of the owner. These rights are set out in the *Act*<sup>96</sup> but they are applicable only if the mark is valid.<sup>97</sup>

The rights,<sup>98</sup> which are granted under the *Act*, include exclusive

<sup>92</sup> Sections 54, 56, *supra*, n. 67.

See also *Elgin Handles Ltd. v. Welland Vale Mfg. Co. Ltd.*, [1965] 1 Ex. C.R. 3, (1965), 27 Fox P.C. 168, 43 C.P.R. 20, where Jackett, P., held that the combined effect of sections 56 and 54 confer jurisdiction on the court to entertain any proceedings for the enforcement of any remedy defined or conferred by the *Act*; that the Court had jurisdiction to strike out a registered trade mark because it was not a trade mark within the meaning of the *Act*. It was observed that if a person is registered as the owner of a trade mark when he does not own it, the entry "does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark", and section 56 of the *Act* confers jurisdiction to order its expungement. See *infra*, n. 97.

<sup>93</sup> *Supra*, n. 67.

<sup>94</sup> Sec. 56(1), *supra*, n. 67.

<sup>95</sup> *Supra*, pp. 397-8, *supra*, n. 67.

<sup>96</sup> Sec. 19, 20, 21, 31, and 65.

<sup>97</sup> Sec. 18, 17, 12, 13, 14, 15, 16; prohibited registrations Sec. 9, 10, and 11.

<sup>98</sup> Sec. 19: "Subject to sections 21, 31, and 65, the registration of a trade mark in respect of any wares or services, unless shown to be invalid, gives to the owner the exclusive right to the use throughout Canada of such trade mark in respect of such wares or services."

Sec. 20: "The right of the owner of a registered trade mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with

use of a registered trade mark in Canada,<sup>99</sup> except if three conditions prevail; (1) a prior user has had use of the trade mark in good faith in some region of Canada;<sup>100</sup> (2) a previously registered trade mark was originally registered because of the use of that mark in a defined area of the country under Section 12(1) (d) by virtue of the fact that use was shown to exist and distinctiveness thereof proven at the time of registration;<sup>101</sup> (3) a previous mark was registered pursuant to Newfoundland law prior to union of that

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a confusing trade mark or trade name, but no registration of a trade mark prevents a person from making

- (a) any *bona fide* use of his personal name as a trade name, or
- (b) any *bona fide* use, other than as a trade mark,
  - (i) of the geographical name of his place of business, or
  - (ii) of any accurate description of the character or quality of his wares or services,

in such a manner as is not likely to have effect of depreciating the value of the goodwill attaching to the trade mark."

<sup>99</sup> Sec. 19.

<sup>100</sup> Sec. 21(1).

<sup>101</sup> Sec. 3(1): "(1) An applicant who claims that his trade mark is registerable under subsection (2) of section (12) or under section 13 shall furnish the Registrar with evidence by way of affidavit or statutory declaration establishing the extent to which and the time during which the trade mark has been used in Canada and with any other evidence that the Registrar may require in support of such claim.

(2) The Registrar shall, having regard to the evidence adduced, restrict the registration to the wares or services in association with which the trade mark is shown to have been so used as to have become distinctive and to the defined territorial area in Canada in which the trade mark is shown to have become distinctive."

Sec. 12: "(1) Subject to section 13, a trade mark is registerable if it is not

- (a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years;
- (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French languages of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions or the persons employed in their production or of their place of origin;
- (c) the name in any language of any of the wares or services in connection with which it is used or proposed to be used;
- (d) confusing with a registered trade mark; or
- (e) a mark of which the adoption is prohibited by section 9 or 10.

(2) A trade mark that is not registerable by reason of paragraph (a) or (b) of subsection (1) is registerable if it has so been used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration."

Province with Canada.<sup>102</sup> Barring the three noted exceptions, a registrant has the exclusive use of the registered trade mark in Canada.<sup>103</sup>

In order to obtain these rights the registered trade mark must not be one of the class known as prohibited marks;<sup>104</sup> nor may one of the following four aspects prevail;<sup>105</sup> namely, (a) the mark was not registerable *at the time of registration*; or, (b) the mark has lost its distinctiveness *at the date the mark is attacked*; or (c) the mark has become abandoned; or, (d) the mark was superceded in use (a prior use) by a *confusing* trade mark.

<sup>102</sup> The Province of Newfoundland, formerly an independent colony of the United Kingdom, entered into Confederation with Canada effective April 1, 1949. By the *Act of the Union of Newfoundland*, 13 Geo. VI, S.C. 1949, vol. 1, c. 1, the terms of the Union were ratified. As to trade marks the following was provided:

TRADE MARKS

21. (1) Canada will provide that the registration of a trade mark under the laws of Newfoundland prior to the date of Union shall have the same force and effect in the Province of Newfoundland as if the Union had not been made, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland, as if the Union had not been made.

(2) The laws of Newfoundland existing at the date of Union shall continue to apply in respect of applications for the registration of trade marks under the laws of Newfoundland pending at the date of Union and any trade marks registered upon such applications shall, for the purposes of this Term, be deemed to have been registered under the Laws of Newfoundland prior to the date of Union.

<sup>103</sup> *Supra*, n. 98.

<sup>104</sup> *Supra*, n. 97.

<sup>105</sup> These result from the provisions of Sections 18 and 17.

Sec. 18: "(1) The registration of a trade mark is invalid:

- (a) the trade mark was not registerable at the date of registration.
- (b) the trade mark is not distinctive at the time proceedings bringing the validity of the registration to question are commenced; or
- (c) the trade mark has been abandoned; and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.

(2) No registration of a trade mark that had been so used in Canada by the registrant or his predecessor in title as to have become distinctive at the date of registration shall be held invalid merely on the ground that evidence of such distinctiveness was not submitted to the competent authority or tribunal before the grant of such registration."

Sec. 17: "(1) No application for registration of a trade mark that has been advertised in accordance with section 36 shall be refused and no registration of a trade mark shall be expunged or amended or held invalid on the ground of any previous use or making known of a confusing trade mark or trade name by a person other than the applicant for such registration or his

(ii) *Grounds of Attack*1. *Not Registerable*

If a mark is attacked on the ground that it was not registerable at the date of registration, the basis on which the application was made for the registration must be determined.<sup>106</sup> Thus in *HEEL PRUF*,<sup>107</sup> the ground of attack against the registration of *HEEL PRUF*, registered for use in association with rubber matting, was that the registrant was not entitled to the registration because of the prior use of the mark *HEEL PRUF* also used in association with matting. The concurrent use of the two marks was alleged to be confusing.

In *DINKY*,<sup>108</sup> the attack on the registration of *DINKY* for diamond drills was successful on two grounds. Firstly because the mark *DINKY* had never been used on "Diamond Drills" generally, but only on "portable electric diamond drills used in prospecting". The court explained that the registrant was not entitled to have the registration in respect of Diamond Drills as a general class because the mark "had never been used in Canada or made known in Canada as a mark used by the respondent for the purpose of distinguishing its diamond drills generally from those of others".

predecessor in title, except at the instance of such other person or his successor to establish that he had not abandoned such confusing trade mark or trade name at the date of advertisement of the applicant's application.

(2) In proceedings commenced after the expiry of five years from the date of the registration of a trade mark or from the date of the coming into force of this act whichever is the later no registration shall be expunged or amended or held invalid on the ground of the previous use or making known referred to in subsection (1), unless it is established that the person who adopted the registered trade mark in Canada did so with knowledge of such previous use or making known."

<sup>106</sup> Sec. 18(1), *supra*, n. 105, sets the relevant date as the date of registration; Section 16 sets out, in negative terms, 4 basis of registration. Registration is permissible if there is no confusion with:

- (a) previous use or previously made known in Canada of a trade mark.
- (b) trade mark application previously filed in Canada.
- (c) trade name previously used in Canada provided however there is actual use of the mark on the date of registration, see Sec. 38 and 39.

Under Section 34 of the *Trade Marks Act*:

"A trade mark is deemed to have been adopted by a person when he or his predecessor in title commenced to use it in Canada or to make it known in Canada or, if he or such predecessor had not previously so used it or made it known, when he or such predecessor filed an application for its registration in Canada."

<sup>107</sup> *Supra*, n. 89. See editor's annotations at 24 Fox P.C. 117.

<sup>108</sup> *Supra*, n. 90.

## 2. *Distinctiveness*

The second ground for expunging DINKY was that it was clearly descriptive of the character of the wares, which were small or dinky diamond drills, and was thereby contrary to section 12(1)(b).<sup>109</sup> Distinctiveness must be considered at the date that the action was commenced, not otherwise,<sup>110</sup> and distinctiveness cannot reside in functional features, barring the creation of a secondary meaning for the mark.<sup>111</sup> Thus in the *Park Davis* case,<sup>112</sup> colour bands on pharmaceutical tablets were deemed to be functional because the plaintiff had obtained a patent for the use of colour rings on pharmaceutical tablets. Since no secondary meaning had developed by which manufacturers, suppliers, and the public identified the plaintiff's wares by the colour bands, a secondary meaning had not been established at the time the proceedings were commenced and the registration was invalid because it was not distinctive.

Similarly in the *Elgin Handle* case,<sup>113</sup> the registration of a trade mark consisting of the accentuation in darker colouring of the grain of the wood of tool handles the surface of which had been hardened to accomplish such purpose was held non-distinctive because of the process of fire hardening, which was primarily designed to improve wooden handles had a functional use or characteristic. It was also held that the change in appearance of the goods, by fire hardening, being a normal result of a process having functional use or characteristics could not be a trade mark.

In *ORANGE MAISON*,<sup>114</sup> the court held that a mark, to be contrary to S. 12(1)(b) as descriptive or deceptively misdescriptive, and thus unregistrable at the time of the registration, must be *clearly* descriptive or deceptively misdescriptive. The registered mark ORANGE MAISON was for orange juice and was "applied to drink composed of fresh and reconstituted orange juice with added vitamin C, the said drink being manufactured, sold and delivered directly by the (registrant) to the home of customers in 64-ounce jugs". The court reviewed the meaning of the word "maison" which

<sup>109</sup> *Supra*, n. 101.

<sup>110</sup> *Parke, Davis and Co. v. Empire Laboratories Ltd.*, [1964] S.C.R. 351, (1965), 27 Fox P.C. 67, 43 C.P.R. 1, (1964), 45 D.L.R. (2d) 97; affirmed [1964] Ex. C.R. 399, (1963), 24 Fox P.C. 88, (1964), 41 C.P.R. 121, (1963), 38 D.L.R. (2d) 694. But see annotations at 27 Fox P.C. 67, at pp. 67-69 for a discussion of functional colours used as trade marks.

<sup>111</sup> *Ibid.*

<sup>112</sup> *Ibid.*

<sup>113</sup> *Supra*, n. 92.

<sup>114</sup> *Home Juice Co. v. Orange Maison Ltée*, (1968), 36 Fox P.C. 179, 53 C.P.R. 71. (Ex. Ct.).

means "made by a reputable house" said, after quoting from relevant French language dictionaries:

The above meaning of the word "maison", however, does not occur in all French dictionaries and there are several such as Littré and Quillet, where such a meaning does not appear. It does not appear either in Belisle's *Dictionnaire Général de la Langue Française*, 1954, nor in the *Larousse Canadien Complet*, 1954. As a matter of fact "maison" to anyone is essentially a place where one lives and the meaning of quality it may convey in some cases is an exotic one even in France and is restricted to the culinary art. The use of the word "maison" in this sense merely suggests that a particular victual is made by the chef of a restaurant in which one is eating such as paté maison or tarte maison and may (but not necessarily so) because of this, be of a better quality than if it was purchased outside.

The word "maison" used such as here, however, in association with the word orange (which although it is disclaimed in the registration and, therefore, cannot in any sense add anything to the strength of the trade mark) does not, in my view, indicate that the product is home made as in French one should not merely use the word "maison" to express or convey such an idea but should use the words "fait à la maison" and even if these words were used, they would in association with the word "orange" be complete non-sense as indicating *home made oranges*. They do not either indicate that one refers to an orange house where oranges are grown or kept as in such a case the word "orangerie" should be used. As a matter of fact, they do not even describe orange juice or even a quality of characteristic thereof and if they did would be deceptively misdescriptive of the character or quality of the wares as being home made which is not an issue raised in these proceedings...<sup>115</sup>

I cannot even accept that the word 'maison' used with another word to indicate quality is in general use even in France. It is certainly not in common or current use anywhere in the world in association with the word 'orange'. As for this country (Canada), to the greater part of its French population, the word 'maison' is certainly seldom, if at all, used in association with another word to indicate a home made product nor so far as ordinary language is concerned is the word used to denote the quality of anything. It, therefore, follows that it is not a word with which the word 'orange' would be used in any country by others in the description of their products or wares nor would it be used particularly in Canada where its descriptiveness must be realistically considered for the purpose of the Act.<sup>116</sup>

The court then went on to consider if the mark had in fact become distinctive at the date of registration, 9 December 1960.

It concluded that the mark had become so distinctive, at least within the Province of Quebec, by reason of extensive use of the mark. The court said:

Since 1954 the respondent and its predecessor in title has continuously and extensively advertised in the Province of Quebec its orange juice in associa-

<sup>115</sup> At pp. 182-183 (at pp. 74-75, C.P.R.).

<sup>116</sup> At p. 184 (at pp. 76-77, C.P.R.).

tion with the trade mark ORANGE MAISON by product information mailed or delivered directly to household consumers, by contests concerning and advertising its orange juice on home delivery trucks, letterheads, invoices, exterior signs, posters placed on transit vehicles, cards, radio and television advertising and decals placed on store windows.

There is, therefore, no question in my mind that by virtue of continuous use and extensive advertising in the Province of Quebec at the date of registration, the respondent's trade mark ORANGE MAISON had acquired a distinctive meaning of the orange juice of the respondent and its predecessor in title among dealers and purchasers of orange juice and other fruit flavoured drinks and non-alcoholic beverages in the Province of Quebec within the meaning of section 18(2) of the *Trade Marks Act*, R.S.C. 1952-53, Chapter 49.<sup>117</sup>

In *Aladdin Industries v. Canadian Thermos Products Limited and the Registrar of Trade Marks*,<sup>118</sup> the Court found that the registered trade mark THERMOS had, since its registration in 1960 as a registered trade mark, acquired a degree of common usage as a generic word in speech and writing but, nevertheless, was distinctive to a significant portion of the people who buy and sell vacuum bottles; Kerr, J., stated:

It is also my opinion that when the proceedings were commenced the trade mark registered in 1960, and the other trade marks whose expungement is sought, were distinctive of the respondent's bottles to a substantial portion of the consumer public throughout Canada, to many and not only to a few, although I cannot put percentage figures on the portion to which the trade mark was then distinctive and the portion to which it was not. Therefore, notwithstanding my conclusion as to the generic and descriptive use of the word "thermos", I do not think that the trade marks should be found to be invalid under section 18(1) (b).

### 3. Use (make Known)

*Actual use*<sup>119</sup> may be an insufficient use, in trade mark law. Thus, in the HOSPITAL WORLD trade mark,<sup>120</sup> the mark HOSPI-

<sup>117</sup> At pp. 185-186 (at p. 78, C.P.R.).

<sup>118</sup> Unreported decision of the Exchequer Court of Canada.

<sup>119</sup> The *Trade Marks Act*, defines "use" as follows:

Section 4: "(1) 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.

(2) 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.

(3) A trade mark that is marked in Canada on wares or on the packages in which they are contained is, when such wares are exported from Canada, deemed to be used in Canada in association with such wares."

<sup>120</sup> [1967] R.P.C. 595.

TAL WORLD, with associated design, was held not to be registrable as a mark which had been used in association with "periodical publications" because the mark, had not, in law, been used. The wares, a journal, to which the mark was affixed, were not sold in the normal course of trade, but were given to the public free of charge. The Assistant Registrar of Trade Marks said:

The issue is whether the free distribution of the journal can be regarded as using the trade mark within the definition contained in section 68 of the Trade Marks Act which is as follows: —

"'Trade mark' means, except in relation to a certification trade mark, a mark used or proposed to be used 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, whether with or without any indication of the identity of that person..."

Under section 17(1) of the Act it is incumbent on a person applying for the registration of a trade mark and claiming to be the proprietor thereof to assert that it is used or proposed to be used by him. Thus it seems to me that in claiming to be the proprietors of the mark propounded used in relation to periodical publications, the applicants must be able to show that they have used it as a trade mark in relation to those goods within the definition contained in section 68 of the Act.

Whilst there is evidence that the applicants have spent large sums on the production and circulation of the journal, the free distribution of it does not, in my opinion, amount to marketing. It is necessary in the present case to refer to the observations of Lord Wright in *Aristoc v. Rystal Ltd.*, (1945), 62 R.P.C. 65. In considering the definition of a trade mark in section 68 he said (from 82, line 48, to 83, line 11): —

"The limitation in the Act of 1938, 'in the course of trade', sufficiently, in my opinion, preserves the essential and characteristic function of the mark. The proprietor is required to be a trader who places the goods before the public as being his goods. That is the vital connection, not some later partial and ephemeral attribution to someone else. 'Trade' is a very wide term: it is one of the oldest and commonest words in the English language. Its great width of meaning and application can be seen by referring to the heading in the Oxford English Dictionary. But it must always be read in its context. That gives it the special connotation appropriate to the particular case. In the Act of 1938, the context shows that 'trade' refers to selling or otherwise trading in the goods to which the mark is applied. Thus, in section 26(2) (b) we find the words 'goods to be sold or otherwise traded in'; the same collocation of words is found in section 31; and again in section 68 in the definition of limitations. These instances show that 'trade' is here used in the particular sense of merchanting, selling or the like which would nowadays include the more modern practices of hire purchase, leasing (for example of valuable machines), letting out for public use, exporting, etc."

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The free distribution of a journal containing matters of interest to prospective customers and others who come in contact with the applicants in their main business as manufacturers of surgical and medical dressings

and hospital supplies, is undoubtedly an aid in their general public relations and helps to create goodwill in the firm; but I do not think that the free distribution can be regarded as trading in the goods of the application within the context of the definition of a trade mark. The goods are not being put on the market for people to buy as a matter of choice in preference to someone else's publications. The persons who receive the free copies, are, I think, most likely to regard them as part of the applicants' publicity and advertisement campaign concerned with the sales of dressings and hospital supplies rather than the products of a business of publishers. I have come to the conclusion, therefore, that the applicants' mark has not been used in relation to periodical publications for the purpose of indicating a connection in the course of trade within the definition of a trade mark in section 68 of the Act; so that the use of the mark as shown by the evidence cannot be taken into account in deciding whether, under section 9(3) of 10(2), it has acquired distinctiveness or the capacity to distinguish by reason of use.

In the result I find that the applicants have not used their mark as a trade mark within the definition contained in section 68 of the Act.

The *Siscoe* case<sup>121</sup> is also of interest in determining the kind of "use" acceptable. In this case it was held that the mere sending of samples to one Company in Canada and the bringing to it or its subsidiary of samples of the respondent's products was neither a distribution of wares as contemplated by *The Unfair Competition Act*, nor was it sufficient to establish that by reasons thereof the mark was known in Canada. It was further found, that what was contemplated by the statute (*The Unfair Competition Act*) was such distribution of the wares bearing a trade mark and in such quantities as would serve to make the mark known by persons engaged in trading in such wares in Canada or their customers. It was found that there were no sales of the products in association with the trade in Canada in the ordinary course of trade and accordingly there was no use of the trade mark prior to registration, as was required under the Act. The Court noted; (a) that the only use was the act of bringing into Canada wares possessing the trade mark, which wares were left in the offices of the Petitioner in Canada; (b) that no further evidence of use of the trade mark by the respondent, with any wares before or after filing a trade mark application as given during the proceedings; (c) nor was evidence of making known by distribution or by advertisement in Canada in any printed publication presented (that is, no "distribution of such wares in Canada or their advertisement therein among potential dealers in or uses of such wares in Canada").

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<sup>121</sup> *Siscoe Vermiculite Mines v. Munn et al.*, [1959] Ex. C.R. 455, (1958-59), 18 Fox P.C. 160, (1959), 31 C.P.R. 6.

In *ORANGE MAISON*<sup>122</sup> we have seen that the mark was extensively used on a broad range of items even though it was registered only for orange juice. This extensive use, the court found, was sufficient to establish the mark as being distinctive even if it were to be assumed that it was not inherently distinctive.

In *Don the Beachcomber*,<sup>123</sup> the court considered use in respect of services and said:

I shall therefore hold that "use in Canada" of a trade mark in respect of service is not established by mere advertising of the trade mark in Canada coupled with performance of the services elsewhere but required that the services be performed in Canada and that the trade mark be used or displayed in the performance or advertising in Canada of such services.<sup>124</sup> (Emphasis added).

Explaining the holding the court said:

In my view the suggested incorporation of expressions from s. 4(2) into s. 44(3) produces an interpretation which does not give full effect to the words used in either of these subsections. What s. 44(3) refers to is not merely use of it in Canada. The expression "trade mark" is defined in s. 2(t) in so far as the definition deals with marks in respect of services, as meaning a mark that is used or to be used to distinguish services performed by one person, or according to a standard, from services performed by other, or not according to the standard... Two elements are thus required to constitute "use" as defined in s. 2(v): (i) services to be distinguished by the trade mark; and (ii) use or display of the trade mark in the performance or advertising of services. As a matter of construction of the words of the statute, apart from other consideration, the expression "in use in Canada" in s. 44(3) appears to me to mean the carrying out in Canada of both elements required to constitute "use" and that the carrying out of the only one of them in Canada does not amount "to use in Canada" of the trade mark... (Emphasis added).

...[B]y approaching the problem of interpretation of the subsection [Sec. 44(3)] on the assumption that the essential attributes of trade marks in respect of wares would also be required in trade marks in respect of services and for this reason would require that the services in respect of which a trade mark is registered be services that are performed in Canada in the course of the registrant's trade.<sup>125</sup>

In *CRAZY HORSE SALOON*,<sup>126</sup> the plaintiff had, since 1951, extensively publicized their Paris business in the United Kingdom but they carried on no activities of any kind in the United Kingdom. The Court held that they were not entitled to restrain the defendant from starting and carrying on a place of business in

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<sup>122</sup> See *infra*, pp. 419-420.

<sup>123</sup> *Supra*, n. 45.

<sup>124</sup> At p. 85 (at p. 287, C.P.R.).

<sup>125</sup> At p. 83-84 (at p. 285-286, C.P.R.).

<sup>126</sup> *Alain Bernardin et Compagnie v. Pavilion Properties Ltd.*, [1967] R.P.C. 581 (Ch. D.).

the United Kingdom under the name "Crazy Horse Saloon". The Court further said that:

[A] trader cannot acquire goodwill in this country for the purposes of a passing off action without a user of some sort. Although in certain cases slight activities might suffice, the mere dissemination of material advertising the plaintiff's business activities abroad could not constitute user in the United Kingdom sufficient to acquire a reputation in the sense of a passing off action, and an interlocutory injunction would therefore not be granted.

Observed, from the Head Note: that the statement in Kerly on Trade Marks (9th ed. (1966) paragraph 719) that: "If in fact the plaintiff has the necessary reputation in this country, it does not matter whether it was acquired by user here or in any other way", was difficult to reconcile with the authorities binding on the court.

The Court, in *CRAZY HORSE SALOON*, distinguished that case from the *Sheraton*<sup>127</sup> case. They noted that in the *Sheraton* case, although no actual services of innkeeper were performed in the United Kingdom, there were sufficient ancillary services which were performed in the United Kingdom, which, along with a *make known*<sup>128</sup> of the trade mark in the United Kingdom by advertising, was sufficient to establish a good will in the United Kingdom and hence a right of action for any passing off.

In *King Features Syndicate*<sup>129</sup> the court considered the evidence which constitutes a make known and said:

The plaintiffs have led evidence intended to establish that about 1935 a watch made by Montgomery Ward & Co. under license from the Hearst Corporation was distributed in Canada and was therefore known in Canada within section 3(b) [of the *Unfair Competition Act*]. W. J. O'Neil, Secretary-Treasurer of Paramount Film Service Ltd., states that about that year his firm received from the parent company — Paramount Pictures Inc. of New York — a small number of watches similar to Exhibit

<sup>127</sup> *Sheraton Corporation of America v. Sheraton Motels Ltd.*, [1964] R.P.C. 202.

<sup>128</sup> Sec. 5. "A trade mark is deemed to be known in Canada by a person only if it is used by such person in a country of the Union, other than Canada, in association with wares or services, and

(a) such wares are distributed in association with it in Canada, or

(b) such wares or services are advertised in association with it in

(i) any printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of such wares or services, or

(ii) radio broadcasts, as defined in the Radio Act, ordinarily received in Canada by potential dealers in or users of such wares or services.

and it has become well known in Canada by reason of such distribution or advertising."

<sup>129</sup> *King Features Syndicate Inc. et al. v. Lechter*, (1949-50), 10 Fox P.C. 144 (Ex. Ct.), at pp. 152-153.

22 for distribution gratis among his firm's employees in Toronto for advertising purposes in connection with "Popeye" film cartoons, and the dial bears the name "Popeye" in red ink adjacent to the figure. There is no evidence that the "Popeye" watch was ever advertised or sold in Canada. I am of the opinion that the very limited use of that dial in that way does not constitute such distribution of the wares in Canada as to bring the name "Popeye" used in connection therewith, within the ambit of s. 3(b).

In *Robert Wian v. Mady*<sup>130</sup> the facts were as follows. The defendants were owners of the registered trade mark "Big Boy Drive In" in respect of a service, namely, "the dispensing of various food and especially a hamburger". The mark had been used in Canada since 12 April, 1955, as had the mark "Big Boy" in association with "hamburgers". The plaintiff was the registrant, since 11 August, 1952, in the United States of the mark "Big Boy" for "hamburgers". The defendants operated their shops in Windsor while the plaintiffs operated their shops in Detroit. The plaintiff attempted to expunge the registered trade mark of the defendants, which was alleged to be "confusing"<sup>131</sup> with that of the plaintiff because as the plaintiff alleged, his mark "Big Boy" had become well known in Canada before the Defendant had applied for registration of his trade-marks.

The Court held that was "no confusion" of the plaintiff's and of the defendant's identical marks "Big Boy" even though the wares, "hamburgers", were identical. This was because the defendant's mark "Big Boy" was not known throughout Canada to an appreciable extent, although it was known appreciably in the City of Windsor, Ontario. The Court said:

A thing may be regarded as known in Canada if it is known only in some part of Canada but, in my view, it is not 'well known' in Canada unless knowledge of it pervades the country to a substantial extent. When section 5 speaks of a trademark that is "well known in Canada by reason of... advertising" it suggests to me such well known trademarks as "Coca-Cola", "Esso", "Chevrolet", and "Frigidaire", names that are seen in magazine advertising in homes in every part of the country, or heard or seen on radio or on television in every part of the country. I do not think a trademark can be regarded as "well known in Canada" when knowledge of it is restricted to a local area in Canada. In my view it must be "well known" across Canada "among potential dealers in or users of" the wares or services with which it is associated.<sup>132</sup>

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<sup>130</sup> *Robert C. Wian Enterprises Inc. v. Mady*, (1965), 29 Fox P.C. 37, 49 D.L.R. (2d) 65, (1966), 46 C.R.P. 147 (Ex. Ct.).

<sup>131</sup> Sec. 2(b): " "Confusing" when applied as an adjective to a trade mark or trade name, means a trade mark or trade name the use of which would cause confusion in the manner and circumstances described in section 6;" (*Supra*, n. 77).

<sup>132</sup> *Supra*, n. 130, at p. 169 (at p. 59, Fox P.C.).

Non-use of a trade mark may imply *abandonment* but the better view would appear to be that an extended period of non-use would be required<sup>133</sup> in order to satisfy an intention not to use the mark. In England, the Court has taken the view that in order that there be an abandonment of a trade mark, along with any non-use, there must be a manifested intention not to use. In *NODOZ*,<sup>134</sup> the Court said, "there never has been an intention not to use or to abandon the mark".<sup>135</sup>

*A continual repetitive use over a long period of time rebuts abandonment*, and may establish prior user. Thus in the *MacEachern* case,<sup>136</sup> the court distinguished the facts from *NODOZ*. In the *NODOZ* case one single transaction (sale) of a trade marked ware which was not even satisfactorily proven to the Court, was deemed not to be a use of the mark. The mark was expunged. On the other hand, in *MacEachern*, invoices containing references to the registered mark and to sales in Canada of wares possessing the mark where acceptable in establishing use of the mark in Canada. The supporting affidavit, which set out the facts of prior use by the applicant for expungement, stated that since the date of first use of the mark HEEL PRUF which use itself was supported by two invoices showing use of the trade mark in sales, the applicant "has since that time made substantial sales". The court held that such expression "implied sales going on at the time of the signing of the affidavit and that these sales have been made over the period between the time of the first sale to the time that the affidavit was sworn to". The court went on to say:

Mr. MacEachern's sworn statement that substantial sales were made by his company therefore establishes that many transmutations of property were made from his company to a number of buyers and the normal inferences to be drawn from this is that sales having been made for a price, the goods sold as well as the invoices must have been delivered. Now, had respondent required further particulars with respect to the evidence contained in the affidavit and the two invoices, he could have, under R. 165 of the Exchequer Court Rules, cross-examined Mr. MacEachern with respect to the broad statement he made as to the substantial sales

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<sup>133</sup> Section 18(1) *supra*, n. 109. In the *Silhouette* case, abandonment of the registered trademark was presumed because the registrant did not actually use the mark which was registered but rather a confusing mark. In *Golden Circlelet*, the Court agreed with Counsel when it was suggested that because a design mark had not been used for twelve years it must be presumed to be abandoned. But see *infra*, p. 405 as to the Registrar of Trade Marks position regarding non-use of trade marks.

<sup>134</sup> *Re: Nodoz*, [1962] R.P.C. 1 (Ch. D.).

<sup>135</sup> *Supra*, n. 134.

<sup>136</sup> *Supra*, n. 89.

made by his company as well as require production or examination of the original invoices...

[T]he applicant [for expungement] has established the necessary transfers of property, in the normal course of trade; the evidence indicates that we have here not one isolated sale but many sales and the invoices with the trade mark indicated thereon in association with its wares which invoices, as we have seen, by inference must be to have been received by the buyers are sufficient satisfaction, under s. 4(1) of the Act to establish use. The applicant has also established continuous use through to the time of 30 March 1960 as well as showing that it at no time intended to abandon the mark.<sup>137</sup>

Referring to the facts in this case, the owner of an unregistered mark HEEL PRUF, which had been in use since January 1959, for wares such as floor matting made a motion on May 27, 1960 to expunge the registered trade mark HEELPRUF. The application for HELLPRUF as a proposed trade mark, had been filed November 19, 1959, and was subsequently granted and used in association with wares describes as "rubber matting". Mr. Justice Noel explained the law as follows:

Section 16, (3) (a), (4) and (5) of the *Trade Marks Act* provides that if one files an application of a proposed trade mark, then he is entitled to obtain its registration, if, at the date he has filed the trade mark he applied for, it was not confusing with:

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

The trade marks of the respondent and of the applicant here are not only confusing, but practically identical except that in the case of the respondent, the letters are spelled out in one word whereas in the applicant's case, there is a space between 'Heel' and 'Pruf' and because of this they are certainly confusing with s. 6 of the *Trade Marks Act*...

As this was an application for registration of a proposed trade mark, the critical date under s. 16(3) of the *Trade Marks Act* is the date the application was filed, i.e., November 18, 1959. If on that date there had been no prior use of a confusing mark, the respondent's registration would be good; however, if there had been prior use by the applicant as it so contends here, the respondent's registration would not be good...<sup>138</sup>

Now use in the *Trade Marks Act* is defined as follows: "s. 4(1) 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."...

S. 18(1) of the Act provides that a registration is invalid in the case of (a), (b), (c) and "subject to s. 17... if the applicant for registration was not the person entitled to secure the registration". The applicant submits here that the respondent was not entitled to secure the registration of the

<sup>137</sup> At p. 156 (C.P.R.), at p. 123 (Fox P.C.).

<sup>138</sup> At pp. 150-151 (C.P.R.), at pp. 117-118 (Fox P.C.).

trade mark as it did because at the time it applied, the applicant company had used the trade mark.

S. 18 referred to above is, however, as we have seen, subject to s. 17(1) of the Act which provides in effect that a registration will not be expunged on the ground of a prior use by somebody else unless the applicant for expungement is the person who has previously used or made known the confusing trade mark or trade name and that person must show that he had not abandoned the trade mark at the date of advertisement of the respondent's application.<sup>139</sup>

#### 4. *Improper User*

Although it is not intended to deal with improper user in detail,<sup>140</sup> since this is really beyond the scope of this paper, the *CHEERIO* cases,<sup>141</sup> are a fountain of cheer and gloom for the trade mark user. The facts of the cases may be summarized as follows: A Company, Cheerio Toys and Games Limited, was incorporated in 1938 and later assigned, in 1955, certain trade marks including CHEERIO: YO-YO: BO-LO: etc. to one Dubiner. The mark CHEERIO had come into existence with the incorporation of the company in 1938. The Company, on assigning its marks to Dubiner, obtained the right to use them under a registered user license.<sup>142</sup> The license

<sup>139</sup> At pp. 152-153 (C.P.R.), at p. 120 (Fox P.C.).

<sup>140</sup> For further discussion of improper uses, see Mitches, *New Look to Law Affecting Trade Marks and Names*, (1969), 34 Bus. Q. 79.

<sup>141</sup> *Cheerio Toys and Games Ltd. v. Cheerio Yo-Yo and Bo-Lo Co.*, [1965] 1 Ex. C.R. 562, (1965), 28 Fox P.C. 40, (1966), 44 C.P.R. 169 (appeal to the Supreme Court of Canada, refused); *Cheerio Toys and Games Ltd. v. Samuel Dubiner et al.*, [1965] 1 Ex. C.R. 578, (1965), 28 Fox P.C. 34, 43 C.P.R. 111; *Samuel Dubiner v. Cheerio Toys and Games Ltd.*, [1965] 1 Ex. C.R. 524, (1965), 28 Fox P.C. 1, (1966), 44 C.P.R. 134, affirmed [1966] S.C.R. 206, 32 Fox P.C. 37, 48 C.P.R. 226. The results of the judgments seemed to indicate that the Court takes a very "hard" view if there is a co-existing use of a registered trade mark by a third party, which is co-extensive with the exclusive rights to use of the proprietor of that mark. If there is such co-existing co-extensive use, or probably more correctly, some overlapping use by the proprietor and by the third party, the registration will be expunged because of invalidity due to what the Courts call a "loss of distinctiveness", which in essence is a "presumptive abandonment". (These are but three of the more relevant *Cheerio* cases).

<sup>142</sup> The relevant parts of section 49 are:

"(1) A person other than the owner of a registered trade mark may be registered as a registered user thereof for all or any of the wares or services for which it is registered.

(2) The use of a registered trade mark by a registered user thereof in accordance with the terms of his registration as such in association with wares or services manufactured, sold, leased, hired or performed by him, or the use of a proposed trade mark as provided in subsection (2) of section 39 by a person approved as a registered user thereof, is in this section referred to as the "permitted use" of the trade mark.

(3) The permitted use of a trade mark has the same effect for all purposes of this Act as a use thereof by the registered owner."

was later revoked by Dubiner because the company refused to give him access to plant facilities and to books, in accordance with the terms of the license. Nevertheless, the company continued to use the marks. A series of legal actions ensued but the net result of the complex litigation was; (1) that the license had been properly revoked because of a breach thereof; (2) that the trade mark CHEERIO was held to be invalid because, though its use by the Company was deemed to be a use, in law, by Dubiner (by virtue of the registered user license); its use, as such over the same period of time, being the same as that of the mark CHEERIO in the trade name of the Company, Cheerio Toys and Games Ltd., which latter use was a user by the company on its own account, was sufficient to negate exclusivity and distinctiveness in that mark because of the co-existent concurrent use by two different entities; (3) that the other trade mark, i.e. YO-YO and BO-LO etc. were held to be valid because the trade marks had been used, by the company in accordance with the terms of the license, principally as trade marks and they had not become generic because the marks had always been accompanied by the symbol R, and in advertising, the marks had been referred to as trade marks.

In the *Wilkinson Sword* case,<sup>143</sup> it was held that the mark WILKINSON SWORD and a design mark based thereon were not validly registered because the marks had been recently assigned in gross to Wilkinson Sword (Canada) Ltd., the Canadian Company, from the English parent, Wilkinson Sword Limited, without any corresponding assignment of any good will or business. Razor Blades as manufactured and packaged by the English Company, and as manufactured by the English Company and packed by the Canadian Company, each bearing the identical marks were concurrently availa-

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<sup>143</sup> *Wilkinson Sword (Canada) Ltd. v. Arthur Juda*, (1967), 34 Fox. P.C. 77, 51 C.P.R. 55. See also *Sarco Canada Ltd. v. Sarco Co. Inc.*, (1969), 56 C.P.R. 80, (1968), 38 Fox P.C. 165, a decision of the Exchequer Court of Canada, rendered 19 June, 1968, wherein it was ordered that a registered trade mark "Sarco" be expunged from the Register because it was not distinctive. In that case, the plaintiff was entitled under an agreement with the defendant-registrant, to use the trade mark. It was proved that the mark was in use by both plaintiff and defendant on wares which they respectively manufactured and subsequently sold in the Canadian market; that Canadian purchasers knew "Sarco" represented either wares manufactured by the plaintiff or wares manufactured by the defendant.

Although the court did not mention the registered user provisions of section 49 of the *Act*, it would appear that if the "agreement" had been registered pursuant to that section the use by the plaintiff would have been deemed to have been use by the defendant and distinctiveness of the mark would not have been lost.

ble on the market to the Canadian public. The Court found that the English Company had assigned (and hence abandoned) its mark to the Canadian Company but because the Canadian Company had not also received an assignment of the goodwill and business of the English Company, for Canada, the assignment was void on public policy because the marks had become, on assignment, a badge or identification of a source (Canadian) other than that source (English) which they had up to that time represented. The marks would thus be confusing to the Canadian public as not properly identifying source especially since blades from both sources (Canadian and English) were currently on the market and the public could not distinguish one from the other because not only were the same marks used but the packages were identical in all material respects.

It can be appreciated from *Wilkinson Sword* and *CHEERIO* that improper user implies an abandonment on the part of the proprietor. Nevertheless, as we have seen, there is no identity between abandonment and non-use. The former *implies* an intention to surrender or give up control while the latter *may imply* it.

The distinction between abandonment and use can be better appreciated when the meanings of those words are carefully compared.<sup>144</sup> The act or fact of using, holding, or possessing land or property so as to derive revenue, profit or other benefit is a continued use, exercise, or enjoyment of a right, which may be presumptive right arising from use; but non-use is not a presumptive abandonment but rather a neglect to use a right, by which it may become void. Abandon is the act of abandoning, that is, the act of surrendering or relinquishing a claim. It may take the form of an act of ceasing to hold, use or practice something. It is for

<sup>144</sup> The Shorter Oxford Dictionary provides the following definitions:

*Use*

The act or fact of using, holding, or possessing land or other property so as to derive revenue, profit, or other benefit from it.

*User*

Continued use, exercise, or enjoyment of a right; presumptive right arising from use.

*Non-user*

Neglect to use a right, by which it may become void.

*Abandon*

To give up to the control of another, surrender to another. (Transitive sense). To relinquish a claim to underwriters. To cease to hold, use, or practise; to give up, renounce.

*Abandonment*

The action of abandoning, or the condition of being abandoned; abandoning an interest or claim.

that reason the mark CHEERIO was lost because Dubiner relinquished control of it and ceased to hold it exclusively when he omitted to make the use of that word in the trade name of Cheerio Toys and Games Ltd., a condition and term of the registered user agreement.

It is for this reason, non-use can be excused if there is a continuing intention by the proprietor to use, which is frustrated by external uncontrollable events.

#### D — NEWFOUNDLAND REGISTRATIONS

"Marks which were registerable in Newfoundland prior to Confederation still enjoy the privileges of former Newfoundland Law".<sup>145</sup> One of these privileges is that marks once registered *exist in perpetuity*.<sup>146</sup> There is no requirement to renew a register trade mark nor to actively use it. However, it appears that in order for a mark to have become capable of registration it must have been adopted and it "must (have been) registered for particular goods or classes of goods".<sup>147</sup> Nevertheless, a registered trade mark is subject to expungement, either at the request of the registered proprietor, to the Colonial Secretary<sup>148</sup> (now the Registrar of Trade Marks in Ottawa), or, by a person aggrieved to the Court.<sup>149</sup> "Any entry wrongly remaining on the register" may be attacked in Court, but a registration "which has subsisted for seven years from the date of the original registration... shall... be taken to be valid in all respects, unless such original registration was obtained by fraud or unless the trade mark offends"<sup>150</sup> one of the following conditions:

<sup>145</sup> *Supra*, n. 102. See also Sec. 65 and 66 of the *Trade Marks Act*.

<sup>146</sup> *Trade Marks and Registration Act*, Consolidated Statutes of Newfoundland, (3rd Series), Chapter 154 amended, by the *Trade Marks (Amendment) Acts of 1943 and 1948*, Statutes of Newfoundland.

Sec. 28 reads: "A trade mark once registered and destined to be the sign in trade of the proprietor thereof, shall endure without limitation."

<sup>147</sup> Sec. 21. *Trade Marks and Registration Act, Newfoundland*. See also Sec. 24, 29, 30.

<sup>148</sup> *Loc. cit.*, Sec. 36(1)(c).

<sup>149</sup> *Ibid.*, Sec. 32(a) as enacted by the *Trade Marks (Amendment) Act, Newfoundland 1948*, the subsection reads:

"(a) The Court may, on the application of any person aggrieved by the non-insertion in or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, make such order for making, expunging or varying such entry, as it may think fit."

<sup>150</sup> *Ibid.*

- (a) is identical to a previous registered mark, or
- (b) is calculated to deceive or mislead the public, or
- (c) contains any immoral or scandalous figure, or
- (d) does not contain the essentials necessary to constitute a trade mark properly speaking.<sup>151</sup>

The *Act* also defines *essential particulars* which a trade mark must possess but these do *not include* the requirement *that the mark be actually used*.<sup>152</sup> This is demonstrated by the *THERMOS* case<sup>153</sup> wherein Mr. Justice Kerr concluded that the only question with respect to Newfoundland regulations was whether it was registerable when it was registered in 1908; lack of distinctiveness at the time the proceedings were commenced did not afford a good ground for finding the registration invalid having regard to the way in which the relevant legislation was set up. The registration was thus held valid.

It is inconsistent that Newfoundland registrations are not required to be actively used in order to remain on the register especially in view of the use provisions under the *Trade Marks Act*.

<sup>151</sup> These are the conditions for registration of a mark under section 26 of the Newfoundland law.

<sup>152</sup> Sec. 20(1): "For the purposes of this Chapter, a trade mark must consist of or contain at least one of the following essential particulars:

- (a) A name of an individual or firm printed, impressed, or woven in some particular and distinctive manner; or
  - (b) A written signature or copy of a written signature of the individual or firm applying for registration thereof as a trade mark; or
  - (c) A distinctive device, mark, brand, heading, label or ticket; or
  - (d) An invented word or invented words; or
- (2) There may be added to any one or more of the essential particulars mentioned in this section, any letters, words or figures, or any of them; but the applicant for registration of any such additional matter must state in his application the essential particulars of the trade mark, and must disclaim in his application any right to the exclusive use of the added matter, and a copy of the statement and disclaimer shall be entered on the register.

(3) Provided as follows:

- (a) A person need not under this section disclaim his own name or the foreign equivalent thereof, or his place of business; but no entry of any such name shall affect the right of any owner of the same name to use that name or the foreign equivalent thereof;
- (b) Any special and distinctive word or words, letter, figure or combination of letters or figures, or of letters and figures used as a trade mark before the coming into force of these Consolidated Statutes, may be registered as a trade mark under this Chapter."

Sec. 21: "A trade mark must be registered for particular goods or classes of goods."

<sup>153</sup> *Supra*, n. 118.

Under the terms of Union,<sup>154</sup> term 18(1) provides that the laws of Newfoundland in force immediately prior to the date of the Union shall continue therein as if the Union had not been made, subject nevertheless to be repealed, abolished or altered by the Parliament of Canada. Whether this term in fact overrides term 21 which permits the *status quo* to remain vis-a-vis Newfoundland Trade Mark registrations made before the date of Union, even though Newfoundland is now part of the Dominion of Canada is one for discussion by constitutional authorities. Nevertheless, it would appear that by the combined effect of term 21 and the fact that trade marks are in the exclusive jurisdiction of the Dominion,<sup>155</sup> the Parliament of Canada has the authority and the power to alter the Newfoundland trade mark law. If the Newfoundland Act were altered to require a use of a registered trade mark, the major inconsistencies between the *Newfoundland Trade Marks Act* and the *Trade Marks Act* would be circumvented. This would also give an applicant or registrant under the *Trade Marks Act* some ability to challenge the validity of a Newfoundland registration and hence to expunge it for non-use, which in turn would make available the possibility of obtaining a registration which would apply to all Provinces of the Dominion including Newfoundland. For example, assume that an applicant applies for the registration of a trade mark, which he has used extensively in Ontario, Quebec and Manitoba. Assume also that the identical mark was registered in Newfoundland in 1930 but has not been used since 1935. Since the Newfoundland trade mark register does not form part of the Register kept under the *Trade Marks Act*,<sup>156</sup> a trade mark registered in Newfoundland is not a "registered trade mark" as defined by the *Trade Marks Act*. As a result, there is no absolute bar to obtaining registration of the mark under the *Trade Marks Act* and hence the mark will issue into a registration applicable to all Provinces *except* Newfoundland. If the Newfoundland registration is not in fact used there is no logical reason why there should not be some procedure to expunge

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<sup>154</sup> *Union of Newfoundland Act*, 13 Geo. VI, S.C. 1949, c. 1.

<sup>155</sup> *British North America Act, 1867-1949*, as found in R.S.C. 1952, Volume 4; particularly as to "the regulation of trade and commerce" of section 91 of the 1867 Act, per Lord Aitkin in *Attorney General for Canada et al*, [1937] A.C. 405, at p. 417.

<sup>156</sup> *The Trade Marks Act*, Sec. 26 (1) defines the Register as the register maintained pursuant to the *Trade Marks Act* as well as the register which was maintained pursuant to *The Unfair Competition Act*. Section 23(1) of *The Unfair Competition Act* defines the register as the register maintained pursuant to that Act and the register existing under the *Trade Marks and Design Act*.

the mark in order that a registration under the *Trade Marks Act* could become all inclusive in each Province of Canada.

If an amendment were made to the *Newfoundland Trade Marks Act* it would also be advisable for the legislation to indicate which Court had jurisdiction in expungement proceedings. It is now certain<sup>157</sup> that, by virtue of the Union, the "Court" referred to in the *Newfoundland Act* would now be the Exchequer Court of Canada but careful reading of the terms of Union does not exclude the possibility that the relevant Court might also be the Supreme Court of Newfoundland.

#### E — CONCLUSIONS

Although a foreign applicant may have preferred rights to obtain registration of a trade mark in Canada, the registration if granted, would be liable to expungement if the mark were not in fact used in Canada in some way. Advertising, *per se* is not a use of a trade mark in Canada but may amount to a "make known". But a make known must be an extensive knowledge of the mark *throughout* Canada rather than an extensive knowledge in a part or region of Canada. In any event, a "make known" is not a "use".

If, on the other hand, there is some service which is performed in Canada, which is related to the wares or to the services with which the mark is ordinarily used outside of Canada, and there is a "make known" as by extensive advertising in Canada, there would appear to be a sufficient "use" of the mark to validly sustain the registration. This is because those services which are in fact performed in Canada, though not the services for which the mark is extensively known, are sufficient, along with the extensive knowledge of the trade mark, to establish a good will and reputation of that mark, which the owner thereof is entitled, at common law, to protect in a passing off action.

Although use is the dominant requirement in order to sustain a valid registration, non-use of the mark will not invalidate the registration if there is no intention to abandon the mark. Correspondingly, if there are special circumstances that excuse such absence of use, a registered mark will not be expunged.

There is no identity between abandonment and non-use. The former *implies* an intention to surrender or give up control while the latter *may imply it*. On the other hand, non-use may be excused where there is along with the proprietor's continuing intention to use, there is a frustration of that intention, as by external uncontrollable forces.

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<sup>157</sup> In *Thermos*, *supra*, n. 118. Mr. Justice Kerr rejected the contention that the Exchequer Court had no jurisdiction in relation to Newfoundland registrations.