6/1942

In the Privy Council.

No. 14 of 1941.

ON APPEAL FROM THE SUPREME COURT OF CANADA

BETWEEN

THE COCA-COLA COMPANY OF CANADA LIMITED
(Plaintiff) Appellant

AND

PEPSI-COLA COMPANY OF CANADA LIMITED
(Defendant) Respondent.

CASE OF THE APPELLANT (PLAINTIFF).

1.—These are consolidated appeals by leave of His Majesty in Council from a judgment of the Supreme Court of Canada delivered on December 9th, 1939, in an action for the infringement of a trade mark registered for non-alcoholic beverages and syrups therefor. The Plaintiff appeals in respect of the reversal by the Supreme Court of a judgment of the Exchequer Court of Canada (Maclean, P.) holding the Defendant to have infringed the registered mark, and the Defendant appeals in respect of the affirmance of the Exchequer Court's decision that the Plaintiff's registration was valid and that the Defendant's counterclaim for an order expunging the mark from the register should consequently be dismissed. RECORD p. 186 p. 99

2.—The mark sued upon was used in Canada by the Plaintiff's predecessor at least as early as 1900, though it was not registered until November 11th, 1905 (No. 43/10433). This predecessor's business was acquired by the Plaintiff in 1923, at which time it was carried on from twelve branches and bottling plants, a number subsequently increased to twenty. The beverage has also been bottled by over eighty bottlers. It is sold at five cents a drink at substantially all soda fountains throughout Canada as well as by other distributors. At the soda fountains the syrup is mixed with carbonated water by the dispenser and directly consumed by the purchasers. pp. 62, 64 p. 217 p. 55 pp. 56, 60 p. 62

3.—The use of the Defendant's mark of which the Plaintiff complains began only in 1934 when the Defendant company was organized as a

pp. 4, 23 subsidiary of a United States company incorporated in 1931. This use was on a beverage of the same character and colour as that upon which the Plaintiff had used its mark, and the Defendant's beverage, like the Plaintiff's, was sold at a low price.

4.—Each of the marks consists of a pair of two-syllable words separated by a hyphen and written in a distinctive form. The reproductions below show the Plaintiff's mark as registered in 1905 and the Defendant's mark as used on its bottle labels.

Plaintiff's mark

Defendant's mark

As used on the bottle caps of the parties in each case these marks appear in red.

p. 2 5.—In its statement of claim the Plaintiff set up not only the registration of 1905 (which was renewed in 1930 as the statute required) but also a registration of the same words, unrestricted as to form of printing, effected in 1932. In the judgment of the Exchequer Court it was said that this pp. 67, 68 latter registration might be disregarded and in this appeal the earlier registration is alone in question.

6.—The 1905 registration was made under a statute known as the *Trade Mark and Design Act*, (R. S. C. 1927, c. 201) which was repealed by the *Unfair Competition Act*, 1932 (22–23 George V, Chap. 38). This later Act provided that registrations made under the earlier Act should form part of the register to be maintained under the later Act and since its enactment its provisions have governed the rights of the owners of all marks properly on the register irrespective of the date of their registration.

7.—The *Unfair Competition Act*, 1932, for the first time made a distinction between " word marks " and "design marks", these expressions being defined in such terms as to make the first cover marks consisting only of letters or numbers independently of their shape or appearance (s. 2 (o)) and the latter cover marks depending for their distinctiveness upon their appearance alone and not upon the signification of any letters or numbers included in them (s. 2 (c)). The Act contained different rules with regard to marks of each class, and special provisions were made to permit the application of these to marks registered under the repealed statute and forming part of the register to be maintained under the new legislation. The special provisions applicable to old marks whose distinctiveness

depended upon or partly upon the signification of letters or numbers was as follows (s. 23 (5)) :—

" (5) Marks registered before the coming into force of this " Act shall be treated as word marks or as design marks according " to the following rules :

" (*a*) Any mark consisting of words and/or numerals only without " any indication of a special form or appearance shall be " deemed to be a word mark ;

" (*b*) Any other mark consisting of words and/or numerals only " shall be deemed to be a word mark if at the date of its " registration the words and/or numerals would have been " registrable 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 mark including words and/or numerals in combination " with other features shall be deemed to be a design mark " having the features described in the application therefor " but without any meaning being attributed to the words " or numerals, which shall, however, also be deemed to con- " stitute a word mark if and so far as they would at the date " of registration have been registrable independently of any " defined form or appearance and without being combined " with any other feature."

8.—In support of its right to succeed the Plaintiff relied upon the provisions of the *Unfair Competition Act*, some of the most relevant of which have no counterpart in previous legislation in Canada or in British statute law, and now for the first time fall to be construed. Its rights in respect of its registered mark were proved in accordance with the provisions of Section 18 of the Unfair Competition Act by a certificate of the relevant entries in the Register. That section provides that :

" 18. (1) In any action for the infringement of any trade mark, " the production of a certified copy of the record of the registration " of such trade mark made pursuant to the provisions of this Act " shall be *prima facie* evidence of the facts set out in such record " and that the person named therein is the registered owner of such " mark for the purposes and within the territorial area therein " defined.

" (2) Such a certified copy shall also, subject only to proof of " clerical error therein, be conclusive evidence that, at the date of " the registration, the trade mark therein mentioned was in use in " Canada or in the territorial area therein defined for the purpose " therein set out, in such manner that no person could thereafter " adopt the same or a similar trade mark for the same or similar

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" goods in ignorance of the use of the registered mark by the owner
" thereof for the said purposes in Canada or in the defined territorial
" area within Canada."

9.—A number of other sections of the Act were quoted by the learned trial Judge in his judgment, the sections quoted including that which forbids any one to direct public attention to his wares in such a way that it might " be reasonably apprehended that his course of conduct was likely to cause " confusion " with a competitor's wares (sec. 11), those which confer upon the registered owner of a mark an exclusive right to the use in association with similar wares of the same mark or any similar one (Sec. 3 and 4), and that which defines the word " similar " as applied to marks. This definition is thus expressed in section 2 :

" 2. In this Act, unless the context otherwise requires . . .
" (*k*) ' Similar ' in relation to trade marks, trade names or dis-
" tinguishing guises, describes marks, names or guises so
" resembling each other or so clearly suggesting the idea
" conveyed by each other that the contemporaneous use of
" both in the same area in association 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 responsi-
" bility for their character or quality, for the conditions under
" which or the class of person by whom they were produced,
" or for their place of origin."

10.—By way of answer to the contention that the marks in question were similar in the sense thus defined the Defendant relied upon formal evidence of the fact of the registration of some thirty trade marks most of which included the word " cola " or " kola," and upon the oral evidence of one Guth by whom the Defendant's parent company had been organized in 1931 and who maintained that confusion between the beverages bearing the marks could not occur. The cross-examination of this witness was chiefly directed to showing that confusion was not only probable but had in fact occurred in the United States.

pp. 222-285
pp. 40-53
pp. 47-49

11.—In discussing the question of infringement the learned trial Judge deals with the mode in which marks are to be compared. He points out that the comparison should not be made

p. 90

" by taking the two marks in question, placing them side by
" side and critically comparing them ; if that is done the marks may
" exhibit various differences, yet the main idea left in the mind by
" both may be the same."

He mentions the importance of having regard to any

p. 90

" special features associated with trade marks in conflict,
" illustrated in this case by the conspicuous scroll effect, or flourishes,
" in the formation of each mark,"

and also of keeping in mind the opportunity of deception, the probability of telephone errors and the tendency to abbreviate. On this branch of the case the conclusion reached is expressed as follows :— RECORD

" It seems to me that persons might very easily and readily be p. 76
" confused or mistaken in receiving an order for the beverage of
" either Plaintiff or Defendant, if hurriedly or carelessly given or
" pronounced, particularly over the telephone . . . And further,
" there would, I think, be a probability of confusion resulting from
" the probable tendency on the part of many persons to abbreviate
" one or the other of the marks, or both marks, into ' Cola ' which
" would render it easily possible for a person to be given a beverage
" he really had not in mind."

12.—The judgment of the learned trial Judge contains no express statement that he inferred from Guth's evidence and demeanour that it was the intention of Guth and his associates to take advantage of the reputation of the Plaintiff's beverages, but that he in fact drew that inference sufficiently appears.

The learned Judge discusses the judgment given in a United States court to which Guth had referred in cross-examination in justification of pp. 88, 89
certain instances of confusion with which he had been confronted and he further discusses the facts in that case which Guth said had been correctly stated in such judgment. These facts were that fifty-nine waitresses and pp. 48, 87
forty-one soda dispensers of a beverage-retailing company of which Guth was president had in six hundred and twenty instances substituted " Pepsi-Cola " for " Coca-Cola " in forty-four different stores. These facts are referred to by the learned trial Judge as showing" how extensively fraud was " practised " and as indicating the possibility of pp. 88, 89

" serving unsuspecting customers with Pepsi-Cola instead of p. 89
" Coca-Cola, and with comparative immunity, by dishonest retailers
" or their servants, if so inclined."

He concludes that the judgment mentioned had not the effect Guth attributed to it since it did not

" furnish an answer to the contention here that on account of p. 89
" the similarity of the marks, and other circumstances, there is the
" probability of confusion arising and the possibility of deception
" being practised."

13.—The judgment also discusses the inference to be drawn from the registration of

" many trade marks applied to non-alcoholic beverages partially pp. 68, 90, 91
" similar to the Plaintiff's mark or variants of it,"

the learned Judge having already remarked that

p. 70 " No evidence, so far as I can recall, was given as to whether " any of these registered marks ever went into use in Canada,"

and that cases involving marks of the kind had been previously before him. The conclusion reached is thus stated :—

" Why should all these trade marked beverages follow in the " wake of the entry of the Plaintiff's beverage on the market and " expand in numbers with the years ? To me all this has a cumu-
pp. 91, 92 " lative effect adverse to the Defendant's contention, and lends " weight to the contention that Pepsi-Cola, and other of such marks, " were registered and put into use in Canada for the purpose of " obtaining some commercial advantage from the long acquaintance " of the public with the Plaintiff's beverage. My conclusion is that " there is infringement here."

14.—With these conclusions on the issue of infringement the Supreme Court disagreed and reversed the judgment below on that issue. Of the five judges taking part, only Kerwin J. referred to the provisions of the
pp. 201, 202 *Unfair Competition Act* and he held that the marks were not " similar " in the statutory sense. The remaining members of the Court concurred
pp. 187–200 in the judgment of Davis J. which contains no discussion of any of the provisions of the statute.

p. 200 15.—Kerwin J. in his judgment does not refer to Guth's evidence or to the United States judgment which Guth cited or to the making of the thirty registrations of which the Defendant adduced evidence. In the
pp. 197, 198 judgment of Davis, J. these registrations are listed and characterised as " evidence of the general adoption of the word (cola) in names for different " beverages or tonics," despite the absence of any evidence of user of any of the same. The only passage in that judgment bearing on the evidence of Guth or on the United States judgment is as follows :—

" It is plain from the reasons for judgment of the learned judge " that he concluded that there was a system of deception and fraud
p. 200 " practised by the Defendant against the Plaintiff and that his view " of the whole case was much influenced by certain findings of fraud " and deception that had been made in a judgment in an American " case (Delaware) introduced into the evidence of the present case " and referred to by the learned Judge in his reasons for judgment. " Neither of the parties to this action was a party in the foreign " action, and it is sufficient to say, with the greatest respect, that " the findings of fact in that case have nothing whatever to do with " this case and were clearly inadmissible."

The Plaintiff submits that the Supreme Court wholly misunderstood the basis of the learned trial judge's reasoning, who said with reference to these American cases (there were in fact two which were tried together and it

was held that the Defendants as principals were not responsible for the fraudulent acts of their servants) :— RECORD

" So while in those two cases the Court felt unable to impeach p. 89
" the rectitude of the principals in the matter, that does not furnish
" an answer to the contention here that on account of the similarity
" of the marks, and other circumstances, there is the probability of
" confusion arising, and the possibility of deception being practised
". . . On the whole these cases seem to me to render very formidable
" support to the Plaintiff's contention that if the marks Coca-Cola
" and Pepsi-Cola are contemporaneously used, for the same class of
" beverage, and having the same general appearance, there is a
" likelihood of confusion resulting from one or more causes, particu-
" larly in the retail sale of such beverages directly to the consumer."

The Supreme Court also erred in failing to take into account the evidence of the witness Guth generally and in particular both the way in which Guth adopted as his own evidence the facts summarized in the Delaware judgment p. 48 and the effect of the other evidence as to the Defendant's conduct, such as that relating to the hiring as the Defendant's successive general managers p. 23 of a former branch manager and another of the employees of the Plaintiff. Guth was the only witness examined who could and did speak of the purpose which underlay the organization and activities of the Defendant and its parent United States company. Even in print his evidence suggests that he was not a frank witness and the opinion of the learned trial Judge as to the real motive which determined the line of conduct Guth and his associates had followed, should not, in the Plaintiff's submission, be overruled by an appellate tribunal even though it may regard as unpersuasive some of the ancillary considerations by which the trial Judge supports his conclusion.

16.—Instead of referring to the statutory provisions the judgment of the majority of the Supreme Court states the issue in this way :

" We now come to the attack against Pepsi-Cola. The question p. 195
" is whether or not the names are similar and confusing as likely to
" mislead the consuming public. It is not a passing off action ; and
" there is no evidence that anyone has been misled. Where a
" defendant's trade is of some standing, the absence of any instance
" of actual confusion may be considered as some evidence that
" interference is unnecessary."

The Plaintiff submits that neither the test thus stated nor the inference thus drawn from the absence of the evidence of confusion is in accordance with the provisions of the *Unfair Competition Act* and that the effect of the application of that test and of the drawing of that inference is to deprive the Plaintiff of the protection which the statute purports to give the owner of a registered mark. The observation as to a trade which is of some standing is inapplicable to the Defendant who started in 1934 and did not p. 4 succeed to the business of any other company. p. 23

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The judgment had previously stated :

p. 190 ". . . we shall assume the title of each party is established until it " becomes necessary, if it does, to determine that question."

The Plaintiff submits that this assumption, erroneous in so far as it applies to the Defendant, contributed to the conclusion adverse to the Plaintiff.

17.—The conclusion of the majority of the court is :

p. 199 " We cannot say by tests of sight and sound that the compound " word ' Pepsi-Cola ' bears so close a resemblance to ' Coca-Cola ' " as to be likely to cause confusion in the trade or among the " purchasing public."

but this conclusion is based upon and supported by the following remarks :—

" The only similarity between the two compound words here " in question lies in the inclusion of the word ' cola ' in both marks.

" Plaintiff does not, and of course could not, claim any proprie- " tary right in the word ' cola ' standing alone. None the less, it pp. 196, 197 " is plain that the objection of the Plaintiff really goes to the " registration by any other person of the word ' cola ' in any com- " bination for a soft drink."

" The real basis of the Plaintiff's claim is not against the style " of script lettering in which the Pepsi-Cola mark as registered or p. 198 " used by the defendant is written. The basis of the claim is the " use of the compound word in any form obviously because it " contains the word ' cola.' "

p. 199 " Here the Plaintiff is really attempting to secure a monopoly " of the word ' cola.' "

That this is not a correct statement of the Plaintiff's contention appears, in its submission, from the passages, which in another connection are quoted p. 191 in the judgment, from the opening speech of its counsel at the trial of the action. The contention in fact made was (and is) that by virtue of the registration and the statutory rights flowing from it, the Plaintiff is entitled to prevent the use, by others, on goods of the kind in question, of marks so similar to the Plaintiff's registered mark as is the Defendant's, which incorporates five of the six definable features of the Plaintiff's mark. These features are :

(*a*) the word " Coca,"
(*b*) the word " Cola,"
(*c*) their hyphenated conjunction in that order,
(*d*) the heavy black fancy letters in which they are written,
(*e*) the two initial script capitals, and
(*f*) the underlining and overlining flourishes extending from these.

The only feature of the registered mark not common to both is the first, and the Defendant's mark exhibits no added distinguishing characteristic apart from the presence of the word " Pepsi " instead of the word " Coca."

18.—The Plaintiff submits that the learned trial Judge was right in the method he adopted of comparing these two marks, and that the judgment of the majority of the Supreme Court is erroneous in that, instead of adopting this course, the marks have been compared only after eliminating from consideration the resemblances due to the form of the letters and decoration used in the two marks and, even more importantly, the presence in each of the word " cola."

19.—To disregard the presence of that word in both marks is inconsistent with the manner in which both the learned trial Judge and the Supreme Court disposed of the Defendant's objection to the validity of the Plaintiff's registration on the ground of its descriptiveness which is dealt with hereunder in para. 21.

AS TO THE CROSS-APPEAL.

20.—The Plaintiff submits that in order to succeed in its attack upon the trade-mark Coca-Cola, the Defendant must show that it is not registrable under either statute. Section 23 of the *Unfair Competition Act*, 1932, provides with respect to marks registered under the *Trade Mark and Design Act* that they " shall hereafter be governed by the provisions of this Act, " but shall not, if properly made under the law in force at the time they were " made, be subject to be expunged or amended only because they might " not properly have been made hereunder." Sec. 52 gives the Exchequer Court jurisdiction on the application of any person interested, to order that any entry be struck out " 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." The mark should only be expunged therefore if it failed to satisfy the provisions of the *Unfair Competition Act* in addition to those of the *Trade Mark and Design Act*.

The relevant provisions of the *Trade Mark and Design Act* were only that the mark should have been " adopted . . . for the purpose of " distinguishing the goods " (Sec. 5) and that it should " contain the " essentials necessary to constitute a trade mark, properly speaking." (Sec. 11.)

The *Unfair Competition Act* in Sec. 4 gives a fresh foundation for the Plaintiff's rights by virtue of Sec. 4 (1), which so far as presently material provides :

> " The person who, in association with wares, first uses or makes " known in Canada . . . a trade mark . . . shall be entitled to the " exclusive use in Canada of such trade mark . . . provided that " such trade mark is recorded in the register existing under the " *Trade Mark and Design Act* at the date of the coming into force " of this Act."

Under the *Unfair Competition Act* the expression " trade mark " is defined (Section 2 (m)) as :—

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" A symbol which has become adapted to distinguish particular " wares falling within a general category from other wares falling " within the same category, and is used by any person in association " with wares entering into trade or commerce for the purpose of " indicating to dealers in, and/or users of such wares that they have " been manufactured, sold, leased or hired by him, or that they p. 93 " are of a defined standard or have been produced under defined " working conditions, by a defined class of persons, or in a defined " territorial area, and includes any distinguishing guise capable of " constituting a trade mark." 10

21:—The Plaintiff submits that the mark " Coca-Cola " was distinctive at its date of registration in 1905 and, further, in 1932 did in fact distinguish the Plaintiff's beverage, so that whichever time is regarded as critical from the point of view of distinctiveness the statutory conditions for a valid registration were fully satisfied.

The main attack made upon the Plaintiff's mark was that it was descriptive and therefore not properly registrable as a Trade Mark. The only evidence given touching this objection in any way was that of Guth who in his examination in chief said that the Defendant's beverage :—

" derives its name from two of its outstanding ingredients, the 20
p. 42 " first being pepsin, which aids digestion, and the other from the " marvellous flavour of the cola-nut, which is grown in the British " Jamaica Isles and Africa,"

but on cross-examination, the following passage occurs :—

" Q. Now you told my learned friends about the words Pepsin " and Cola being the basis of the word ' Pepsi-Cola.' Am I to take " it from that that you regard the word ' Pepsi-Cola ' as merely
p. 51 " descriptive of the drink ?—A. I certainly do not. I regard it as " the trade mark of that company which has been in existence for " 41 years." 30

(This last assertion was untrue. The Defendant company was incorporated in 1934 and succeeded to the business of no other company.)

The Defendant further sought to support this point in argument by referring to dictionaries.

On these matters the learned trial Judge said :—

" I think it may now be presumed that the Plaintiff's mark has " become adapted, in Canada, by its long and extensive use by the " Plaintiff, and its predecessor in business, to distinguish the goods
p. 93 " of the Plaintiff, and this presumption has not in any way been " rebutted, in fact I do not think it has ever been put in question. 40 " Further, I do not think the Plaintiff's mark is descriptive or " misdescriptive. I do not see how it can be said that the compound " word ' Coca-Cola ' is descriptive of the Plaintiff's beverage, largely " composed of carbonated water, even if it contains a flavouring of " Coca leaves or the Kola nut, which indeed, has not even been

" properly established here if it were a vital point . . . I should RECORD
" think that the words comprising the Plaintiff's mark were unknown
" in this country, at least as the name of a beverage before the
" Plaintiff's predecessor in business came to use the same for that
" purpose, and I doubt if it would occur to anyone that the beverage
" was made from Coca leaves and the Kola nut, both of which
" products would be unknown to most people in Canada at the date
" of the adoption of the mark as the name of a beverage."

In the Supreme Court Davis J. said :

" It is not without its own significance that there is no evidence
" in the case now before us that an extract or ingredient from
" either cola nuts or coca leaves forms any part of the formula from
" which the Plaintiff's beverage is made. We doubt if the public p. 193
" who buy and consume the beverage ever think in terms of either
" coca leaves or cola nuts,"

and Kerwin J. without dealing specifically with this point, held generally that there was no evidence to warrant a declaration that the mark was p. 202 not registrable or an order that its registration be cancelled.

The Plaintiff submits that in view of these concurrent findings it is not now open to the Defendant to contend that the Plaintiff's registration, in so far as it related to the words " Coca-Cola " as such, was open to objection on the ground of the descriptiveness of either the word " Coca " or the word " Cola " as applied to a beverage. In order that a trade mark registration should be set aside on the ground of the mark's descriptiveness or misdescriptiveness, it is not, in the Plaintiff's submission, sufficient to show that the registered word has a dictionary meaning which might be applicable to the goods ; it must appear that the common understanding of the word is such that its meaning would so clearly be applied to the goods that the word could not be distinctive of the trade mark owner's relation to them.

22.—The other grounds upon which the validity of the Plaintiff's registration was attacked were (i) that the mark had become *publici juris* by reasons of the manner in which the Plaintiff had used and permitted others to use it ; (ii) that the registration had been abandoned ; and (iii) that the word " Cola " had been used for many years by manufacturers of soft drink beverages as a *bona fide* description of the character and quality of their goods prior to the registration of the Plaintiff's mark on November 11, 1905.

23.—In support of the first of these three grounds, namely, that the mark had become *publici juris*, the Defendant led evidence directed to p. 57 showing that the Plaintiff had supplied syrup to bottlers and soda fountain proprietors, whom they permitted to add carbonated water and to sell the beverage. The learned trial Judge rejected the Defendant's contention that this course of business had affected the Plaintiff's rights, saying :

" This arrangement in the production of an article of this kind

p. 92 " is virtually a production by the Plaintiff itself, and I do not " think this contention of the Defendant is one of substance."

In the Supreme Court the point is not dealt with specifically in the judgment of Kerwin J., but in the judgment of the majority of the court it is said that

" The evidence at the trial was not developed sufficiently on " this branch of the case to show explicitly how these bottling " concerns, or the retail dealers who purchase from them, actually " sold the beverage. It would seem to be a fair inference from the
p. 195 " evidence that it was sold under the name ' Coca-Cola ' but if " the Plaintiff's course of dealing with the syrup and the sales " to the public of the beverage made from the syrup were to be " relied upon as an abandonment by the Plaintiff of its trade mark " the facts should have been plainly established."

The Plaintiff submits that for the reasons given by both Courts this ground of attack on the validity of the registered mark fails.

24.—No evidence was given in support of the second ground, namely, that the registration had been abandoned and this point is not dealt with in any of the judgments below. The only evidence possibly relevant to the third ground, namely, that the word " Cola " had been used for many years by other manufacturers of soft drink beverages prior to the date of the Plaintiff's registration, consists of four of the thirty certificates of registration put in by the Defendant. These certificates all relate to marks for medicinal or tonic preparations, and in the Plaintiff's submission are irrelevant not only because the goods mentioned are not similar to those of the Plaintiff, but also because the certificates do not afford any evidence of use of the marks covered by them, since they do not fall within the provisions of Sec. 18 of the *Unfair Competition Act*, 1932, quoted above in paragraph 8.

25.—The Plaintiff submits that the judgment of the Supreme Court of Canada should be affirmed in so far as the Defendant's counterclaim was thereby dismissed, and that it should be reversed and the usual relief consequent upon establishing an infringement of a valid trade mark should be granted in so far as by the said judgment it was adjudged that the use of the Defendant's mark was not an infringement of the Plaintiff's right for the following among other

REASONS.

(1) Because the registration of the Plaintiff's trade mark is valid.

(2) Because the said mark was not open to objection as being clearly either descriptive or misdescriptive of the Plaintiff's goods either when registered in 1905 or when included in the new register in 1932.

(3) Because there is no evidence of the use of either of the words included in the said mark by other manufacturers as a description of the character or quality of products similar to that of the Plaintiff.

(4) Because there is no evidence that the Plaintiff has used or permitted the use of its mark in such a way as to cause it to lose its distinctiveness.

(5) Because the Defendant has used a mark which is " similar " in the statutory sense to the Plaintiff's registered mark and has thus infringed the Plaintiff's rights to the exclusive use of that mark under the provisions of the *Unfair Competition Act,* 1932.

(6) Because the learned trial Judge was right in holding that the Plaintiff's mark was infringed by the Defendants.

(7) Because the learned trial Judge was right in comparing the marks as wholes and the majority of the Supreme Court wrong in disregarding certain features of correspondence of the marks in question.

(8) Because the Supreme Court misdirected themselves as to the law and as to the admissibility and weight of the evidence.

(9) Because the Supreme Court reversed the decision of the learned trial Judge on the issue of infringement without sufficient cause.

K. E. SHELLEY.

G. H. LLOYD JACOB.

SUPPLEMENT.

TRADE MARK and DESIGN ACT.

(R. S. c. 201.)

What shall be deemed to be trade marks.

5. All marks, names, labels, brands, packages or other business devices, which are adopted for use by any person in his trade, business, occupation or calling, for the purpose of distinguishing any manufacture, product or article of any description manufactured, produced, compounded, packed or offered for sale by him, applied in any manner whatever either to such manufacture, product or article, or to any package, parcel, case, box or other vessel or receptacle of any description whatsoever containing the same, shall, for the purposes of this Act, be considered and known as trade marks.

* * *

Minister may refuse to register trade mark or label in certain cases.

11. The Minister may refuse to register any trade mark or union label:—

(*a*) if he is not satisfied that the applicant is undoubtedly entitled to the exclusive use of such trade mark or union label;

(*b*) if the trade mark or union label proposed for registration is identical with or resembles a trade mark or union label already registered;

(*c*) if it appears that the trade mark or union label is calculated to deceive or mislead the public;

(*d*) if the trade mark or union label contains any immoral or scandalous figure;

(*e*) if the so-called trade mark does not contain the essentials necessary to constitute a trade mark, properly speaking. 1927, c. 71, s. 3.

* * *

How registration may be effected.

13. Subject to the foregoing provisions, the proprietor of a trade mark may, on forwarding to the Minister a drawing and description in duplicate of such trade mark, and a declaration that the same was not in use to his knowledge by any other person than himself at the time of his adoption thereof, together with the fee required by this Act in that behalf, and on otherwise complying with the provisions of this Act in relation to trade marks and with the rules and regulations made thereunder, have such trade mark registered for his own exclusive use.

2. Thereafter such proprietor shall have the exclusive right to use the trade mark to designate articles manufactured or sold by him. Exclusive right to trade mark.

* * *

19. An action or suit may be maintained by any proprietor of a trade mark against any person who uses the registered mark of such proprietor, or any fraudulent imitation thereof, or who sells any article bearing such trade mark or any such imitation thereof, or contained in any package of such proprietor or purporting to be his, contrary to the provisions of this Act. Suit by proprietor.

* * *

48. Every certificate under this Act that any trade mark or industrial design has been duly registered in accordance with the provisions of this Act, which purports to be signed by the Minister or the Commissioner of Patents shall, without proof of the signature, be received in all courts in Canada as *prima facie* evidence of the facts therein alleged. R. S., c. 71, s. 45; 1919, c. 64, s. 2. No proof of signature of certificate required.

UNFAIR COMPETITION ACT, 1932.

(22-23 Geo. V. c. 38.)

2. In this Act, unless the context otherwise requires : Interpretation.

(*c*) " Design mark " means a trade mark consisting of an arbitrary and in itself meaningless mark or design, or of a representation of some object or objects, or of letters or numerals in series or otherwise, or of a combination of two or more of the foregoing elements, and depending for its distinctiveness upon its form and colour, or upon the form, arrangement or colour of its several parts, independently of any idea or sound capable of being suggested by the particular sequence of the letters and/or numerals, if any, forming part, thereof, or by their separation into groups, and includes any distinguishing guise capable of constituting a trade mark ; " Design mark."

(*e*) " Owner " in relation to a trade mark, means either the person who has an exclusive right to use the mark in association with his wares in such a way as to indicate to dealers in and/or users of such wares that they have been manufactured, sold, leased or hired by him, or, in the case of a trade mark adopted for use in such a way as to indicate only that the wares in association with which it is used are of a defined standard or that they have been produced under defined working conditions, by a defined class of persons or in a defined territorial area, means the person, trade union, commercial association or administrative authority by which the said standard, working conditions, class of persons or area has been defined ; " Owner ".

(*k*) " Similar," in relation to trade marks, trade names or distinguishing guises, describes marks, names or guises so resembling each other or so " Similar ".

clearly suggesting the idea conveyed by each other that the contemporaneous use of both in the same area in association 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, for the conditions under which or the class of persons by whom they were produced, or for their place of origin ;

"Trade mark".

(*m*) " Trade mark " means a symbol which has become adapted to distinguish particular wares falling within a general category from other wares falling within the same category, and is used by any person in association with wares entering into trade or commerce for the purpose of indicating to dealers in, and/or users of such wares that they have been manufactured, sold, leased or hired by him, or that they are of a defined standard or have been produced under defined working conditions, by a defined class of persons, or in a defined territorial area, and includes any distinguishing guise capable of constituting a trade mark ;

"Word mark".

(*o*) " Word mark " means a trade mark consisting only of a series of letters and/or numerals and depending for its distinctiveness upon the idea or sound suggested by the sequence of the letters and/or numerals and their separation into groups, independently of the form of the letters or numerals severally or as a series.

Deliberate adoption of trade mark known in Canada forbidden.

3. No person shall knowingly adopt for use in Canada in connection with any wares any trade mark or any distinguishing guise which—

(*a*) is already in use in Canada by any other person and which is registered pursuant to the provisions of this Act as a trade mark or distinguishing guise for the same or similar wares ;

(*b*) is already in use by any other person in any country of the Union other than Canada as a trade mark or distinguishing guise for the same or similar wares, and is known in Canada in association with such wares by reason either of the distribution of the wares in Canada or of their advertisement therein in any printed publication circulated in the ordinary course among potential dealers in and/or users of such wares in Canada ; or

(*c*) is similar to any trade mark or distinguishing guise in use, or in use and known as aforesaid.

Exclusive use of registered trade mark.

4. (1) The person who, in association with wares, first uses or makes known in Canada, as provided in the last preceding section, a trade mark or a distinguishing guise capable of constituting a trade mark, shall be entitled to the exclusive use in Canada of such trade mark or distinguishing guise in association with such wares, provided that such trade mark is recorded in the register existing under the Trade Mark and Design Act at the date of the coming into force of this Act, or provided that in compliance with the provisions of this Act he makes application for the registration of such trade mark within six months of the date on which

R.S., c. 201.

this Act comes into force, or of the date of his first use thereof in Canada, or of the date upon which the trade mark or distinguishing guise was first made known in Canada, as provided in the last preceding section, and thereafter obtains and maintains registration thereof under the provisions of this Act.

Use of trade mark by other than owner.

(2) The use of a trade mark or a distinguishing guise capable of constituting a trade mark by a person who is not registered as the owner thereof pursuant to the provisions of this Act shall not confer upon such person any right, title or interest therein as against the person who is registered as the owner of the same or a similar trade mark or distinguishing guise.

Times within which applications for registration may be made.

(3) Notwithstanding the provisions of subsection one of this section, the person who first uses or makes known in Canada, in association with wares a trade mark or a distinguishing guise capable of constituting a trade mark, may apply for and secure registration thereof after the expiration of any of the periods of six months specified by subsection one, provided the same or a similar trade mark or distinguishing guise has not been registered by another for use in association with the same or similar wares, but such application shall not be allowed or the registration of such trade mark made before the expiration of a period of six months from the date of such application.

No suit unless Trade Mark registered.

(4) No person shall institute any proceedings in any court to prevent the infringement of any trade mark unless such trade mark is recorded in the register maintained pursuant to this Act.

Distribution or advertisement of wrongly trade-marked wares forbidden.

5. Except as thereunto authorised by the registered owner thereof, no person shall sell, distribute or advertise in Canada, any wares in association with any trade mark or distinguishing guise which, pursuant to the provisions of this Act, has been adopted and registered by any other person for use in association with the same or similar wares.

* * *

Burden of proof of having knowingly adopted a trade mark or trade name.

10. Any person who adopts a trade mark, trade name or distinguishing guise identical with or similar to a trade mark, trade name or distinguishing guise which was in use, or in use and known as aforesaid, shall be presumed to have knowingly adopted the same unless it is established either—

(*a*) that, in the case of a trade mark, the ownership thereof in Canada passed to the person by whom the same was adopted, or, in the case of a trade name or distinguishing guise not being a trade mark, that the same was adopted with the consent of the person by whom the same was in use ; or

(*b*) that, at the time of the adoption of the trade mark, trade name or distinguishing guise, the person who adopted it was in ignorance of the use of the same or of a similar unregistered

trade mark or a similar trade name or distinguishing guise, and that in adopting it the person by whom it was adopted acted in good faith and believed himself to be entitled to adopt and use it ; or

(*c*) that the person by whom such trade mark, trade name or distinguishing guise was adopted has continuously used the same in the ordinary course of his business and in substantially the manner complained of during the five years immediately before the commencement of the proceedings.

Acts of unfair competition forbidden.

11. No person shall, in the course of his business :

(*a*) make any false statement tending to discredit the wares of a competitor ;

(*b*) direct public attention to his wares in such a way that, at the time he commenced so to direct attention to them, it might be reasonably apprehended that his course of conduct was likely to create confusion in Canada between his wares and those of a competitor ;

(*c*) adopt any other business practice contrary to honest industrial and commercial usage.

* * *

Special proceedings to restrain proposed distribution of falsely trade-marked wares.

16.—(1) If it is made to appear to the Exchequer Court of Canada or to any superior court that any trade mark which is registered pursuant to the provisions of this Act, or any trade name, or any indication of a place of origin, has been fraudulently or unlawfully applied to any wares which have been imported into Canada or are about to be distributed in Canada, or that the use in Canada of such trade mark or trade name by the importer or distributor of such wares is contrary to the provisions of this Act, the court may make an order for the interim custody of such wares pending a final determination of the legality of their importation or distribution.

* * *

Effect of certificates of registration of a trade mark.

18.—(1) In any action for the infringement of any trade mark, the production of a certified copy of the record of the registration of such trade mark made pursuant to the provisions of this Act shall be prima facie evidence of the facts set out in such record and that the person named therein is the registered owner of such mark for the purposes and within the territorial area therein defined.

Certified copy as evidence.

(2) Such a certified copy shall also, subject only to proof of clerical error therein, be conclusive evidence that, at the date of the registration, the trade mark therein mentioned was in use in Canada or in the territorial area therein defined for the purpose therein set out, in such manner that no person could thereafter adopt the same or a similar trade mark for the same or similar goods in ignorance of the use of the registered mark by the

owner thereof for the said purpose in Canada or in the defined territorial area within Canada.

Defences in actions in which registration certificates relied upon.

19. If it appears to the court that a registered trade mark was not registrable by the person by whom the application for its registration was made, the owner thereof shall not be entitled to any remedy or relief in an action for the alleged infringement of such mark without other evidence of his rights than the mere production of a certified copy of the record of the registration.

* * *

Register of Trade Marks.

22.—(1) There shall be kept under the supervision of the Registrar a register of trade marks in which, subject as hereinafter provided, any person may cause to be recorded any trade mark he has adopted, and notifications of any assignments, transmissions, disclaimers and judgments relating to such trade mark.

Particulars therein.

(2) The register shall specify the date upon which each of the trade marks recorded therein was registered, and shall contain an abstract of the statements contained in the applications for the registration of such marks respectively, and of any documents deposited with such applications, or filed with the Registrar subsequent to the making of the applications and affecting the right to such trade marks respectively.

Present register of Trade Marks continued R.S., c. 201.

23.—(1) The register now existing under the Trade Mark and Design Act shall form part of the register maintained pursuant to this Act, and, subject as hereinafter provided, all entries therein shall hereafter be governed by the provisions of this Act, but shall not, if properly made under the law in force at the time they were made, be subject to be expunged or amended only because they might not properly have been made hereunder.

Notice to owners.

(2) The Registrar may at any time, and shall at the request of any application for the registration of a trade mark under this Act, by notice in writing require the owner of any trade mark or union label on the register at the date of the coming into force of this Act to furnish to him within four months from the date of the notice the information which would have been required on an application for the registration of such trade mark under this Act.

Further notice on default.

(3) If such information is not furnished pursuant to such notice, the Registrar shall by a further notice, fix a reasonable time within which, if the information is not furnished, the record of the registration shall be liable to be expunged, and it may be expunged accordingly by the Registrar if no objection is made by the owner of the mark, or by judgment, declaration or order of the Exchequer Court of Canada if he enters an objection.

Service.

(4) Any such notice as aforesaid shall be deemed to have been sufficiently given if sent to the person appearing from the record to be the owner of such mark addressed to him at his address as stated in the application for the registration of the mark or for the last renewal thereof, and if any other later or more accurate address is known to the Registrar, at such later or more accurate address, and also addressed to him in care of the person to whom the certificate of registration or of the last renewal thereof was sent at the time of its issue.

Word or design marks.

(5) Marks registered before the coming into force of this Act shall be treated as word marks or as design marks according to the following rules :—

(*a*) Any mark consisting of words and/or numerals only without any indication of a special form or appearance shall be deemed to be a word mark ;

(*b*) Any other mark consisting of words and/or numerals only shall be deemed to be a word mark if at the date of its registration the words and/or numerals would have been registrable 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 mark including words and/or numerals in combination with other features shall be deemed to be a design mark having the features described in the application therefor but without any meaning being attributed to the words or numerals, which shall, however, also be deemed to constitute a word mark if and so far as they would at the date of registration have been registrable independently of any defined form or appearance and without being combined with any other feature ;

(*d*) Any other mark shall be deemed to be a design mark having the features described in the application therefor.

* * *

Register to be open to inspection.

25. The register and the documents upon which the entries therein are based shall be open to inspection by the public during business hours and a copy of any entry in the register or of any such document, certified by the Registrar under his official seal, shall be furnished by him upon request and upon payment of the fee prescribed therefor.

What word marks are registrable.

26.—(1) Subject as otherwise provided in this Act, a word mark shall be registrable if it—

(*a*) does not contain more than thirty letters and/or numerals divided into not more than four groups ;

(*b*) is not the name of a person, firm or corporation ;

(*c*) is not, to an English or French speaking person, clearly descriptive or misdescriptive of the character or quality of the wares in connection with which it is proposed to be used, or of the conditions of, or the persons employed in, their production, or of their place of origin ;

(*d*) would not if sounded be so descriptive or misdescriptive to an English or French speaking person ;

(*e*) is not the name in any language of any of the wares in connection with which it is to be used ;

(*f*) is not similar to, or to a possible translation into English or French of, some other word mark already registered for use in connection with similar wares ; and

(*g*) is not such as to suggest the name in French or English of some feature of a design mark already registered for use in connection with similar wares which is so characteristic of the design mark that its name would not be unlikely to be used to define or describe the wares in connection with which the design mark is used.

Exception.

(2) An application for the registration of a word mark otherwise registrable shall not be refused on the ground that the mark consists of or includes a series of letters or numerals which also constitute or form part of the name of the firm or corporation by which the application for registration is made.

What design marks are registrable.

27. Subject as hereinafter provided, any design mark may be registered if it—

(*a*) is not identical with or similar to any design mark already registered for use in connection with similar wares ;

(*b*) is not such as to be likely to mislead dealers in and/or users of the wares in connection with which it is proposed to be used as to the character or quality of such wares or as to the conditions of or the persons employed in their production or as to their place of origin ;

(*c*) is not such that, by reason of one of its principal characteristics being a representation of something which obviously suggests a word mark already registered for use in connection with similar wares, it is likely that such word mark, or some word resembling the same, would be used to define or describe the wares in connection with which the design mark is used.

Special provisions as to registration of certain marks.

28.—(1) Notwithstanding anything hereinbefore contained :—

* * *

(*b*) Similar marks shall be registrable for similar wares if the applicant is the owner of all such marks, which shall be

known as associated marks, but no group of associated marks shall include both a mark intended to indicate that the wares bearing it have been manufactured, sold, leased, or hired by the owner of the mark and a mark intended to indicate that the wares bearing it are of a defined standard or have been produced under defined working conditions, by a defined class of persons or in a defined territorial area ;

Similar marks.

* * *

Recording changes of ownership.

44.—(1) Whenever it is made to appear to his satisfaction that any person who appears on the register to be an owner of a registered trade mark has ceased to be so and that some other person has become by assignment or transmission the owner of such mark, the Registrar shall note the change of ownership accordingly on the record of the registration.

Assignments and licences.

(2) A registered trade mark shall not be assigned or transmitted except in connection and concurrently with an assignment or transmission of the good will of the business carried on in Canada in association with the wares for which such mark has been registered, and in any case such trade mark shall be terminate with such goodwill ; provided however that any registered owner of a trade mark whose headquarters are situate in Canada and who is entitled to its exclusive use in connection with a business carried on in Canada may assign the right to use such trade mark in any other country, in association with any wares for which such trade mark is registered, in connection and concurrently with his assignment of the goodwill of the business carried on in such other country in such wares, provided that the grant of such right is forthwith recorded by the grantor of such right in the register maintained pursuant to this Act.

* * *

Renewal of registration of trade mark.

50.—(1) If a mark has been on the register without renewal for the period hereinafter specified less four months, the Registrar shall take the action prescribed under the last preceding section on the ground that the person appearing from the register to be the owner thereof has ceased to use the same.

* * *

Periods of registration

(3) The period specified in subsection one of this section shall be as follows :—

(*a*) In the case of any specific trade mark on the register maintained under the Trade Mark and Design Act at the date of the coming into force of this Act, twenty-five years from the date of the original registration or of the last renewal thereof ;

* * *

52.—(1) The Exchequer Court of Canada shall have 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. Jurisdiction of Exchequer Court to amend register.

* * *

53. Every application under the next preceding section shall be made either by the filing with the Registrar of the Court of an originating notice of motion or by counterclaim in an action for the infringement of the mark. Summary disposition of proceedings.

* * *

61.—(1) Any application for the registration of a trade mark received by the Registrar at any time before the expiration of a month from the day upon which this Act comes into force shall be dealt with in accordance with the provisions of the Trade Mark and Design Act, and registrations made pursuant to such applications shall for the purposes of this Act be deemed to have been on the register at the date upon which this Act comes into force. Repeal. R.S., c 201.

In the Privy Council.

No. 14 of 1941.

ON APPEAL FROM THE SUPREME COURT OF CANADA.

BETWEEN

THE COCA-COLA COMPANY OF CANADA LIMITED ... ... (*Plaintiff*) *Appellant*

AND

PEPSI-COLA COMPANY OF CANADA LIMITED ... (*Defendant*) *Respondent.*

CASE OF THE APPELLANT (PLAINTIFF).

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