

1934

BETWEEN:

June. 7.

CONTINENTAL OIL COMPANY.....APPELLANT;

July 12.

AND

COMMISSIONER OF PATENTS.... RESPONDENT.

Trade-Mark—Unfair Competition Act—Appeal from Registrar—“Motorine”—“Motorene”—Objection to registration—Date of application—User of trade-mark.

The Continental Oil Company, on January 11, 1933, applied to the Registrar under the Unfair Competition Act, c. 38, 1932, to register the trade-mark “Motorine,” alleging in its application that it had used the mark in Canada, since December 17, 1932. The British American Oil Company, on February 28, 1933, applied to the Registrar to register the word mark “Motorene” alleging that it had used this mark continuously in Canada since February 1, 1911. Each mark is for use in association with lubricating oils and greases. The Registrar refused to register either mark on the ground that they were in conflict. From this refusal the Continental Oil Company appealed.

Held: That priority in date of application is not the sole determining factor in deciding which of two or more applicants, under the Unfair Competition Act, is entitled to registration; the words “first uses or makes known in Canada” in s. 4, ss. 1, must be considered when determining priority rights between rival applicants.

2. That an “objection” under s. 38 may be in the form of a second application for the same mark if made before the prior application has been disposed of.
3. That the Registrar should take cognizance of the alleged date of user of a trade-mark, as contained in the application, in differentiating between applications.
4. That “objection” in s. 39, means any objection to, or ground for refusal of an application, gathered from any material properly and in a formal way before the Registrar, before he has disposed of such application.

APPEAL by the Continental Oil Company from the refusal of the Registrar under the Unfair Competition Act to register the trade-mark “Motorine.”

The appeal was heard before the Honourable Mr. Justice Maclean, President of the Court, at Ottawa.

O. M. Biggar, K.C., and M. B. Gordon for Continental Oil Co.

R. L. Hughes for British American Oil Co.

E. G. Gowling for Commissioner of Patents.

The facts and questions of law raised are stated in the reasons for judgment.

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THE PRESIDENT now, (July 12, 1934) delivered the following judgment:

This is an appeal from the refusal of the Registrar under the Unfair Competition Act 1932, hereinafter referred to as the Act, to register the trade-mark "Motorine," registration of which was applied for by the Continental Oil Company, on January 11, 1933. The appeal is asserted under sec. 51 of the Act. A motion was made before me sometime ago requiring the Registrar to register this mark, but the motion was denied upon the grounds stated in my reasons for judgment (1). It becomes necessary again to state the facts, and this may be done in brief terms. On January 11, 1933, the Continental Oil Company applied for registration of the word mark "Motorine," for use in association with oils and grease, and the applicant alleged in its application that it had used the mark in Canada, since December 17, 1932. On February 28, 1933, the British American Oil Company applied for registration of the word mark "Motorene," in association with lubricating oils, which mark the applicant alleged in its application to have continuously used in Canada, since February 1, 1911. The Registrar, deeming these applications to be in conflict, declined to dispose of either until the rights of the respective applicants had been determined either by mutual agreement, or by a court of competent jurisdiction. Upon a further consideration of the applications, on May 9, 1934, the Registrar refused to register either mark on the ground that they were in conflict, which, he held, created an objection to registration under the Act. From this refusal the Continental Oil Company now appeals.

Upon the former motion mentioned, the British American Oil Company was not heard, but a notice of this appeal was served upon that company, and it duly appeared on the hearing of the appeal, by counsel. Mr. Biggar, for

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the appellant, did not however concede that the British American Oil Company appeared as an appellant from the refusal of the Registrar to register its mark, and in fact it has not, so far as I know, appealed from such refusal. Had appeals been asserted in respect of the refusal of both applications, and heard together, I would have been in a position to make a final disposition of both the applications, which I think, I am now unable to do. There is another matter which I might conveniently mention and dispose of at this stage. On the appeal it was disclosed, for the first time, that the Shell Oil Company of Canada Ltd. had registered the mark "Motorine," in 1913, for practically the same uses mentioned in the two applications referred to here, and that the same stood on the register on the date of the applications of the Continental Oil Company and the British American Oil Company. This mark was however removed from the register later, in December, 1932, under sec. 49 of the Act; this matter is not, I think, of importance now, and may be wholly disregarded. Counsel rather left me with the impression that this was also their view.

The question for decision is whether the Continental Oil Company is entitled upon the facts, and under the terms of the Act, to the registration of its trade-mark, over the British American Oil Company, the prior user of the same trade-mark in Canada, though a later applicant for registration. No issue is raised as to the registrability of either mark, but it is obvious that only one of the two marks should be registered, because they are practically identical. Mr. Biggar argued that by the terms of the Act, the Continental Oil Company, as the first applicant, was entitled to the registration, regardless of any other fact or circumstance disclosed. The point to be determined is very important indeed to practitioners, and is surrounded by many difficulties. It is a case wherein, whatever conclusion I reach, doubt may reasonably persist; it is desirable, in the interests of the public and practitioners, either that the statute should be clarified by amendment, or that some judicial pronouncement be made upon the point in issue so that eventually the meaning of the Act in the particulars relevant here, may be ultimately settled.

It is necessary, I think, to discuss the several provisions of the Act with which we have to do here, and probably it would be most convenient to set out at once those provisions of the Act which appear to have a bearing upon the controversy. Sec. 4 is the first to be mentioned, and whether or not this section is in the end held to be relevant to the issue here—and Mr. Biggar thought it was not—it would, I think, be impossible to exclude its consideration, and, in any event, an argument was based upon it by counsel for the Registrar and counsel for the British American Oil Company. An examination of that and other provisions of the Act will assist, I think, in interpreting the intention and effect of the Act, particularly in respect of the duties and powers of the Registrar in connection with applications for the registration of trade-marks. Sec. 4 in part reads as follows:

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, (a) 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, (b) 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 this Act comes into force, (c) or of the date of his first use thereof in Canada, (d) 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.

(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.

(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.

In sec. 4 (1) as above quoted, for purposes of easy reference, I have designated the provisoes of the section, as

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(a), (b), (c), and (d) respectively, which designations are not to be found in the text.

Sec. 30 prescribes the manner of applying for registration of a trade-mark, and what the application shall contain, and the important part of the section is as follows:—

(1) Any person who desires to register a trade-mark under this Act otherwise than pursuant to a judgment order or declaration of the Exchequer Court of Canada shall make an application in writing to the Registrar in duplicate containing

- (a) a statement of the date from which the applicant or named predecessors in title has or have used the mark for the purposes defined in the application and of the countries in which the mark has been principally used since the said date;
- (b) a statement that the applicant considers that, having regard to the provisions of this Act, he was and is entitled to adopt and use the mark in Canada in connection with the wares described; and
- (c) the address of the applicant's principal office or place of business in Canada, if any, and if the applicant has no office or place of business in Canada, the address of his principal office or place of business abroad and the name and address in Canada of some person, firm or corporation to whom any notice in respect of the registration may be sent, and upon whom service of any proceedings in respect of the registration may be made with the same effect as if they had been served upon the applicant himself.

Sec. 36 relates to indexes of trade-mark applications which are to be kept by the Registrar. The section reads as follows:—

(1) There shall be kept under the supervision of the Registrar three indexes of applications for the registration or extension of trade-marks which have been received by the Registrar but are still pending and undisposed of; such indexes shall respectively contain

- (a) an alphabetically arranged list of the persons by whom such applications have been made, with an indication of the nature of the trade-mark applied for by each, and of the wares, if any are specified, in association with which it is proposed to be used;
- (b) an alphabetically arranged list of the word marks which are the subject of such applications and of the groups of letters and numerals forming part of them, with a note of the persons by whom such word marks have been respectively applied for and of the wares, if any are specified, in association with which the marks are proposed to be used; and
- (c) a classified list of the design marks which are the subject of such applications, with a note of the persons by whom such design marks have been respectively applied for and of the wares, if any are specified, in association with which the marks are proposed to be used.

(2) Upon the disposition of any pending application for the registration of a trade-mark, the nature and date of such disposition shall be noted in the indexes aforesaid against the entries therein relating to such application.

(3) The indexes and the applications therein referred to shall be open to public inspection during business hours and the Registrar shall, upon request and the payment of the fee prescribed therefor, furnish a copy of any entry in any index or of any application certified under his seal of office.

Sections 37, 38 and 39 are of importance here, and are as follows:

37. If the Registrar is of opinion that an application is one which cannot be allowed under this Act, he shall forthwith notify the applicant accordingly, giving his reasons for refusing to allow the application.

38. (1) If the Registrar is in doubt as to whether or not an application for registration should be granted by reason of any registrations theretofore made, he shall by registered letter request the owners of the previously registered marks upon which such doubt is based to state, within a period to be fixed by him, whether they have any objection to the proposed registration, and if so, the reasons for such objection.

(2) If any of them object for reasons which are not in the Registrar's opinion frivolous, he shall, subject as hereinafter provided, refuse the application and notify the applicant accordingly, giving full particulars of the registrations or applications on which the objections are based, and the reasons adduced in support of such objections.

39. If there is no objection to the registration of a trade-mark for the registration of which a sufficient and complete application has been made, the Registrar shall, subject as hereinafter provided, forthwith cause such trade-mark to be entered in the register as of the date upon which such application was received by him.

Section 52 (1) plays an important part in the foundation of the argument of the appellant's counsel and therefore might be set out; it is as follows:

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.

A cursory reading of the provisions of the Act which I have quoted, might leave one with the impression that priority of application for the registration of a mark represents the vital scheme of the Act, and that always the first application is entitled, with the two exceptions set forth in sections 37 and 38, to the registration, but a careful perusal of the Act reveals, in my opinion, that this is not the case, although in actual practice registration goes to the first applicant in the majority of cases. Sec. 4 (1) would seem to be intended to protect the old marks in use at the time of the coming into force of the Act, and others coming into use thereafter, within time limits. The proviso 4 (1) (a) presents no difficulties. Then, proviso 4 (1) (b) seems to read that the person who first uses a

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trade-mark in Canada before the passing of the Act, is entitled to the exclusive use of the mark, providing he register within six months of the date of the coming into force of the Act; and that on the material disclosed, is the case of the British American Oil Company, because it was the first to use or make known the mark in Canada, and it applied for registration within six months of the date on which the Act came into force; not anxious to anticipate difficulties I need not attempt to say what situation would develop, if the British American Oil Company did not register within the six months, but later another did after the expiry of that period, and the former then sought under sec. 52 (1) to strike out the registration. But sec. 4 (1) (c) would appear to go further still, and seems to grant the right to registration to the user of a mark providing application was made for registration within six months of his first use thereof in Canada, providing of course that he was also the first to use or make known the mark in Canada; that proviso purports to extend the rights of a trade-mark user to registration beyond that mentioned in 4 (1) (b), but I am not attempting to define its precise effect in this case, because both applications here fall within 4 (1) (b), although the Continental Oil Company's application would apparently fall also within the clause 4 (1) (c), because it applied for registration within six months of its first use in Canada, but it would also be necessary to establish that it was the first to use or make known that mark in Canada, in order to obtain the exclusive use of such mark in Canada. The British American Oil Company's application would not fall within 4 (1) (c) because its application was made more than six months after its first use in Canada. The "first use" by an applicant for registration is one thing, but "first use" * * in Canada" as used in the first two lines of sec. 4, is another thing. The remaining provisions of sec. 4 need not be considered because they are not pertinent to the facts disclosed in the matter under discussion. I am not attempting here to decide definitely what is the true construction and effect of sec. 4 in its entirety, and I only suggest that it negatives the assumption that priority in date of application is the sole determining factor in deciding which of two or more applicants is entitled to regis-

tration, and that the words "first uses or makes known in Canada" must be considered when determining priority rights between rival applicants.

Then it will be recalled that sec. 36 is the one that makes provision for the keeping of indexes, by the Registrar, of applications for registration received by him but which "are still pending and undisposed of." After a pending application is disposed of, the nature and date of such disposition must be noted, in the indexes, against the entries therein relating to such application. Then the section provides that the indexes, and the applications therein referred to, shall be open to public inspection during business hours at the Registrar's office and the Registrar must upon request furnish a certified copy of any entry in any index, or of any application. The immediate importance of this section is that it recognizes that applications need not be disposed of forthwith upon application, that indexes of applications must be kept, and that the indexes and the applications are open to public inspection. It follows that two or more applications, claiming the same trade-mark, may appear in the index on applications at the same time, awaiting disposition.

Then coming to that group of sections, 37, 38 and 39. Sec. 37 is clear, meaning only that if the Registrar is of the opinion that an application cannot be allowed he shall forthwith notify the applicant, giving his reasons therefor. The disallowance referred to in this section must, I think, be intended to relate to a disallowance based on the fact that it was not registrable, but I need not delay to enquire if it means more. Sec. 38 provides that if the Registrar is in doubt whether an application for registration should be granted by reason of a prior registration, he shall by registered letter enquire of such prior registrant if he has any objection to the proposed registration, and if so to assign his reasons therefor. If any objection is made and seems not frivolous, the Registrar shall refuse the application and notify the applicant accordingly, giving particulars of the registrations or applications on which the objections are based, and the reasons adduced in support of such objections. While sec. 38 would at first seem to relate only to objections based on a prior "registration," yet it would seem also that a contemporary "application"

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might also be a ground of objection, because ss. (2) requires that the Registrar, in refusing an application, shall give to the applicant particulars of the "registrations or applications on which the objections are based." In this regard sec. 38 seems somewhat obscure. If the construction which I suggest is well founded, then there is a further recognition of the fact that one application may constitute an objection to another application, both being before the Registrar at the same time. It would seem to me that the words "or applications" should be eliminated from sec. 38 (2) or incorporated in some way in sec. 38 (1), and also in sec. 51 (2). Then by sec. 39, if there is no "objection" to the registration of a trade-mark, for which a complete application for registration has been made, the Registrar is required to forthwith enter such trade-mark in the register as of the date of application. The words "objection * * * has been made," must mean, I think, an objection made by any person, who knowing of the application made, from the index of applications, or from or through any other source, and who lodges with the Registrar in some tangible form an "objection"; an "objection" might be, I think, a second application for the same mark if made before the prior application were disposed of. An "objection" is, I think, something the Registrar may consider to be such. An "objection" must of course be one of substance, it must not be frivolous, and it must have some basis in fact or law, or both; the Registrar must not refuse an application to register a trade-mark if it is registrable, and, if upon the material before him, it would appear that there is no valid or meritorious objection to the registration of the mark.

Mr. Gowling, for the Registrar, urged that the question which concerned the Registrar was should he allow registration under the first application, when he had regularly before him a second application for the same trade-mark, and he said the Registrar considered that there was an "objection" to the first application when he found before him a second application for registration of virtually the same mark, and which second application disclosed that the second applicant was the prior user of the mark, and which user was prior to the passing of the Act, the second application being made within six months

of the Act coming into force. And he pointed out that the British American Oil Company, being a prior user of the mark as between the two applicants in Canada, had the exclusive right to the mark under sec. 4 (1), and that upon the material before him it would be an interference with the protection intended to be afforded to first users under sec. 4 (1), to refuse the second application; and that sec. 4 (1) of the Act should not be disregarded but should be read along with other relevant provisions of the Act. Evidently, the Registrar did not act as Mr. Gowling argued.

On the other hand Mr. Biggar, for the Continental Oil Company, in effect contended that if the trade-mark proposed to be registered by his client was registrable, and if the register disclosed no objections in the nature of similar prior registrations, then the trade-mark of the Continental Oil Company should have been forthwith registered as of the date of the application, as directed by sec. 39, notwithstanding that the application of the British American Oil Company had been received and was before the Registrar before he had made any disposition of the first application, and notwithstanding that the second application disclosed an earlier use of the mark than the first application. Mr. Biggar urged that this was the clear purpose and intention of the Act, to ensure, *inter alia*, expedition in the administration of the Act. He pointed out that even if the registration of his client's mark did not accurately express its existing rights to be registered, a simple and summary remedy was open to any objecting party under section 52, wherein by an originating notice of motion any person may move to strike from the register any entry on the ground that it did not accurately express or define the existing rights of the person appearing to be the registered owner of the mark. This, I think, expresses the substance of Mr. Biggar's argument.

Mr. Hughes, for the British American Oil Company, opposed Mr. Biggar's construction of the Act, and urged that upon the facts and the provisions of the Act, the application of his client should be considered by the Registrar before disposing of the first application, and that his client was entitled to priority and should be given registration of his mark. That expresses the substance of the argument advanced on behalf of the British American Oil Company.

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The matter for decision then is, what, in the state of the facts disclosed, and in virtue of the provisions of the Act, should the Registrar have done, in respect of these two applications. I am of the opinion, in the first place, that the Registrar should have made some disposition of the two applications, upon the material before him. I do not think he should have refused to act until the rival applicants settled the issue between themselves, or until the courts disposed of the controversy. Speaking with some reserve, I doubt also if he should have refused both applications on the ground that they were in conflict. The Act does not seem to make any provision for the case where concurrent applications are seemingly in conflict. Sec. 22 of the Exchequer Court Act grants jurisdiction to the Exchequer Court in all cases of conflicting applications for registration of trade-marks. Whether the grant of jurisdiction creates a remedy or procedure in such a case, as it does create a liability, may be debatable, and I am not expressing a definite opinion on the point; it may be that this is what the Registrar had in mind when he refused both applications, although his refusals seem to be based on something in the Act. I doubt, however, if the applications here were in conflict. The trade-marks themselves were in conflict, it is true, but I doubt if the applications were in conflict, because one showed a much earlier user than the other, and it seems to me, that in such circumstances, that was sufficient to differentiate the applications; I think the Act contemplates that the Registrar should take cognizance of this fact and act accordingly. The Trade-Mark and Designs Act, repealed, did not require an applicant to make "a statement of the date from which the applicant * * has or have used the mark for the purposes designed in the application," as does the Unfair Competition Act, and this requirement, a very desirable one to make, was, I think, intended to widen the discretion and powers of the Registrar, to supply further material on which he could act, and thus avoid needless litigation and delays in securing registration of trade-marks. With the introduction of this requirement in the written application, sec. 30 of the Act, it is hardly conceivable that two applications should be in such a state of conflict that a decision, as between two or more appli-

cations, should not be made by the Registrar. It is difficult to say just how useful now is sec. 22 (a) of the Exchequer Court Act, or when it may be resorted to, and no doubt the point will sometime arise for decision. Under the repealed Trade-Mark and Designs Act, there could be a reference by the Minister to the Exchequer Court when he was not satisfied that any applicant was entitled to the exclusive use of a trade-mark for which an application to register was before him, but there is not now such a statutory provision.

While appreciating the force of Mr. Biggar's argument, I am of the opinion that his contention cannot prevail. I think it is clear that section 4 (1) of the Act was intended to afford protection, for a limited period at least, to a trade-mark which had been in use prior to the passing of the Act, providing the user applied for registration within six months of the Act coming into force. That was the case of the British American Oil Company, and upon the material before the Registrar it would appear that the British American Oil Company not only commenced and continued the use of the mark prior to the Continental Oil Company, but it was also the first to use or make known the same, in Canada. I agree that applications for registration of trade-marks, should be disposed of as quickly as possible, but the Act contemplates such a thing as "pending and undisposed of" applications, and that indexes of the same shall be kept by the Registrar. I do not think the Act is to be construed as meaning that applications must of necessity be disposed of forthwith, or that, in a case of this kind, the first application is, on the ground of priority of application, entitled to the registration. The fact that the indexes of applications are open to public inspection, and that upon request certified copies of an application must be furnished to applicants, must mean that it was intended that some time might elapse between the date of applications and the disposition thereof, and that if any person, upon inspection of an index or an application, perceived grounds for objection to an application, he might in an appropriate manner communicate his objection to the Registrar, and if he made out a substantial case, and the Registrar so thought, I apprehend, effect should be given to the objection. The second

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application here, upon its face, as I have already pointed out, disclosed an objection to the registration of the trade-mark mentioned in the first application. The fact that the Act requires the applicant to state the date from which he used the mark applied for, indicates to me that it was intended that the Registrar should take cognizance of and act upon such statements. I fail to see why the second application here should not be construed by the Registrar as an "objection" to the first application. I think "objection," in sec. 39, means any objection to, or ground for refusal of, an application, gathered from any material properly and in a formal way before the Registrar, before he has disposed of such application. In this case, the Registrar found in one of the indexes of applications, two applications for the same mark. I think he was bound to consider them together, and upon the material before him decide which of the two was entitled to registration.

Therefore, I think the Registrar was bound, in the facts of this case, to consider the application of the British American Oil Company, which, upon its face disclosed a *prima facie* right to registration over the mark mentioned in the application of the Continental Oil Company. I am of the opinion that the Registrar, after considering both applications, and all the material therein contained, should have allowed the application of the British American Oil Company, and refused that of the Continental Oil Company. The latter company, if so advised, might then attack the registration under sec. 52, when material other than that contained in the two applications, might be introduced. This conclusion seems to me to be within the spirit and intention of the Act, it would seem to be a practical and workable construction of the Act, and would seem to do justice in this and similar cases.

The Registrar has refused both applications, but the Continental Oil Company alone has appealed, and it follows from what I have said that the appeal herein must be dismissed. The other applicant has not appealed from the refusal of the Registrar to register its mark, and in the circumstances I do not think that I should direct the Registrar to do so, which I probably would have done had it appealed, and both appeals were now before me.

There will be no order as to costs.

Judgment accordingly.