

WILLIAMSON CANDY COMPANY.....PLAINTIFF;

AND

W. J. CROTHERS COMPANY.....DEFENDANT.

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June 30th

*Trade Marks—"Proprietor"—"Person aggrieved"—Improper registration—Misleading—Expunging.*

W. C. Co. were owners of the trade-mark "OH HENRY," registered in the United States and there used by them, but no user thereof had been made in Canada, though they had extensively advertised in papers circulating there. The said trade-mark having come to the notice of W. J. C. he adopted it as his, knowing the mark to be so registered and used as aforesaid, and registered the same in Canada as his own mark. The application by him failed to disclose the existence of plaintiff's mark, and declared that he was the first and only user thereof. Hence the present action to expunge.

*Held*, that the defendant was not the "proprietor" of the said trade-mark within the meaning of the Trade-Mark and Designs Act, and that the trade-mark was improperly registered, was calculated to mislead and deceive the public, and should be expunged.

2. That the word "Proprietor" in the sense used in section 13 of the Trade-Marks and Designs Act infers adoption and user before the capacity of proprietorship is created, and that a person, before he can register a trade-mark, must have previously used the same or, at least have been the first to adopt it.

ACTION by plaintiff to expunge the trade-mark registered by defendant and to register their own.

Tuesday, 11th March, 1924.

Case now heard before the Honourable Mr. Justice Maclean, President, at Ottawa.

*R. S. Smart and J. L. McDougall* for plaintiff.

*George Henderson, K.C.* for defendant.

The facts are stated in the reasons for judgment.

MACLEAN, J. now this 30th day of June, 1924, delivered judgment (1).

The plaintiff carries on the business of manufacturing, selling and distributing confectionery, at Chicago, U.S.A., and its business is said to be extensive and growing. Prior to the month of November, 1920, the plaintiff adopted and first used the words *Oh Henry* as a trade-mark for his confectionery, and in July, 1921, an application was filed for the registration of the said words as a trade-mark, in the United States Patent Office. On February 22nd, 1922, the application was granted and the trade-mark duly registered. The trade-mark is applied or affixed to the goods, by placing thereon a printed label, on which the trade-mark is shown. This trade-mark was not registered in

(1) An appeal has been taken to the Supreme Court of Canada.

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Canada. The defendant carries on business at Kingston, Ontario, where it is engaged in the manufacture and sale of confectionery and biscuits. In the latter part of May, 1922, W. J. Crothers, manager of the defendant company, attended a convention of confectionery manufacturers at Chicago, and while there he saw on a bill board the advertised mark *Oh Henry*, and practically at the same time learned that the plaintiff was using the mark *Oh Henry* on a class of its product, chocolate bars, and he also saw some of the labels, containing such mark, and as used by the plaintiff. He thereupon telegraphed his brother, N. G. Crothers, the treasurer of the defendant company, on May 26th, at Kingston, Ontario, to apply at once for the registration of the words *Oh Henry* as a trade-mark in Canada for use in connection with certain candy. On June 13th, 1922, the defendant company applied for the registration of the words *Oh Henry* as a specific trade-mark, to be applied to the sale of chocolate bars and biscuits, and on the 15th day of the same month the application was granted and the words *Oh Henry* were registered in the defendant's name as a specific trade-mark. The defendant's manager frankly admits that he copied the plaintiff's mark, the colour only being changed. Upon the labels bearing the defendant's registered trade-mark and as used by him, which are in evidence, there appears also the words *Crothers—Kingston* in quite large letters though not so large as those used in printing the trade-mark itself. There is no claim however that the defendant is attempting to pass off his goods as those of the plaintiff. Upon some of the earlier labels used by the defendant there also appeared the words *registration applied for*. If labels bearing these words were actually used by the defendant, it could have been for a day or so only, because his application is dated at Kingston, June 13th, and the same was granted on June 15th of the same year.

The plaintiff did not attempt to prove any user of his trade-mark in Canada, apparently no sales of his confectionery ever having been made here. Counsel on behalf of the defendant admitted that the plaintiff had, prior to and since the defendant's registration, advertised in American publications, many of which had substantial circulation in Canada, its confectionery under the trade-

mark in question. There is no doubt, I think, but that the plaintiff advertises very extensively. It is not alleged that the defendant ever obtained the plaintiff's consent to the registration of this mark.

The plaintiff claims an injunction and damages, and also that the defendant's trade-mark be expunged and the plaintiff's be registered. The plaintiff pleads that the defendant's registration was procured by false statement made upon its application for registration, and also pleads that it was refused registration in Canada upon application, by reason of the defendant's prior registration. The defendant's case is that it was the first to register and use the mark in Canada, and that there was no user in Canada by the plaintiff.

The important matter in issue is not without its difficulties, and I confess much perplexity in attempting to decide the same. It has never been directly determined in our courts, whether domestic registration of a mark, which mark was then registered and in user in a foreign country, to the knowledge of the domestic registrant, is properly made, there being no user in the domestic country of the foreign mark, at the time of the registration here.

It might be convenient here to refer briefly to some of the provisions of the Trade-Marks Act. Section 13 provides:—

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 name was not in use to his knowledge by any other person than himself at the time of his adoption thereof, \* \* \* have such trade-mark registered for his own exclusive use.

Under section 11 the Minister may refuse to register any trade-mark (a) if he is not satisfied the applicant is undoubtedly entitled to the exclusive use of such mark, and (b) if it appears that the trade-mark is calculated to deceive or mislead the public. The Act does not require publication of notice of the intended application for registration, either by the applicant, or by the Minister, and therefore the latter is unlikely to have any information, other than that supplied by the applicant. Section 13 as already quoted, requires from the applicant a declaration, that the trade-mark for which he seeks registration was not in use to his knowledge by any other person than him-

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self at the time of his adoption thereof, and this declaration was made on behalf of the defendant by Mr. N. G. Crothers. The important part of the declaration (not sworn to) is as follows:—

We, The W. J. Crothers Company, Limited, of the City of Kingston, in the County of Frontenac, Province of Ontario, hereby request you to register in the name of ourselves a Specific Trade-Mark to be used in connection with the sale of chocolate bars and biscuits, which we verily believe is ours on account of having been the first to make use of the same. We hereby declare that the said Specific Trade-Mark was not in use to our knowledge by any other person than ourselves at the time of our adoption thereof. The said Specific Trade-Mark consists of the words *Oh Henry*.

Trade-marks could prior to any legislation on the subject and may still be acquired by user, independently of registration, and although the technical action for infringement cannot be maintained in respect of an unregistered trade-mark (section 20), still protection could and may be secured for such marks by passing off actions. The litigation of trade-marks prior to the enactment of the registration system was expensive, protracted and unsatisfactory. The essence of a trade-mark right being that the mark connected the goods of the plaintiff in the market, considerable evidence was necessary to establish this reputation, and as the infringers were usually persons of no substance, it was often not possible for the successful litigant to recover his costs. Again though the plaintiff succeeded against one infringer that did not relieve him of the necessity of bringing action against another or other infringers. From this condition of affairs sprang the necessity of the establishment of a Register of trade-marks, and the creation of trade-mark rights by registration, as exemplified in the Trade-Mark legislation to-day prevailing in most countries of the world. Their purpose was to diminish the difficulty and cost of, or to remove altogether the necessity for, the proof of title by user and reputation, and to secure the publication of marks. Accordingly trade-mark legislation, including our own Act, in substance provides that registration shall be *prima facie* evidence of the right of the registered proprietor in the registered mark, for the purposes for which it was registered. *In re Edwards v. Dennis* (1), Cotton L.J. discussing this point with reference to the English Act, said:—

(1) [1885] 30 Ch. D. 454 at p. 470.

In the first place, what is the object of that Act? Speaking generally, its object is, not to give new rights, but to place restrictions on the bringing of actions for infringement of trade-marks by requiring that a trade-mark shall be registered before any action to prevent its infringement can be brought. That is provided for by the first section of the Act as amended by the subsequent Act of 1876. Another object of the Act is to facilitate evidence of title to trade-marks by means of registration; for the third section of the Act provides that registration of a person as first proprietor of a trade-mark shall be *prima facie* evidence of his right to the exclusive use of the trade-mark, and that five years' registration shall be conclusive evidence of his right to such exclusive use.

What is usually called a right of property in a trade-mark, being recognized by the common law, does not therefore depend for its inceptive existence or support upon statutory law, although its exercise may be limited or controlled by statute. This right is not alone conferred by legislative enactment and does not depend upon statute for its enforcement. By the common law every manufacturer has an unquestionable right to distinguish the goods that he manufactures, by a device or mark, and this right of property in a trade-mark may be asserted wherever the common law affords a remedy for a wrong. The right of property in a trade-mark, it should be said, only exists as appurtenant to a business or trade in connection with which the mark is used, and not otherwise. There is therefore only in a limited sense a property in a trade-mark. There is no right of property in the trade-mark by itself, and the statute does not purport to grant such property rights. Property in a word mark itself cannot exist, but property in that word does exist when applied to goods which go into the market. Registration is a condition precedent to bringing an action for infringement, but the question of title to a trade-mark is one to be determined outside of the matter of registration.

Reverting now to section 13 of the Trade-Marks Act, it is to be observed that the applicant for registration must be the *proprietor of a trade-mark* and that to his knowledge the same was not in use by any other person than himself *at the time of his adoption thereof*. There is no statutory definition of *proprietor* nor is there any provision equivalent to that found in the English Trade-Marks Acts of 1883 and 1888, to the effect that registration shall be deemed to be equivalent to public use of a trade-mark, nor does our Trade-Marks Act provide that a trade-mark shall mean a mark "used or proposed to be used" in con-

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nection with goods, to denote they are the goods of the proprietor of such trade-mark, as is provided in the English Trade-Marks Acts, 1905 to 1919. It would seem clear that mere registration was not intended by our Act to confer title. However, that is not perhaps important, because at most registration can only be *primâ facie* evidence of title.

Now what does "proprietor" mean in the sense used in section 13 of our Trade-Marks Act? It seems to me that the section rather points to adoption and user before the capacity of "proprietorship" is created. At the moment of time when one comes to register a trade-mark it should be something which is then considered a trade-mark, adopted and in use. Proprietorship must mean a property in a thing in some way established. The declaration required to be made by the applicant for registration is to the effect that the mark was not in use by any other person than himself, and would appear to imply that it must have been in use by him prior to the application. There is nothing in section 13 or in other sections to indicate that mere registration is equivalent to public use of such mark. To hold that "proprietor" means one who has used the mark prior to registration, may be too narrow a construction of the word, but it must at least mean one who claims to be the first to adopt a mark, whether there had been user or not. It is not necessary to decide here whether user alone under our Act constitutes proprietorship and the right to register. I think that *proprietor* at least was intended to mean one who was the author of the mark, or entitled to a mark by first adoption. Something at least must be done to establish his rights as a proprietor, and if not by user, then he must at least invent, design or in good faith adopt a mark, so that in truth and in fact he can say it is his, and that he is the proprietor. There should be found such a state of facts, that would impliedly constitute or create that which is primarily and ordinarily understood to be conveyed by the word proprietorship. A person registers because he is a proprietor, but does not necessarily become a proprietor because he registers. In *Partlo v. Todd* (1), Hagarty, C.J.O., discusses this point as follows:—

(1) [1887] 14 A.R. 444, at p. 452; Aff. 17 S.C.R. 196.

The case seems in my mind to be reduced to this: Does our statute create a new right vesting in any person who succeeds in registering a trade-mark, rightfully or wrongfully, the exclusive use of it for say twenty-five years? Is not the fact of proprietorship or ownership of such trade-mark the necessary condition precedent of the right to register or obtain any advantage under the Act?

On the best consideration I can give the case, I come to the conclusion that from the beginning our legislation has been and is based upon the fact of proprietorship and ownership, and that registration does not create or confer that status on an unqualified person, and that his right thereto can be challenged.

All through the Acts the provisions are that the proprietor may have his mark registered, and that when registered such person shall have certain rights.

In re Hudson Trade-Marks (1), often referred to as affirming that registration was equivalent to public use, Cotton L.J. in discussing what constituted proprietorship said, at page 319:—

Is a man to be considered as entitled to the use of any trade-mark when he has never used it at all? That is a difficulty, but I think the meaning is this. If a man has designed and first printed or formed any of those particular and distinctive devices which are referred to in the first part of section 10, he is then looked upon as the proprietor of that which is under that Act a trade-mark, which will give him the right so soon as he registers it. How can it be said he is entitled to the exclusive use of it? He never has used it; but in my opinion the language, though not appropriate, means this, that a man who designs one of those special things pointed out in section 10, is, as designer, to be considered as the proprietor of it, and if there is no one else who has used it, or who can be interfered with by the registration and subsequent assertion of title to the mark, then he is to be considered as entitled within the meaning of the Act to the exclusive use of that which in fact has never been in any way used, but which has only been designed by him, and which he can be treated as the person entitled to register, if no one else had so used it as that his user would be interfered with by the registration.

Fry, L.J. in the same case said at page 325:—

Therefore, although not without hesitation and not without difficulty, I come to the conclusion, that the true meaning of the Act was to enable a person who had invented a trade-mark, which had not been previously used by some other person, to obtain registration of that trade-mark, and to treat its being on the register as evidence of public user or equivalent to public user.

Further it seems to me that our Trade-Marks Act definitely intended to make adoption and proprietorship a condition precedent to registration, or it would not have gone so far as to grant an exclusive use immediately upon registration, without notice or publication of an intention

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(1) [1886] 32 Ch. D. 311.

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to apply for registration. Even if contended that the Act was intended to effect, as was said by Fry, L.J. in the Hudson Trade-Marks Case, a great and fundamental change in the law of this country, making registration the equivalent of user, yet I think the defendant must be required at least to adopt a mark of his own, and must not take that of another. Fry, L.J. in *Appollinaris Company's Trade-Marks* (1), said that a person who puts another's trade-mark on the register cannot be a person under the Act. I cannot find that the defendant designed or originated the work in issue, or that it ever adopted or used it as *proprietor* prior to registration, or that in any true sense it ever was the proprietor of the mark. Any adoption or acquired proprietorship was not such as contemplated by the Act. I think therefore that the registration was improperly made for the reason that the defendant was not the proprietor of the mark when registered. In *Collins Co. v. Cowen* (2); *Collins and Brown* (3); *Taylor v. Carpenter* (4), though the facts are different from this case, there will be found expressed, principles which I think may well be invoked in this case.

It would appear very desirable that the Minister administering the Act should know if a similar mark was registered elsewhere, so that he might properly exercise his discretion in deciding whether or not the proposed mark should be registered and whether or not it might be deceptive or misleading to the public. If the applicant knows this to be the case, then the Minister should know it. The citizens of all countries are normally permitted to export goods to Canada, and citizens of this country have the right to import from any other country, and it would be quite proper I think to insist that any citizen of Canada, proposing to register a trade-mark, here, which he knows to be registered and in use in another country, should at least disclose that fact, so that the Minister might carefully consider the public and all other interests involved in such a situation. If upon the application for registration made in this case, the defendant had disclosed to the Minister the fact that he was copying the plaintiff's mark,

(1) [1891] 2 Ch. D. 186 at p. 226.

(2) [1857] 3 K. & J. 429

(3) [1857] 3 K. & J. 423.

(4) [1844] 11 Paige, Ch.R. N.Y. 292.



registered and in use in the United States, and which he now admits, I doubt if its application would have been granted. Under section 11 (c) the Minister, with this fact disclosed, and with the knowledge of the plaintiff's advertising, might well have held that the mark was calculated to deceive or mislead the public, and if so, I do not think it could later be said, that it was an arbitrary or capricious exercise of his discretion. The use of trade-marks was adopted to distinguish one person's goods from those of another, on the market, and to prevent one person selling his goods as those of another. The system was designed to encourage honest trading, and the protection of the buying public. One may safely say that our Trade-Marks Act was not enacted to encourage in Canada the adoption of foreign registered marks, even if there were no user by the foreign registrant here. That would cause confusion and deception, just the thing that trade-marks were supposed to avoid, and it would be a fetter upon trade, another thing quite foreign to the purposes of trade-marks. Trade-mark legislation was designed as much for the benefit of the public, as for the users of trade-marks.

If such a practice were knowingly permitted by all countries, the use of trade-marks would end in hopeless confusion and bring about a result which trade-marks were originally supposed to avoid. Happily the tendency is always towards the protection of marks registered in another country. In fact a convention exists to-day, to which many important countries are parties, which provides for a system of international registration. In so far as possible each country should I think respect the trade-marks of the other country, or else international trade and public interests would suffer. I think knowledge of foreign registration and user, of a mark applied to the same class of goods, as in this case, and particularly where the foreign user is in a contiguous country using the same language, and between which travel is so easy, and advertising matter so freely circulates, should in most cases be a bar to registration knowingly, of that mark here. This should be particularly true where, as in this case, the plaintiff's advertising, circulating substantially in Canada, might very likely mislead the public into thinking that the defendant's goods were the same as the advertised goods

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of the plaintiff. The conspicuous presentation of the word mark on the label would influence the eye to that conclusion, notwithstanding the less conspicuous but clearly printed matter on the label, indicating the name of the maker of the goods. That rule would impose no hardship on any person. Conceivably there might be instances when this principle might well be ignored. The case of innocent user and registration is quite a different thing altogether and need not here be considered. Again if the plaintiff had neglected to apply for registration here for a long number of years after his registration in the United States possibly a different view might be taken of the case. That might be construed as a deliberate abandonment of this market, or of the mark in this market. I do not think that contention can yet fairly be made. The defendant registered the mark, in Canada, within four months, after the plaintiff registered in the United States.

In view of the facts before me I am of the opinion that the registration in question was improperly made. The defendant was not the *proprietor* of the mark, and was not entitled to register the same and it should be expunged. Neither was the defendant the first to use the mark to his knowledge. The discretion placed in the Minister by section 11, and now in this court, may well be exercised against the defendant's registration, and I am of the opinion that the defendant's registration is calculated to deceive or mislead the public, and for that reason also, the defendant's registered mark should be expunged.

Accordingly the plaintiff's claim that the defendant's trade-mark be expunged, is allowed, with costs.

I think the plaintiff is entitled to registration of its mark but there is no evidence that the requirements of Rule 34 of the Practice of the Court have been complied with.

*Judgment accordingly.*

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