

1947  
Sept. 29, 30  
Oct. 1  
Dec. 31

BETWEEN:

MORTON B. FEINGOLD, ABE AUER-  
BACH, ISSIE AUERBACH and  
NATHAN WALFISH (Junior Made-  
moiselle Frocks) ..... } PLAINTIFFS;

AND

DEMOISELLE JUNIORS LIMITED... DEFENDANT.

*Trade Mark—Trade name—Word mark—Motion to expunge—Unfair Competition Act, 1932, 22-23 Geo. V. c. 38, s. 2 (h), 2 (k), 4 (1) (2) (3) (4), 10, 11 (c), 52—Mark likely to cause confusion—“Similar”—“Person interested”—“A Junior for Mademoiselle”—“Junior Mademoiselle Frocks”—“Demoiselle Junior”—Prior registration of mark by one who is not first to use or make known such in Canada does not confer registrability in absence of good faith.*

Plaintiffs, members of a partnership registered as Junior Mademoiselle Frocks, in 1941 applied for registration of their word mark “A Junior for Mademoiselle” in connection with *inter alia* “ladies and misses dresses”, giving as the date of first user, July, 1940. The application was not granted but is still pending.

Defendant Company was incorporated on January 10, 1946; it applied for registration of the word mark “Demoiselle Junior” for use in connection with wears described as “ladies’ dresses”, giving as date of first user, February 1, 1946. The application was granted.

Plaintiffs now bring this action, asking that the word mark “Demoiselle Junior” be expunged.

*Held:* That in their component parts and in their totality the two word marks are similar and likely to cause confusion to the ultimate user who buys at retail.

- 2. That the plaintiffs are “persons interested” within s. 2 (h) of the Unfair Competition Act since they are engaged in the same business and in the same area as the defendant, and possess a trade name and a word mark similar to that of the defendant’s word mark, and may very reasonably apprehend that the goodwill of their business may be adversely affected by the continuance on the Register of the defendant’s word mark; the authority of any “person interested” to institute proceedings under s. 52 (1) of the Unfair Competition Act is not limited by s. 4 (2) and (3) of the Act.
- 3. That one who is not the first to use or make known his mark in Canada cannot by prior registration of such mark acquire registrability therefor and maintain it unless such later user can bring himself within the provisions of s. 10 of the Unfair Competition Act.

MOTION under s. 52 of the Unfair Competition Act to expunge from the Register the word mark "Demoiselle Junior".

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The motion was heard before the Honourable Mr. Justice Cameron at Montreal.

*H. Gerin-Lajoie, K.C. and A. L. Stein* for plaintiffs.

*C. E. Schwisberg and Samuel Greenblat* for defendant.

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

CAMERON J. now (December 31, 1947) delivered the following judgment:

This is a motion, under section 52 of the Unfair Competition Act, 1932, to expunge from the Register the word mark "DEMOISELLE JUNIOR" on the ground that it does not accurately express or define the existing rights of the defendant.

On October 29, 1940, the four individual plaintiffs executed and registered a declaration of partnership in which it is stated that on that date they were carrying on, and intended to carry on, business as manufacturers of ladies' dresses in Montreal under the name and style of "Junior Mademoiselle Frocks". The place of business was given as 1193 Phillips Place, Montreal. On March 26, 1941, they applied for registration of their word mark "A JUNIOR FOR MADEMOISELLE" for use in connection with wares described as "all types of styles of ladies' and misses' dresses, gowns, ensembles, sportswear, beach clothes, play clothes, blouses, vestees, and odd and separate skirts, whether of a unit or of more than one component part. The date of first user was given as July, 1940. The application was not immediately disposed of by the Registrar as it came under section 4 (3) of the Act and the plaintiffs were advised that it would be reached for consideration on September 30, 1941. On March 21, 1942, the plaintiffs were notified that the word mark, "A JUNIOR FOR MADEMOISELLE", appeared to be confusingly similar to the word "MISS JUNIOR" which had been

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registered on March 7, 1931, for the same wares. The concluding part of the letter was as follows:

In view of the provisions of Section 26 of the Unfair Competition Act, 1932, your client's application, copy enclosed, does not appear to be registrable.

No further proceedings in respect of the application were then taken by the plaintiffs.

The defendant company was incorporated under the laws of the Province of Quebec as of January 10, 1946, with its head office at Montreal. On February 26, 1946, it applied for registration of the word mark "DEMOISELLE JUNIOR" for use in connection with wares described as "ladies' dresses", giving the date of first user as February 1, 1946. This application was granted, Register 87/N.S. 22739.

For the plaintiffs it is alleged that the registered word mark, "DEMOISELLE JUNIOR", is similar to its trade name, "JUNIOR MADEMOISELLE FROCKS"; and also to its word mark, "A JUNIOR FOR MADEMOISELLE", and that as the plaintiffs' word mark is admittedly used on wares similar to those manufactured and sold by the defendant, confusion is likely to arise by their contemporaneous use in the same area.

"Similar" is defined in section 2 (k) of the Unfair Competition Act, 1932, as follows:

"Similar", in relation to trade marks, trade names or distinguishing 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 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.

I do not think it necessary in this case to refer at any great length to the decided cases where the tests to be used and the principles to be followed in matters of this sort have been applied. Reference may be made to the judgment of the President of this Court in *British Drug Houses Ltd. v. Battle Pharmaceuticals* (1); *Aristoc Ltd. v. Rysta Ltd.* (2); in re *Pianotist Company's Ltd.'s Application* (3). In the last mentioned case Parker J. said at p. 777:

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which

(1) (1944) Ex. C.R. 239 and  
 affirmed in (1946) S.C.R. 50.

(2) (1945) A.C. 68.  
 (3) (1906) 23 R.P.C. 774.

they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion—that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods—then you may refuse the registration, or rather you must refuse the registration in that case.

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Using the tests and applying the principles laid down in these cases there can be no doubt, I think, that the defendant's word mark, "DEMOISELLE JUNIOR", is similar to "JUNIOR MADEMOISELLE FROCKS", the trade name of the plaintiffs, and to "A JUNIOR FOR MADEMOISELLE", the latter's word mark. As applied to ladies' dresses the two word marks convey the same idea, namely a dress for a young lady or mademoiselle. The meaning of "DEMOISELLE" and "MADEMOISELLE" is identical, namely, a young lady, and the former is merely a short form of the latter. The word "JUNIOR" appears in each. Both in their component parts and in their totality the two word marks are similar. While dealers in ladies' dresses might not be confused by their contemporaneous use, because of their greater experience and knowledge of dress manufacturers, the ultimate user who buys at retail would be most likely to infer that the goods bearing the two word marks were put out by the same manufacturers. The ordinary shopper with a somewhat imperfect recollection, who desired to purchase "A Junior For Mademoiselle" frock, would, I think, be quite readily confused upon being referred verbally to, or shown, a "Mademoiselle Junior". The fact that the plaintiffs' word mark has the indefinite article and the word "for" which are not found in the respondent's word mark is not, I think, of any importance whatever in distinguishing the marks. Eliminating these from consideration, and bearing in mind that the words "DEMOISELLE" and "MADEMOISELLE" are both used to express the same meaning, the word mark of the defendant is merely that of the plaintiffs with the order of the two main words reversed. The result is not, I think, a new coined word. The meaning remains precisely the same. And for the same reason

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I must find that the mark "DEMOISELLE JUNIOR" is similar to the trade name of the plaintiffs, "JUNIOR MADEMOISELLE FROCKS", the last word of which is not sufficient, in my opinion, to distinguish the two in any manner.

It is contended for the defendant that the plaintiffs are not entitled to invoke proceedings under section 52 on the ground that they are not "a person interested". Section 2 (h) defines "person interested" as follows:

"Person interested" includes any person directly affected by any breach of any provision of this Act; any person who, by reason of the nature of the business carried on by him and the ordinary mode of carrying on such business, may reasonably apprehend that the goodwill of such business may be adversely affected by any entry in the register of trade marks, or by any act or omission or contemplated act or omission contrary to the provisions of this Act; and, in respect of any such act, omission or entry in the register relating to or affecting any right vested in any trade union or commercial association or in the administrative authority of any country, state, province, municipality or other organized administrative area, includes such trade union, such association and such administrative authority, and also any person authorized from time to time by the union, association or administrative authority to make use of the mark.

The question is merely one of *locus standi*, and to answer the question it must be assumed that the word mark "DEMOISELLE JUNIOR" is wrongly on the Register. Can the plaintiffs, carrying on the same type of business in the same area as the defendant, having a trade name and a word mark similar (as I have found) to the defendant's word mark, reasonably apprehend that the goodwill of its business may be adversely affected if the defendant's mark remains on the Register?

In Kerly on Trade Marks, 6th ed., pp. 324 to 331, the author reviews the decisions in the English Courts as to who are persons aggrieved or interested. He refers to the case of *Apollinaris Co's. Trade Marks* (1) where Fry J., in delivering judgment in the Court of Appeal, said:

Further, we are of opinion that, wherever one trader, by means of his wrongly registered trade mark, narrows the area of business open to his rivals, and thereby either immediately excludes or with reasonable probability will in the future exclude a rival from a portion of that trade into which he desires to enter that rival is an "aggrieved person".

Reference is also made in Kerly on Trade Marks to the case of *Powell's Trade Mark* (2). In that case Lord Herschell J., in giving judgment, said:

(1) (1891) 2 Ch. 186.

(2) (1893) 2 Ch. 388; (1894) A.C. 8.

Wherever it can be shown, as here, that the applicant is in the same trade as the person who has registered the trade mark, and wherever the trade mark, if remaining on the register, would or might limit the legal rights of the applicant, so that by reason of the existence of the entry on the register he could not lawfully do that which, but for the existence of the mark upon the register he could lawfully do, it appears to me he has a *locus standi* to be heard as a person aggrieved.

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Applying the principles of these cases, I find that the plaintiffs engaged in the same line of business and in the same area as the defendant, and possessing a trade name and a word mark similar to that of the defendant's word mark, may very reasonably apprehend that the goodwill of their business may be adversely affected by the continuance on the Register of the defendant's word mark; and that, therefore, the plaintiffs are "persons interested" and entitled to take these proceedings.

Counsel for the defendant submits further that the provisions of section 4 (2) (3) of the Unfair Competition Act, 1932, and the decided cases thereunder, constitute a bar to the success of the plaintiff's motion. Section 4 is 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, 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 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.

(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

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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.

(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.

I have been referred to three cases decided in this Court; *Canada Crayon Company Limited v. Peacock Products Limited* (1); *Burshtein v. Disston* (2); and *C. Fairall Fisher v. B.C. Packers Limited* (3). All of these I have carefully considered.

In my view, the problem is simplified if it is kept clearly in mind that in proceedings under section 52 of the Unfair Competition Act consideration must be directed primarily to the rights of the registered owner—not to those of the applicants. It is the existing rights of the registered owner as they are defined or expressed in the register that may be challenged and not the merits or demerits of the party moving under section 52. The registrar may move to challenge the validity of the registered mark and so also may any person interested, as defined in section 2 (*h*). The person interested does not need to have been himself the user of any mark similar to that of the registered owner. He has the necessary status if by reason of the nature of the business, carried on by him, and the ordinary mode of carrying on such business, he may reasonably apprehend that the goodwill of his business may be adversely affected by any entry in the Register of Trade Marks. The authority of any “person interested” to institute proceedings under section 52 (1) is not, I think, to be cut down by the somewhat obscurely expressed provisions of section 4 (2) (3).

It is to be kept in mind that the tenor of the whole Act is to prevent unfair competition. Section 3 forbids the deliberate adoption of a mark similar to any trade mark in use, or in use and known as therein described. Section 4 (1) gives exclusive use to one who first uses or makes known his mark in Canada, if registered. I can find no section of the Act which in clear terms gives any rights to one who was not the first to use or make known his mark in Canada. Section 4 (3) does not, in my view, confer

(1) (1936) Ex. C.R. 178.  
 (2) (1940) Ex. C.R. 79.

(3) (1945) Ex. C.R. 128.

any rights on a later user who has registered his mark, but is a mere direction to the Registrar to take into account the condition of the Register at the time an application is made under section 4 (3), and to act accordingly.

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The Act does recognize the possibility that registrations may take place in contravention of the Act itself, and for that reason section 52 confers power on the Court to amend or expunge such marks. Section 10 (b) places the onus on one who adopts a trade mark identical with, or similar to, one already in use, or in use and known, to establish affirmatively that at the time of its adoption he was ignorant of the other mark, that he acted in good faith and believed himself entitled to adopt and use it. The very wide authority under section 52 to challenge the validity of a registered mark cannot, therefore, in my view, be narrowed down by inferences from the provisions of section 4 (2) (3). I can find no provision in the Act which would indicate that one who is not the first to use or to make known his mark in Canada, (and which mark, therefore, lacks registrability) can, by getting to the Registry Office first and registering his mark, acquire registrability and maintain it, unless such later user can bring himself within the provisions of section 10. To hold otherwise would be to uphold a claim which in its origin, at least, was "contrary to honest industrial and commercial usage" (section 11 (c)).

I prefer the views expressed by the late President of this Court in *Fine Foods of Canada Limited v. Metcalf Foods Limited* (1). In that case McLean J. held that section 4 (2) would be a bar to the success of the petitioner unless that subsection was materially qualified by some other section of the Act. He then considered sections 3 and 10, and, having found that the respondent had brought itself within the provisions of section 10, in that it adopted its mark without knowledge of the petitioner's mark, and had acted in good faith, he decided that the petition should be dismissed. I think it is clear, however, that had the respondent there not been able to establish its good faith, the petition to expunge would have been granted.

Section 4 (2), read in the light of other sections of the Act, is very difficult to construe. It might well be argued

(1) (1942) Ex. C.R. 22.



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that, from its position in section 4, the expressions it contains are intended to operate only in favour of the first user who registered under subsection (1), or possibly under subsection (3). I do not, however, find it necessary to reach a final conclusion on that point.

I adopt the views expressed by McLean J. in the case of *Fine Foods of Canada Limited v. Metcalf Foods Limited* (*supra*), and having found that the marks of the plaintiffs and defendant are "similar", and that the plaintiffs are "persons interested", that therefore the burden of establishing good faith is on the defendant pursuant to section 10 (b).

It is conceded that the plaintiffs have been carrying on business under the name of "Junior Mademoiselle Frocks" at 1193 Phillips Place, Montreal, since 1940. It is also proven that the defendant company is owned and operated by the same persons as the firm of Sternthal Brothers Limited, which has been in business in the same building at 1193 Phillips Place for many years. The business of the plaintiffs is substantial and its goods have been advertised under the trade mark "A Junior for Mademoiselle" throughout Canada since 1940, partly in association with its trade name, "Junior Mademoiselle Frocks", and partly in association with the names of its local distributors throughout Canada. The mark has been used on its labels, bills, invoices, stationery and envelopes. The amount directly expended for advertising has not been very great—about \$400 per year; but by arrangement with its dealers the latter carried extensive local advertising, bearing the plaintiffs' mark.

A part of the direct advertising of the plaintiffs was in trade magazines such as "Fashion News", some being full page advertisements. Exhibits 21, 22 and 23 are copies of "Fashion News" for the months of February, July and October, 1945, and in each one there appears also an advertisement by Sternthal Brothers.

The plaintiffs' trade name, "Junior Mademoiselle Frocks", appeared on the door of its office on the third floor of 1193 Phillips Place, and also on the directory in the entrance to the building where the defendant's name also appeared.

It is established not only that letters and parcels addressed to the defendant were in error delivered to the plaintiffs,

but that similar articles addressed to the plaintiffs, "Junior Mademoiselle Frocks", were, in error, delivered to the defendant, opened by the defendant, and later brought to the plaintiffs' office. The traveller who represented Sternthal Brothers Limited, and the defendant company, had knowledge of the plaintiffs' goods, of its trade name and the trade mark under which the goods were sold.

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For the defendant it is alleged that they had no knowledge of the firm "Junior Mademoiselle Frocks", or its trade name, until after the defendant's own mark had been registered. It is alleged that it chose the name "Demoiselle" from American publications and added the mark "Junior", as it was the intention to manufacture goods for young girls.

Benjamin Sternthal is president of Sternthal Brothers and secretary-treasurer of the defendant company. He was in full charge of the operations of Sternthal Brothers Limited during most of the war when his brother Julius was on active service. He states that he was the designer for both Sternthal Brothers and "Demoiselle Juniors" and that he interested himself but little in advertising, leaving that to his subordinates. He admits that he did know "The Little Queen Dress Company", another business operated by the plaintiffs from the same office, but had never heard of "Junior Mademoiselle Frocks" until after the formation of the defendant company and the adoption of its mark, "Demoiselle Junior". He admits that the magazine, "Fashion News", containing advertisements of the plaintiffs, came to his office in 1945. I was not satisfied with his evidence as to whether he had or had not seen the advertisements of the plaintiffs contained in "Fashion News". At various times he said: "I don't think I saw it before"; "I may or may not have seen it"; "I am not sure"; "I can't remember"; "I didn't see it"; "I might have seen them or might not have seen the magazine". This witness was, in my opinion, evasive, and at the trial I reached the conclusion that he had more knowledge of the plaintiffs' name and mark than he was willing to admit.

Reviewing the evidence as a whole, I have reached the conclusion that the defendant has not established that at the time it adopted its trade mark it was in ignorance

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of the trade mark or trade name of the plaintiffs, or that it acted in good faith. To a certain extent this is borne out by what later occurred.

The first user of the defendant's mark is given as February 1, 1946. On February 5, 1946, the solicitor for the plaintiffs wrote the defendant company asking it to desist from the use of the name, "Demoiselle Junior". That letter contains several errors in that it referred to the writer's client as "Little Queen Dress Company", indicated that its mark was "Mademoiselle Juniors" (rather than "A Junior for Mademoiselle") and that the mark was registered. The defendant consulted its solicitors and a search was made by the Ottawa agent of the latter in the Register of Trade Marks. Following a report by the agent, the solicitors for the defendant wrote the plaintiffs' solicitor on February 5, 1946, (Exhibit 25) alleging that his clients had no knowledge of the mark "Mademoiselle Juniors", and contending that in any event, his client's mark was not in conflict and that the latter would not desist from using the firm name "Demoiselle Juniors Limited". It is admitted that, in the meantime, the solicitor for the plaintiffs had had several interviews with the defendant's solicitor. The former asserts that he approached the latter with the idea of settling the matter without litigation and that he then corrected the errors noted above. The defendant's solicitor admits the interviews but denies that the errors were in any way corrected. I am satisfied that the solicitor for the plaintiffs did correct such errors and that in any event the defendant's solicitor received full information as to the position of the plaintiffs' mark as a result of a search of the Register. An examination of Exhibit 2 discloses that in an undated letter the Ottawa agent of the solicitor for the defendant gave him full information as to the application of the plaintiffs for registration of their mark. Notwithstanding these interviews, the defendant, on February 15, 1946, signed the application to register its mark with full knowledge that there was another mark which at least might be confusingly similar to its own.

Finding as I do that the defendant has not satisfied the onus cast on it by the provisions of section 10 (b), the motion by the plaintiffs to expunge the defendant's word

mark "Demoiselle Junior", Register 87/N.S. 22739, will be granted; the plaintiffs are also entitled to their costs to be taxed.

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As stated above, I am not required to consider the registrability of the plaintiffs' trade mark. But it may be noted that the action of the Registrar in pointing out to the plaintiffs that its mark in 1941 did not appear to be registrable on account of a prior registration, "Miss Junior", was not a final action. The evidence of the present Registrar shows that the plaintiffs' application was not finally rejected and that it is still considered as a pending application. The mark "Miss Junior", to which reference has been made, was expunged in 1943, but another identical mark was thereafter recorded in the name of another owner in 1943, and is still on the Register. Neither it nor the plaintiffs' pending application were cited by the Registrar in 1946 when the defendant applied for its registration, although it would appear that both "Miss Junior" and "Junior for Mademoiselle" might both be considered as marks similar to "Demoiselle Junior".

*Judgment accordingly.*