

BETWEEN :

SISCOE VERMICULITE MINES LIM-  
ITED, .....

} PETITIONER.

1958  
Apr. 8, 9, 10  
1959  
Mar. 2

AND

MUNN & STEELE INCORPORATED, .... RESPONDENT.

*Trade Mark—Word mark—Petition to expunge—Use of word mark prior to registration essential—Proof of distribution in Canada of wares bearing word mark must satisfy statutory requirements—A party engaged in trading in products of kind described in the registration is a “person interested” under s. 52(1)—Unfair Competition Act, R.S.C. 1952, c. 274, ss. 2(h) and (m), 3, 4, 6, 22, 30, 37, 38, 39 and 52—Trade Mark Act, S. of C. 1952-53, c. 49, s. 56.*

<sup>1</sup>[1937] Ex. C.R. 88.

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The respondent, a New Jersey corporation, had since 1939 made use of the word "MICAFIL" in the United States as a trade mark to distinguish wares made by it from vermiculite ore. By a contract entered into May 5, 1950, it licensed the petitioner to use the trade name "MICAFIL" in connection with vermiculite ore purchased from it together with a right to use its processes and methods for exfoliation of vermiculite ore in any territory serviced by the licensee. On January 27, 1954 the respondent obtained registration of the word mark "MICAFIL" under the *Unfair Competition Act* for use in association with wares described as "expanded vermiculite, vermiculite concrete aggregate, vermiculite plaster aggregate, vermiculite insulating plaster, and vermiculite insulation". (The registration was not based on a foreign registration). On April 25, 1954 the petitioner moved to have the name "MICAFIL" expunged from the Register on the ground that the registration was invalid by reason of the word having become *publici juris* and because the respondent had never used the word mark in Canada. The respondent answered that the petitioner did not, while the licensing agreement remained in force, possess the status of "a person interested".

*Held*: That what was being attacked was a registration made after the agreement between the parties was made and which was not referred to therein. Prior to the registration of the mark it was open to the petitioner to terminate the agreement and thereupon only such legal rights as the respondent then had would have restricted the petitioner from making such use of the mark as it saw fit. The existence of the registration affects and restricts the rights that the petitioner, as a person engaged in trading in products of the kind described in the registration, might well wish to exercise upon termination of the agreement, and such affection and restriction is sufficient to make the petitioner a "person interested" within the meaning of s. 52(1) of the *Unfair Competition Act*. *Standard Brands v. Staley* [1946] Ex. C.R. 615; *Feingold v. Demoiselle Junior Ltd.* [1948] Ex. C.R. 150; *Barton Inc. et al. v. Mary Lee Candy Shoppes et al.* [1950] Ex. C.R. 386; *Richfield Oil Corporation v. Richfield Oil Corporation of Canada Ltd.* [1955] Ex. C.R. 17 referred to.

2. That the respondent failed to establish that it had made such distribution of wares bearing its mark in Canada as to satisfy the statutory requirement. *King Features Syndicate Inc. et al. v. Benjamin H. Lechter* [1950] Ex. C.R. 297.
3. That the respondent had failed to establish any use of its mark in Canada other than the delivery to the petitioner of samples of its products in connection with negotiations for the supply of crude vermiculite ore to the petitioner. Such a use was not of the kind contemplated by the statute and accordingly was insufficient to support its claim for registration of the mark under the *Unfair Competition Act*.

ACTION to expunge a trademark.

The action was tried before the Honourable Mr. Justice Thurlow at Ottawa.

*Redmond Quain, Q.C.* for petitioner.

*Gordon F. Henderson, Q.C.* and *R. H. McKercher* for respondent.

THURLOW J. now (March 2, 1959) delivered the following judgment:

This is a motion for an order expunging the registration made on January 27, 1954 under the *Unfair Competition Act*, R.S.C. 1952, c. 274, of the word mark MICALFIL, which was registered as of September 30, 1952 on the respondent's application for use in association with wares described as

expanded vermiculite, vermiculite concrete aggregate, vermiculite plaster aggregate, vermiculite insulating plaster, and vermiculite insulation.

The motion for expungement was commenced by a notice of motion filed in this Court on April 26, 1954, at which time the *Unfair Competition Act* was still in force. By s. 52 it provided as follows:

52. (1) The Exchequer Court of Canada has 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.

This provision, with the addition of the words "exclusive original" between the words "has" and "jurisdiction" in the first line, appears as s. 56 of the *Trade Mark Act*. S. of C. 1952-53, c. 49, by which the *Unfair Competition Act* was repealed, effective July 1, 1954.

The validity of the registration is attacked on two grounds, the first being that the respondent had not used the mark in Canada before applying to have it registered and the second being that the mark had become *publici juris* by reason of a licence granted by the respondent to the petitioner to use the mark in association with its own goods. The respondent, in turn, challenges the status of the petitioner as a "person interested" to attack the registration while the licensing agreement remains in force.

The respondent is a New Jersey corporation and carries on business in the United States, where since 1939 it has used the word MICALFIL as a trade mark in connection with the sale of home insulation, plaster aggregate, and concrete aggregate, consisting of or containing expanded vermiculite. In its application for registration of MICALFIL under the *Unfair Competition Act*, the respondent stated

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that it was commercially concerned with wares concisely described as insulating materials and construction materials, that the mark had been used by it in Canada since June, 1950, and that it has been used since that date to indicate that the wares in respect of which registration of the mark was sought had been manufactured or sold by it. The application was not based on a foreign registration.

The evidence of use made by the respondent of the mark in Canada prior to the application for its registration is limited to two occasions. In 1948, in response to an inquiry from Siscoe Gold Mines Limited, a Canadian company which was interested in arranging for a supply of crude vermiculite ore for processing, the respondent forwarded to it at Siscoe, P.Q., a number of plastic tubes containing samples of vermiculite in its crude state and in its exfoliated form in various sizes according to the purpose for which it was useful; that is to say, for home insulation, plaster aggregate, or concrete aggregate. Each of these tubes was marked with the word MICAFIL. No sales were made, and, in fact, the sale by the respondent of processed vermiculite in Canada was neither contemplated nor referred to in this correspondence. Nothing came of the correspondence.

On March 3, 1950 the respondent wrote to Siscoe Gold Mines Limited, suggesting that it was anxious to expand in Canada, and correspondence ensued which led to an agreement between the respondent and the petitioner, the latter being a subsidiary of Siscoe Gold Mines Limited. The letter heads used by the respondent in this correspondence bore at the foot the words

*Palabora MICAFIL Vermiculite*  
 Reg. U.S. Trade Mark

In this, the words "Palabora" and "Vermiculite" appear in script. The word MICAFIL is in block letters and is enclosed in an oblong dark background, with the words "Reg. U.S. Trade Mark" in fine print immediately below the background. In the course of the negotiations leading to the agreement, several officials of the respondent came to Canada, bringing with them a number of plastic tubes bearing the mark MICAFIL and containing samples of

both crude and expanded vermiculite. They also brought a four-cubic-foot bag of expanded vermiculite with the mark MICAFILE on it and a quantity of descriptive advertising material. In one piece of the advertising material which was offered in evidence, the word MICAFILE was used in numerous places to refer to expanded vermiculite suitable for home insulation. These samples and literature were left at the petitioner's office in Montreal or Cornwall.

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There is no evidence of any further or other use by the respondent of the mark in Canada in association with expanded vermiculite or any of the other kinds of wares mentioned in the registration either before or after the filing of the application for registration of the mark. Nor is there anything further in the evidence indicating that the respondent had made the mark known in Canada either by distribution in Canada of its expanded vermiculite products or by their advertisement in Canada in any printed publication.

The petitioner was incorporated in 1949 and is engaged in Canada in the business of supplying and manufacturing insulating materials and building supplies. On May 5, 1950, as a result of the negotiations already mentioned, it executed an agreement with the respondent under which, in consideration of a royalty to be paid by the petitioner, the respondent agreed to arrange for the supply to it by another company of vermiculite ore mined in South Africa and granted the petitioner a licence to use certain processes owned or controlled by the respondent for the exfoliation of vermiculite. In the agreement, it is recited that the respondent is desirous of marketing South African vermiculite through licensees, that it "has a copyright of the trade name MICAFILE, which name is duly registered with the United States," and that it is desirous of granting to the applicant a licence "to exfoliate and distribute MICAFILE and other products." The licence, as set out in paragraph 4, was as follows:

4. The Company grants to the Licensee, during the period of this agreement, and within the territorial limitations hereinafter described:

(a) A right, license and privilege to use the copyrighted trade name "MICAFILE", U.S. Registry No. 377379, provided such use of said copyrighted trade name shall be limited to a use connected with or related to ore purchased by the Licensee from the Company.

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(b) A right, license and privilege to use certain processes and methods relating to the processing and exfoliation of vermiculite ore known to the Company and concerning which the Company shall assist and advise the Licensee; provided, however, that this use or employment of said processes and methods shall be limited to use or employment in connection with or related to ore purchased by the Licensee from the Company and none other.

The only reference to a territorial limitation following paragraph 4 is that contained in paragraph 8, which refers to "any territory serviced by the Licensee." Paragraphs 8, 9, 10, 11 and 12 of the agreement were as follows:

8. The Company agrees that all enquiries concerning "MICAFIL" that may come to it from any territory serviced by the Licensee shall be turned over to the said Licensee.

9. The Licensee agrees that the privilege granted hereunder gives the Licensee only the right to package said "MICAFIL" from Vermiculite ore purchased from the Company and sell the said "MICAFIL" when packaged in packages approved by the Company and sold under said trade mark and trade name for so long as this franchise agreement remains in force. Nothing herein gives to the Licensee any interest in any of the Company's trade marks or trade names except the right to use them in connection with said "MICAFIL" when made from vermiculite ore purchased from the Company and packaged in packages approved by the Company.

10. The Licensee agrees to comply strictly with all instructions and formulae furnished from time to time by the Company for the preparation and manufacture of "MICAFIL" and to comply with all national, state and municipal laws, and regulations pertaining to the operation of said manufacture, packaging and sale of said "MICAFIL" and to maintain its plant in a clean, wholesome and sanitary condition at all times. In order to ascertain whether the Licensee is complying with all of the requirements set forth in this agreement, the Company shall have the privilege of entering the premises of the Licensee at any reasonable time to satisfy itself that such requirements are being kept.

11. The Licensee agrees not to manufacture "MICAFIL" from any material or compound other than from vermiculite ore furnished by the Company.

12. The Licensee agrees that it will not sell "MICAFIL" under any other name than that given by the Company and not to manufacture, deal in, sell, handle, either directly or indirectly, any vermiculite ore or other products made from vermiculite ore, which because of similarity in name, appearance, contents, manner of handling, or for any other reasons, may result in unfair competition with the company.

By paragraph 16, it was provided that the agreement should be in force for twelve months and be renewed automatically annually unless notification by registered letter were given by either party six months in advance of the renewal date, but by paragraph 18 it was further provided that, in the event of an increase in the price of ore as

set by the contract, the licensee might refuse to pay it, in which event the contract might be cancelled. In this case, there was no specification of the length of notice required for termination. Up to the time of the hearing of the motion, no notice had been given, and the agreement was still in effect.

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In paragraph 4 of the petitioner's notice of motion, which is verified by affidavit, it is stated that, pursuant to the agreement, the petitioner began production of insulating material under the name MICAFIL and commenced sale of the same under its own name in the month of June, 1950, and in paragraph 8 of the petitioner's reply, which is also verified by affidavit, it is stated that

the wares sold by the Petitioner were not wares of the Respondent but wares of the Petitioner processed by the Petitioner (which expanded crude vermiculite ore) and sold under Respondent's trade mark by the Petitioner pursuant to a license in that behalf granted by the Respondent.

I shall deal first with the respondent's objection that the petitioner was not a "person interested" within the meaning of s. 52 of the *Unfair Competition Act*. The expression is defined in s. 2(h) of the Act, and it has been considered in this Court in a number of cases, among which are *Standard Brands Limited v. Staley*<sup>1</sup>, *Feingold v. Demoiselle Junior Limited*<sup>2</sup>, *Barton Inc. et al. v. Mary Lee Candy Shoppes et al.*<sup>3</sup>, and *Richfield Oil Corporation v. Richfield Oil Corporation of Canada Limited*<sup>4</sup>.

By the definition above mentioned, "person interested" is declared to include

*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 . . .*

In *Barton Inc. et al. v. Mary Lee Candy Shoppes et al.* Cameron J., after referring to *Kerly on Trade Marks* and several cases cited therein and to *Crothers v. Williamson Candy Company*<sup>5</sup>, where the expression "any person aggrieved," which appeared in the *Trade Mark and Design Act* was considered, expressed the view that there is no

<sup>1</sup> [1946] Ex. C.R. 615.

<sup>3</sup> [1950] Ex. C.R. 386.

<sup>2</sup> [1948] Ex. C.R. 150.

<sup>4</sup> [1955] Ex. C.R. 17.

<sup>5</sup> [1925] S.C.R. 377.

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material difference between that expression and "any person interested" as defined in the *Unfair Competition Act*. In applying the principles cited from Kerly and from the judgment in the *Williamson* case, he said at p. 394:

By the registration of "Bartons" as its trade mark, Mary Lee Candy Shoppes Ltd. has narrowed the area of business open to its rivals, such as the applicants. The possession of that registered trade mark excludes, or with reasonable probability would exclude, the applicants from a portion of that trade into which they desire to enter. By reason of the registration and the existence of that mark, the applicants cannot lawfully do that which, but for the existence of the trade mark upon the register, they could lawfully do; and therefore, in my opinion, they have a *locus standi* to be heard as "persons interested".

In the present case, the petitioner at the time when this motion was launched was engaged in the supply and manufacture of insulating materials and builders' supplies, including the manufacture and sale of expanded vermiculite as an insulating material, and it had also made use of the word MICAFILE in association with such expanded vermiculite insulating material. From this I think it is clear that, *prima facie*, the petitioner is a person interested within the meaning of the statute as interpreted and applied in the cases mentioned. But the contention is made that, because of the agreement existing between the parties, the right of the petitioner both to use the name MICAFILE in association with its products and to produce and deal in vermiculite products is governed by the agreement and that the petitioner cannot be adversely affected by the existence of the registration so long as the agreement is in force. A similar contention was advanced and rejected in *Re Ainslie & Co.'s Trade Mark*<sup>1</sup>, where Chitty J. said, at p. 214:

More particularly the argument is founded on this, that the Applicants are not persons aggrieved within the 90th Section; but the Applicants are persons who carry on a business in whiskey, and are therefore *prima facie* persons aggrieved; and after having heard the facts, so far as material to the point stated to me, there is no ground for displacing that *prima facie* case. Then the argument is made turn more particularly upon this agreement. I have not heard the evidence read, but the parties, I understand, are in contest as to whether there is any subsisting agreement at all, and if so, what that agreement is. I am about to decide this case on the assumption that the Respondents' Counsel have rightly stated the agreement, and the agreement as stated by Mr. *Whitehorn* is to this effect— an agreement on the part of the Applicants not to sell under the trade

<sup>1</sup> (1887) 4 R.P.C. 212.



mark, "Ben Ledi", any whiskey except what the Applicants obtain from the Respondents, with a cross agreement on the part of the Respondents by which they contract not to sell any whiskey in England except through the agency of the Applicants. I am at a loss to discover how any such agreement as this can displace the Applicants' right to have the Register of Trade Marks disencumbered of that which is not a trade mark at all. There are some proceedings in an action, I understand, between the Respondents, who are the Plaintiffs, and the Applicants, who are the Defendants, whereby the Respondents seek to restrain the Applicants from dealing in whiskey under this name, and in these proceedings, so long as the registration stands, the Respondents will have two grounds upon which they will base their case. The first is, "We have a registered trade mark", and the second is, "There is an agreement between us which precludes your doing what you are about to do or what you are threatening to do." It appears to me that by removing the trade mark from the register I shall leave the question of contract, and the relation of parties under the contract exactly where it is on the contract, and so far I shall not prejudice the Respondents by anything I am doing to-day; but with regard to the ground that they allege against the Applicants that they have got a valid trade mark, I think I am bound now to say, the question being directly raised under the Act, that the Respondents have no valid trade mark, and to make an order to remove it from the register. This is not a question of equity; this is a question of right under the Statute, and the defence, which I find really a difficulty in appreciating, appears to me to fail altogether.

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See also *In Re Appollinaris Company's Trade Marks*<sup>1</sup> at p. 160, where Fry L. J. makes it clear that the reasonable probability of restriction of rights in the future, as well as immediate restriction of them, will suffice to qualify an applicant as a person aggrieved.

In the present case, what is being attacked pursuant to the statute is a registration made after the agreement was made and which is not referred to in the agreement. If the registration is expunged, the parties will be in the same legal relationship to one another under the contract as they were before the registration was made. Prior to the registration, it was open to the petitioner to terminate the agreement pursuant to its terms which, in some contemplated situations which might develop, would not necessarily require a six months' notice. Upon termination of the agreement, only such legal rights, if any, as the respondent then had in the mark would have restricted the petitioner from making such use of it as it saw fit. In exercising its rights, the petitioner would not have been restricted by the fact or legal effects of registration of the mark standing

<sup>1</sup>(1890) 8 R.P.C. 137.

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in the respondent's name. In this situation, the existence of the registration, in my opinion, affects and restricts the rights which the petitioner, as a person engaged in trading in products of the kind described in the registration, might well wish to exercise immediately upon termination of the agreement by either party, and I think that such affection and restriction of the petitioner's rights is sufficient to make the petitioner a "person interested" within the meaning of s. 52(1) of the *Unfair Competition Act*.

I turn now to the first of the grounds upon which registration of the mark is attacked, namely that the registration was invalid because the mark had not been used in Canada prior to the application for its registration. The right to registration of a trade mark is a purely statutory right, and the applicable statute at the time of the registration in question was the *Unfair Competition Act*. By s. 22 of that Act, it was provided:

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.

Then followed various provisions relating to the register to be so kept and the kinds of marks which might be registered in it, and in ss. 30 to 34 the requirements for obtaining registration of a trade mark were set out. Omitting wording not material to this case, s. 30 provided:

30. (1) Any person who desires to register a trade mark under this Act . . . shall make an application in writing to the Registrar in duplicate containing

- (a) a statement of the date from which the applicant . . . has . . . 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.

(2) If the mark is intended to indicate that the wares in association with which it is used have been manufactured, sold, leased or hired by the owner thereof the application shall so indicate and shall contain

- (a) a concise description, expressed in such terms as are ordinarily and commercially used by the applicant, of the wares with which the applicant is commercially concerned; and
- (b) a concise description in like terms of the specific wares in association with which the applicant has used the mark.

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In ss. 37 and 38 power was given to the Registrar to refuse any application which, in his opinion, could not be allowed under the Act or which was objected to on valid grounds by the owners of previously registered marks, and s. 39 then provided:

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.

It will be observed that, subject to the provisions as to the registrability of particular kinds of trade marks and the power of the Registrar to refuse an application in the cases stated, the effect of these provisions was to give to *any person* the right to cause to be registered in the register *any trade mark he (had) adopted*, and if his application was in compliance with the statutory requirements and there was no objection the Registrar was required to "forthwith cause such trade mark to be entered in the register."

The right so given was, however, subject to and limited by the later provisions of s. 30, clause (a) of s-s. (1) of which required the applicant to state the date on which and the countries in which the trade mark had been used, and s-s. (2) of which required him to give a concise description of the wares with which he was commercially concerned, as well as of the wares in association with which he had used the mark. The right was, I think, subject to other limitations as well. The word "adopted" was not defined in the Act, but it obviously meant "lawfully adopted" and, when so interpreted, s. 22 would clearly confer no right to register a mark adopted in violation of the prohibitions of s. 3 or s. 14. Moreover, the expression "trade mark", as defined in s. 2(m), was limited to

a symbol that . . . is used by any person in association with wares entering into trade or commerce for the purpose of indicating to dealers in, or users of such wares that they have been manufactured, sold, leased or hired by him,

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which suggests that the symbol must have been in use for the purpose of distinguishing goods before the adoption of it contemplated by s. 22 could be complete. But nowhere in the Act do I find any provision or expression which would limit the use contemplated by the word "used" in the definition of "Trade mark" in s. 2(m) either to use in Canada or to use in association with wares entering into the trade or commerce of Canada. Indeed, the prohibition in s. 3 against adopting for use in Canada a trade mark already in use in a foreign country suggests the contrary. Accordingly, I think that the expression "trade mark", as defined in s. 2(m) and as used in the Act, included a symbol that has been used in association with wares anywhere in the world, whether any of such wares had ever entered into trade and commerce in Canada or not. Nor is there in the Act any expression or provision which appears to me to require either that the adoption contemplated by s. 22 be limited to adoption in Canada or that, for the purposes of s. 22, the person adopting a trade mark need have a business or trade in Canada in which the trade mark was used or was to be used, though, no doubt, in order to satisfy the requirement of s. 30(2) it would have been necessary for him to have a business or trade somewhere in the world in connection with which the mark was being used. In this respect, the *Unfair Competition Act* differed materially from the earlier *Trade Marks and Design Act*, which made no reference to use of a mark in countries other than Canada and which conferred a right to registration on the proprietor of a trade mark and defined "trade marks" as all marks, names, labels, brands, etc., which are adopted for use by any person in his trade, business, occupation, or calling. The judgment of the Supreme Court of Canada in *Robert Crean and Co. Ltd. v. Dobbs and Co.*,<sup>1</sup> where the word "adopted" was considered, is accordingly inapplicable to the present situation.

What the *Unfair Competition Act* did require, however, as a preliminary to registration in Canada, in addition to adoption and use of the trade mark in another country of the Union for the Protection of Industrial Property as defined in the Act, in connection with a trade or business carried on in that country but not in Canada, was, I think,

<sup>1</sup> [1930] S.C.R. 307.

to be gathered from ss. 4 and 5. Section 5 prohibited the use in Canada by anyone but the registered owner of a mark that had been *adopted and registered*. Inferentially, this would afford exclusive use to a person who had adopted a mark elsewhere than in Canada and had secured registration of it in Canada. This, however, was to be reconciled with s. 4, by which the right to exclusive use of the mark in Canada was conferred on the person who first used it or made it known in Canada, as provided in s. 3, (that is "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 or users of such wares in Canada"), if he obtained registration. The prohibition of s. 5 would thus be wider than the corresponding right conferred by s. 4 if mere adoption elsewhere without use or making known in Canada were sufficient to found a right to registration in Canada. For this reason, I think that the right to registration in a case of this kind, as conferred by s. 22, must have been intended to be limited to the person to whom the exclusive right of use in Canada was given on registration, for otherwise the register would be likely to exhibit a quite inaccurate expression or definition of his rights. It follows that, in the present case, the facts must be examined to see if the respondent who, at the time of its application for registration in Canada, had the mark MICAFIL in use in the United States in association with its expanded vermiculite products, had either (a) used the mark in Canada in association with such wares or (b) made it known in Canada by reason of either (i) the distribution of such wares in Canada or (ii) their advertisement therein in any printed publication circulated in the ordinary course among potential dealers in or users of such wares in Canada. Now, it is not suggested, nor is there any evidence, that the respondent's expanded vermiculite products had ever been advertised in any such publication, and, accordingly, the question whether or not the mark had been made known in Canada is immediately narrowed down to whether or not it had been made known by reason of distribution of such wares in

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Canada. What I think was a somewhat stronger case on this point was considered in *King Features Syndicate Inc. et al. v. Benjamin H. Lechter*,<sup>1</sup> where Cameron J. said at p. 306:

The plaintiffs have led evidence intended to establish that about 1935 a watch made by Montgomery Ward & Co. under license from the Hearst Corporation was distributed in Canada and was therefore known in Canada within section 3(b). W. J. O'Neil, Secretary-Treasurer of Paramount Film Services, Ltd., states that about that year his firm received from the parent company—Paramount Pictures Inc. of New York—a small number of watches similar to Exhibit 22 for distribution gratis among his firm's employees in Toronto for advertising purposes in connection with "Popeye" film cartoons, and that he or his family received two or three of them, one of which was still in his possession but was not produced. That watch has but one character, that of "Popeye", and the dial bears the name "Popeye" in red ink adjacent to the figure. There is no evidence that that "Popeye" watch was ever advertised or sold in Canada. I am of the opinion that the very limited use of that dial in that way does not constitute such distribution of the wares in Canada as to bring the name "Popeye", used in connection therewith, within the ambit of section 3(b).

In my opinion, the mere sending to one company in Canada in 1948 and the bringing to it or to its subsidiary in 1950 of samples of the respondent's products was neither a distribution of wares as contemplated by the Act nor was it sufficient to establish that, by reason thereof, the mark was known in Canada. What I think was contemplated by the statute was such distribution of the wares bearing the mark and in such quantities as would serve to make the mark known by persons engaged in trading in such wares in Canada or their customers, and what was done in this case was, I think, quite insufficient to satisfy the statutory requirement.

There remains the question whether what was done constituted use of the mark in Canada within the meaning of s. 4. In this connection, s. 6 provided as follows:

6. For the purposes of this Act a trade mark shall be deemed to have been or to be used in association with wares if, by its being marked on the wares themselves or on the packages in which they are distributed, or by its being in any other manner so associated with the wares at the time of the transfer of the property therein, or of the possession thereof, in the ordinary course of trade and commerce, notice of the association is then given to the persons to whom the property or possession is transferred.

In the present case, the respondent was not engaged in selling expanded vermiculite products in Canada nor, so far as appears, was any sale of such products made or even

<sup>1</sup>[1950] Ex. C.R. 297.

proposed, in the ordinary course of trade, to the petitioner or to anyone else in Canada. Nor was sale of the respondent's expanded vermiculite products in Canada in the ordinary course of trade or commerce the purpose for which the samples were sent or brought to Canada or delivered to the petitioner or its parent company. All that occurred was a delivery of samples of the respondent's products in connection with negotiations for the supply of crude vermiculite ore to the petitioner, from which the petitioner might manufacture similar products of its own. This, in my opinion, was not use of the kind contemplated by the statute and, accordingly, I think it was insufficient to support the respondent's claim for registration of the mark under the *Unfair Competition Act*. No other use by the respondent of the mark in Canada, in association with its expanded vermiculite products, either prior or subsequent to the making of its application for registration, was established. It follows, in my opinion, that the registration was not made in accordance with or authorized by the statute and that it should accordingly be expunged.

The foregoing is sufficient to dispose of the matter but, before parting with it, I think I should add that, had I come to the contrary conclusion on the question of use, I would not have held the mark invalid by reason of the licensing of the petitioner by the respondent to use the mark. Assuming that the respondent was the first to use the mark in Canada and that, prior to the making of the licensing agreement, it was entitled to obtain registration of the mark under the *Unfair Competition Act*, it would, in my opinion, have been necessary for the petitioner to show that the mark, by reason of the license and what was done pursuant to it, no longer satisfied the requirements of the definition of "trade mark" in s. 2(m). It is established that there was a licence and that the mark was used by the petitioner pursuant thereto, but the material before the Court does not show either where or to whom the products in association with which the mark was used by the licensee were sold, nor the extent of the use so made.

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of the mark. In this situation, I would be unable to conclude on the evidence that the mark had ceased to satisfy the requirements of the definition of "trade mark" in s. 2(m) of the Act.

There will be judgment ordering the expungement from the register of trade marks of the word mark MICAFIL, registered by the respondent as of September 30, 1952, under No. NS 46651/183. The petitioner is entitled to the costs of the application.

*Judgment accordingly.*