

Ottawa
1968
June 21,
25-28
Oct. 1

BETWEEN:

MELNOR MANUFACTURING LTD.,
and MELNOR SALES LTD.

PLAINTIFFS;

AND

LIDO INDUSTRIAL PRODUCTS }
LIMITED } DEFENDANT.

Industrial Designs—Assignment by design's author to nominee of employer—Nullity of—Nunc pro tunc transfer—Effect of—Time limitation—Industrial Design and Union Label Act, R.S.C. 1952, c. 150, secs. 4, 7(3), 8, 12, 13(1), 14(1).

A designer engaged by a company to design a lawn sprinkler executed a specification for a design on August 9th 1966 and as required by his employer assigned all rights in the design to the employer's subsidiary, which applied for and obtained registration as proprietor of the design on January 30th 1967 under the *Industrial Design and Union Label Act*, R.S.C. 1952, c. 150. On March 25th 1968 the parent company's rights in the design as at August 9th 1966 were transferred *nunc pro tunc* to the subsidiary in order to resolve doubts as to the validity of the latter's title to the Canadian registration. On March 30th 1968 the subsidiary assigned its rights to plaintiffs which brought this action against defendant for infringement of the design.

Held, dismissing the action, on the proper construction of secs. 4, 8 and 12 only the author of a design or a person for whom the author executed the design for good or valuable consideration can register the design as its proprietor; hence in this case the parent company alone was entitled to register the design and plaintiffs consequently acquired no right to the design from the subsidiary. *Renewal Mfg. Co. v. Reliable Toy Co.* [1949] Ex. C.R. 188; *Jewitt v. Eckhardt* 8 Ch D 404, referred to. The *nunc pro tunc* transfer of the parent company's rights to its subsidiary was of no effect because it was not registered within one year of publication of the design in Canada as required by s. 14(1).

Held further, plaintiffs had not established on the evidence that the design was in fact the work of the declared designer. Section 7(3) as to the effect of a certificate of registration does not require otherwise.

Held also, while s. 13 requires an assignment of a design to be recorded the recording may be made at any time.

ACTION for infringement of industrial design.

Christopher Robinson, Q.C. and *James D. Kokonis* for plaintiffs.

Weldon F. Green for defendant.

NOËL J.:—The plaintiffs, two Canadian corporations, acquired by an assignment from International Patent Research Corporation, dated March 28, 1968, a design applied to lawn sprinklers and registered under No. 226/29037 in the register of industrial designs on January 30, 1967. Since this assignment, the plaintiffs allege (and the defendant admits) that the defendant has offered for sale to the public and sold, lawn sprinklers identified by the defendant by the name “*Swinger*” and not made by either of the plaintiffs or International Patent Research Corporation or with the licence in writing of any of them. The defendant otherwise denies that its lawn sprinklers have had applied to them plaintiffs’ design or a fraudulent representation thereof or that its offering for sale to the public and sale has infringed the plaintiffs’ exclusive right for the said design, which right the defendant also denies.

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The plaintiffs further allege that the design applied to the sprinklers so offered for sale to the public or so sold is the design covered by the registration or a fraudulent imitation thereof, and that the defendant has, without the licence in writing of the plaintiffs, applied the said design or a fraudulent imitation thereof to the ornamenting of lawn sprinklers and has published and sold and exposed for sale lawn sprinklers to which such design or fraudulent imitation thereof has been applied, and has thereby infringed the plaintiff’s exclusive right for the said design acquired by its registration.

The plaintiffs therefore claim

- a) an injunction restraining the defendant, by itself, its servants, agents or workmen from infringing the plaintiffs’ exclusive right for its industrial design;
- b) the damages suffered by the plaintiffs as a result of the defendant’s infringement of the said exclusive right;
- c) delivering up on oath to the plaintiffs of all lawn sprinklers in the possession or power of the defendant to which the design or a fraudulent imitation thereof has been applied;
- d) such further and other relief as the justice of the case requires;
- e) costs.

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The defendant admits that industrial design No. 226/29037 was registered in the name of International Patent Research Corporation on January 30, 1967, but pleads that this design registration, however, is and always has been invalid and void on the grounds that the said design,

- (1) is not one within the scope of the *Industrial Design and Union Label Act*;
- (2) at the date of registration was not registrable in that it was identical with or so closely resembles those designs already registered and those referred to in a schedule attached to its particulars of objections as to be confounded therewith;
- (3) was published more than one year prior to the date of registration in Canada having regard to the prior art and the offering for sale of a number of oscillating lawn sprinklers;
- (4) was not original at the date of adoption of the said design by the said proprietor having regard to the prior art and the offering for sale and sale of oscillating lawn sprinklers embodying the design;
- (5) the articles to which the said design has been applied after registration under the authority of International Patent Research Corporation, the assignor, and/or the plaintiffs, failed to bear the letters Rd. and the year of registration at the edge or on any part thereof, or a label with the proper marks thereon, nor did the name of the proprietor appear upon such articles contrary to section 14(1) and (2) of the *Industrial Design and Union Label Act*;
- (6) the description of the said design in the registration fails to state distinctly the things or combinations that the applicant regarded as original and in which an exclusive property or privilege was claimed;
- (7) any differences between the said design described and illustrated and the designs commonly known and commonly used in the art prior to the date on which the said design was adopted consisted merely of workshop or obvious alterations which did not constitute an exercise of intellectual activity sufficient to establish originality as required by the *Industrial Design and Union Label Act*; and, finally,

(8) International Patent Research Corporation, the assignor of the said design registration to the plaintiffs, was not the person entitled under the provisions of the *Industrial Design and Union Label Act* to make application for registration of the said design and register the said design in its name in that at all material times it was fully aware that the author of the said design was John D. Bienert of New York City, New York, or Horace Chow, of Moonachie, New Jersey, or both of them, who executed the said design for Melnor Industries Inc., a United States corporation, for a good or valuable consideration and therefore the application for registration was invalid and void *ab initio* and the registration invalid and void *in limine*.

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The defendant prays that the present action be dismissed with costs.

Leave was granted the plaintiffs on June 17, 1968, to produce a reply and joinder of issue whereby *inter alia* they admit:

- (a) that defendant had no notice of the acquisition of the rights of the plaintiffs in the industrial design from International Patent Research Corporation until April 19, 1968, the date of the service of the statement of claim upon it;
- (b) that the author of the industrial design involved herein (No. 226/29037) was John D. Bienert who executed the said design for Melnor Industries Inc., a New York corporation, for good and valuable consideration.

The plaintiffs further allege that Melnor Industries Inc. was, since before the year 1960 until 1967, a New York corporation engaged in the business of designing and manufacturing garden equipment including lawn sprinklers and had in that period a number of wholly owned subsidiary companies which included amongst others, a United States corporation International Patent Research Corporation and two Canadian companies, Melnor Sales Ltd. and Melnor Manufacturing Ltd., the present plaintiffs.

The evidence discloses that International Patent Research Corporation (hereinafter referred to as "Inter-

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national”), was formed to hold all patent and design rights in all countries, including the United States and Canada of the Melnor group of corporations and the plaintiffs submit that from the incorporation of International in 1961 arrangements were made to transfer to the latter the title to all inventions, both mechanical and design, relating to operations of the Melnor group and to resulting patents, design registrations and similar rights in all countries with the intention on the part of Melnor and International that the latter should hold all such rights in all countries. The normal arrangements for the above purpose were to have the inventor of the invention including design, execute an application for United States patent in respect of the invention and at the same time execute in favour of International an assignment of all rights to the invention described in the application and to the application and of any patents therefor obtained in the United States and in foreign countries. Plaintiffs submit that an independent designer by the name of Bienert was engaged by Melnor to create the design in suit and executed a specification on August 9, 1966, and then executed a United States application for registration therefor, which matured into United States patent D-207,575 of May 2, 1967, and that he executed also an assignment to International of all rights in the design in the United States and all foreign countries, which was recorded in the United States Patent Office on August 11, 1966, and Melnor and International believed that thereby all of such rights had been effectively conveyed to International; International then at the direction of Melnor, and on the understanding that the assignment from Bienert to International was effective to make International proprietor of the design in Canada, applied in Canada as the proprietor for registration of the design by application serial No. D-34,959, which matured into design registration No. 226/29037 of January 30, 1967; pursuant to an agreement and plan of reorganization, made on November 1, 1966, between Melnor and Beatrice Foods Co. (hereinafter referred to as Beatrice) a corporation of the State of Delaware, in the United States, Melnor, on January 31, 1967, conveyed to Beatrice all Melnor’s business and assets including, amongst others, inventions, patents and patent rights and all interests to which Melnor

had any right of ownership or otherwise or to which Melnor had a conveyable or assignable interest; the assets of Melnor thus conveyed included all the issued and outstanding shares of all the subsidiary companies of Melnor, including those of International, with the result that since January 31, 1967, all the said subsidiary companies have been wholly owned subsidiaries of Beatrice; since January 31, 1967, Beatrice has carried out, under the name Melnor Industries, the business formerly carried on by Melnor with the same directing personnel as was the directing personnel of Melnor and Melnor since is no longer in existence; on March 25, 1968, Beatrice executed a document transferring to International *nunc pro tunc*, as of August 9, 1966, all such rights as Melnor may then have had in and to the design in suit. This document, produced as Exhibit 25, appears to have been recorded under number 3945 on May 15, 1968, nearly a month after the taking of the present action and was executed for the purpose of validating or confirming the title of International to the design in suit as it was brought to the attention of Beatrice that by operation of law, arising from Melnor's payment of monies to Bienert for the creation of the design, Melnor may be said to have become the proprietor of the design prior to the time that Bienert executed, on August 9, 1966, an assignment of the design to International. As Melnor Industries, Inc. had not transferred its ownership in the design to International, Beatrice wished, by this *nunc pro tunc* document, to eliminate any doubt as to International's proprietorship of the design and as to its title to the Canadian design registration pertaining thereto.

Harold James, a patent attorney employed by the Melnor group of companies, explained how and why International was set up. In 1961 or 1962, he says he brought the requirements of the Canadian patent marking law, and in particular that the name of the proprietor was a part of that marking (cf. section 14(1) and (2) of the Act), to the attention of his client Melnor. Melnor had advised him that many of their products were sold under names other than Melnor because it was undesirable that the name Melnor appear on these lines as they were sold at lower prices and were of somewhat lesser quality than the sprinklers sold under the Melnor name. James said he

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discussed the matter with Canadian counsel and with Mr. Sol Glick, of the Melnor firm, and the latter suggested the possibility of using a corporation with a neutral name as the owner. From the creation of International in 1961, the practice, according to James, was that when a United States application, mechanical or design, was prepared, his office would send with the application and the formal papers for the application, an assignment from the inventor or designer, whoever he may be, to International of all rights including all foreign rights to the invention be it mechanical or design. These documents would be executed by the inventor, returned to James' office and then the application papers, together with the assignment, would be sent to the United States Patent Office, the application papers for filing and the assignment for recording. An assignment of the Canadian rights to International would, therefore, be executed at the same time as the application and then both would be forwarded to Canadian associates for filing and recording.

James explained that the basis for that practice was to carry out the purpose for the formation of International which was to have a neutral name for Canadian design markings and to have all patent and design rights in one place rather than just Canadian patent rights in one place and other patent rights elsewhere.

The above facts have given rise to a number of problems which, having regard to the confusing and terse language used in some of the sections of the present *Industrial Design and Union Label Act* in this country, have not been conducive to an easy solution.

As a result of the above transactions, a number of attacks were made by the defendant not only as to the validity of the industrial design in suit, but also as to the title of the plaintiffs to this design.

The main one which I will deal with now is that as the plaintiffs admitted in paragraph 1(b) of their reply, that the design in suit was executed by Bienert for Melnor Industries Inc. "for a good or valuable consideration", the sole proprietor of the design, as provided for in section 12(1) of the *Industrial Design and Union Label Act*, R.S.C. 1952, chapter 150, could, therefore, only be Melnor who would also be the only person, as proprietor, who could, under section 4 of the Act, apply for its registration

and who, under section 8 of the Act, could alone register it. Sections 12(1), (2), 4 and 8 of the Act read as follows:

12. (1) The author of any design shall be considered the proprietor thereof unless he has executed the design for another person for a good or valuable consideration, in which case such other person shall be considered the proprietor.

(2) The right of such other person to the property shall only be co-extensive with the right that he has acquired.

4. The proprietor applying for the registration of any design shall deposit with the Minister a drawing and description in duplicate of the same, together with a declaration that the same was not in use to his knowledge by any other person than himself at the time of his adoption thereof

8 Where the author of any design has, for a good and valuable consideration, executed the same for some other person, such other person is alone entitled to register.

The defendant therefore submitted that as Bienert had no right to this design, he could not, by his assignment to International, transfer any right to this corporation and the latter's application in October 1966 as the proprietor of this design on the basis of his assignment, as well as the registration obtained on the strength of this application, are null and of no effect. As the plaintiffs draw their title from International, they also can possess no greater right than their author International.

Defendant further urged that even if the assignment is valid it could not be upheld because it "had not been recorded in the office of the Minister" as required by section 13(1), (2) and (3) of the Act reproduced hereunder:

13 (1) Every design is assignable in law, either as to the whole interest or any undivided part thereof, by an instrument in writing, which shall be recorded in the office of the Minister, on payment of the fees prescribed by this Act in that behalf.

(2) Every proprietor of a design may grant and convey an exclusive right to make, use and vend and to grant to others the right to make, use and vend such design within and throughout Canada or any part thereof for the unexpired term of its duration or any part thereof.

(3) Such exclusive grant and conveyance shall be called a licence, and shall be recorded in like manner and time as assignments.

It is also, according to counsel for the defendant, too late to record the assignment now as one must read into this section a requirement which existed in the forerunner to the present Act and which, he says, was by oversight, not included in the present Act that all assignments be registered within 30 days from such assignment. There is, he says, a good reason to come to this conclusion in view

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of the wording of subsection (3) of section 13 which states that "such exclusive grant and conveyance shall be called a licence, and shall be recorded in like manner and time as assignments". This section of the Act, however, mentions no time or delay for the registration of assignments and the only interpretation I can give to the language used here (as I cannot import into the Act a requirement which it does not mention) would be that if the Act had provided for a delay or a time for the assignment of designs, then a licence shall also be recorded "in like manner and time". As however, the Act mentions no time, it must, I believe follow that no time is set down for such a recording and assignments can therefore be recorded any time after they are granted. It therefore follows that if plaintiffs' assignment is valid it can be recorded at any time after its execution.

In view of the circumstances under which the present assignment of the design in suit was made by Bienert to International and the fact that International, who registered the design as its proprietor, was not its owner, the first question is whether a *nunc pro tunc* document such as Exhibit 25 can effectively validate the above assignment and give International a valid title to the design it registered in January 1967.

It can only do so if, as an assignee, it can be included in the word "proprietor" mentioned in section 4 of the Act where a proprietor only can apply for registration of a design.

The question here really is whether the proprietor contemplated in this section, is restricted to those persons (the author or the person for whom the latter has executed the design for a valuable consideration) contemplated in section 12 of the Act, or as being entitled to register under section 8 of the Act.

After careful consideration of the various sections of the Act which deal with the rights of the proprietor, assignee and licensee, I must, I believe reach the conclusion that under sections 12, 4 and 8 of the Act, the author or, in the case he produces a design for someone else for a valuable consideration, that other person alone can register and sections 12 and 8 do not merely determine, as submitted by counsel for the plaintiffs, who, between the author and

the person for whom he executed a design, is the owner and has the right to register a particular design. I say this because, in my view, the person in a position to comply with the requirement in section 4 that he supply "a declaration that the same (design) was not in use to his knowledge by any other person than himself at the time of his adoption thereof" is either the author or the person for whom he made the design. Indeed, in order to make such a declaration, one must know the facts surrounding the creation and the application of the design at the time it was adopted and, in my view, only the author or the person for whom the design is made is in a good position to supply this information. It is, I believe, necessary that the author or the person for whom the design is made for valuable consideration give this information because the purpose is to get at the person to find out whether in fact he is entitled to the monopoly. Now, as the person who paid for the execution of the design in suit at the time of the adoption of this design, was Melnor Industries Inc., it follows that it alone was the proprietor of this design and was the only one entitled to register it. This would be in line with the decision of Cameron J. in *Renewal Mfg. Co. v. Reliable Toy Co. et al*¹ where at p. 193, dealing with the predecessor to the present Act he stated:

...As I have stated above, only the proprietor of a design is entitled to register his design. By the provisions of section 35 (*supra*) the author shall be considered the proprietor unless he has executed the design for another person for a good or valuable consideration, in which case such other person shall be considered the proprietor. Then, by section 31 it is provided that if the author shall for good and valuable consideration have executed the design for some other person, such other person shall *alone* be entitled to register. It follows from the provisions of these two sections that if an author has executed the design for good and valuable considerations for another person, that the author cannot register the design in his own name, that right being reserved for "such other person."

It would also seem that, as under section 14(1) of the Act, a design to be protected must be registered by its proprietor within one year from its adoption in Canada, it would be too late now, even by a *nunc pro tunc* document such as Exhibit 25, to try to correct the situation in order to make International retroactively the proprietor

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¹ [1949] Ex. C.R. 188.

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of the design. The plaintiffs, therefore, have no better title to this design than International and cannot in the present action enforce any rights therefor.

It may well be, as submitted by counsel for the plaintiffs, that by restrictively interpreting section 4 of the Act in holding that only the author or the person for whom he made the design for a valuable consideration can register, may mean, although I do not intend or need to decide it here, that in some cases such as, for instance, when the author or the other person for whom it is made, dies before registration, an industrial right could then be lost forever. There is, as a matter of fact, no provision in the Canadian statute (although there appears to be one in the English Act) which deals with the matter of devolution and as section 12 mentions only the author or the person for whom the author made the design for a valuable consideration, who, as already mentioned, according to section 4, are persons in a position to supply the information required, and there is no mention of a legatee, it may be that in the event of the decease of the only person entitled to register, the right could be lost forever.

The language used in the present Canadian *Industrial Design and Union Label Act* is very sparse and it is not, I believe, possible to import into the Act something to take care of a situation which appears not to have been dealt with at all. Parliament, indeed, did not see fit to mention in the statute a legatee as a possible proprietor entitled to register a design and it is questionable whether this Court can supplement the Act in order to deal with such a situation.

It is, I agree, somewhat surprising that this legislation be so drawn up as to say that a property right which by law normally devolves on somebody, may, in some cases, disappear altogether and be lost forever, but in a matter such as the present one, which deals with the giving by statute of a monopoly in an industrial right, one could be faced with such a situation where, unless a right is properly registered by whoever under the statute is declared to be entitled to register it, such a right is lost.

Whatever may be the rights of an heir or legatee to an unregistered design, it is clear from a reading of the relevant sections of the Act that an assignee is not mentioned as being a person authorized to register a design

as its proprietor, although of course, section 13 permits an assignee to record an assignment. I must, therefore, conclude that under the relevant sections of the present Act only the author or the person for whom he has executed a design for a good or valuable consideration can register a design as its proprietor².

I am fortified in the conclusion I have reached in this regard by a consideration of other sections of the Act where a clear distinction appears to have been made between the registered proprietor and his assignee such as in sections 11 and 16 of the Act where mention is made of "...the registered proprietor or if assigned of his assignee..." in dealing with their rights in the event of unlawful use of the design (section 11) or the violation of their rights (section 16). There is, of course, section 14(1) of the Act which deals with the conditions of registration and marking requirements which says that "the name of the proprietor shall appear upon the article to which his design applies by being marked..." and there is no question that the word proprietor here must include an assignee as under the preceding paragraph 13 an assignee can acquire rights and in the event he does then his name and not that of the person from whom he acquired rights must appear under the marking requirements on the goods manufactured or sold by him. The purpose of marking goods is indeed to indicate to the public the owner of the wares at a particular time when they are on the market and if the owner happens to be an assignee it is clear that his name alone must appear on such wares. It would, no doubt, have been preferable that

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² In *Jewitt v. Eckhardt* (8 Ch. D. 404) Jessel M. R. dealing with a design stated at p. 410:

On the other hand, can you register an assignment or license before the proprietor himself has registered? It would have this very singular consequence if you could. If a license by the author or the sole proprietor of a design be granted before registration, and the licensees had a right to register and to publish, nobody else could register it afterwards, and the original proprietor would lose his right, which would be a singular result. Whereas, if the provision of the Act is, as I think it is, to have registration on the part of the author and proprietor before he grants out the partial interests, then there is no difficulty, because every man who gets a partial interest registers under the 6th section, and that grant must be in writing. It seems to me that that is the real meaning of the Act, although it is not so perfectly expressed as I should like.

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the word assignee be included in the section to indicate clearly that such was the case, but this, in my view, is another example of the inadequacy of the language used in the present Act. It does not, however, persuade me that the restrictive interpretation I have given to the other sections of the Act which deal with registration and those entitled to register is wrong nor that an assignee should also be read into the word "proprietor" in those sections.

I must, therefore, conclude that the registration effected by International here, even fortified by the *nunc pro tunc* document, which indicates that the intention of Melnor Industries Inc. and the Melnor group was to insure that International would, as part of the group, be the proprietor of the design in addition to having been obtained by a false declaration that it was the proprietor, and being, therefore, on this account alone invalid and of null effect, has given International, or the plaintiffs, from whom they draw their rights, no valid title to the design in suit and the action for this reason alone must be rejected³.

Having reached this conclusion, it should not be necessary for me to deal with any other of the numerous attacks launched by counsel for the defendant herein except to say that, having regard to the whole of the evidence adduced, even Bienert's authorship of the design in suit remains doubtful and, therefore, questionable. Indeed, the evidence that Bienert (whom plaintiffs claim) was the author of the design in suit, is not, in my view, sufficiently coherent and convincing to establish clearly that such is the case. I say this, notwithstanding the fact that defendant alleged (although alternatively, as it stated in paragraph 8 of defendant's particulars of objection that either Bienert or Ho Chow was the author) that Bienert was the author of the design which plaintiffs admitted and that counsel for the defendant, in an attempt to read in at the trial parts of an affidavit of one Warshauer, an officer of the Melnor group of companies and tendered in support of the interlocutory injunction proceedings as part of the discovery of this officer, produced the entire document which happened to contain, in addition to the statements counsel for the

³ *In re Carter* (1932) 49 R.P.C. 403, which dealt with an invention, it was held that an application to which the true and first inventor was not a party is void and that the irregularities cannot be cured by amendment.

defendant wanted to use as evidence, a statement to the effect that Bienert was the author of the design in suit.

I am not satisfied, on the whole of the evidence produced herein, even considering the effect of the language used in section 7(3) of the Act, that a certificate issued under the Act "in the absence of proof to the contrary, is sufficient evidence of the design, of the originality of the design, of the name of the proprietor, of the person named as proprietor being proprietor, of the commencement and term of registry and of compliance with the provisions of this Act" that Bienert's authorship of the design is sufficiently or satisfactorily established.

A brief outline of the evidence with regard to the authorship of this design will show what I mean.

Counsel for the defendant read in parts of the answers given on discovery by Warshauer, an officer of the plaintiffs' companies, who in the course of such an examination produced two drawings of the design in suit, Exhibit 21—drawing 33A, dated 4/2/66, which at the trial became Exhibit M and drawing 33A1, dated 4/7/66, which became at the trial Exhibit X, both of which, as can be readily seen, were made prior to the date when the plaintiffs state Bienert executed the specification of the design for them, which they allege was on August 9, 1966. Warshauer admitted that both of these drawings had been made by one Ho Chow or Tappan, two draftsmen employed by the Melnor companies and he was then asked the following questions:

Q Mr. Warshauer can you tell me what stage of the evolution of the industrial design in suit, Exhibit 21 represents?

A. I cannot tell you the exact stage Mr Green

Q. Well as your counsel has said, it does represent a stage, is that right?

A. Yes, sir

Q Now do you recall telling me on your cross-examination on April 25 when I directed your attention to Exhibit No. 6 of the cross-examination of which this is a copy, Mr. Kokonis? Will you admit that?

MR. KOKONIS: I will do that, yes.

Q. Will you do that? You told me in an answer to this question and I was directing your attention to Exhibit 6, 'Does it incorporate the design which you say is the subject of this suit?' and your answer was 'Yes, sir' Is your answer the same today?

MR. KOKONIS: I will agree that on cross-examination Mr. Warshauer was asked that question and gave that answer. However, that was

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cross-examination. This is examination for discovery. You are on this examination today, examining Mr. Warshauer in his position as an officer of the companies in question.

MR. GREEN: Yes.

MR. KOKONIS: And in giving his answer today based on a knowledge of the company, Mr. Warshauer has agreed that Exhibit 21 represents one stage of the evolution of the design here in suit.

The following then took place with regard to another drawing of the design in suit, Exhibit 22 (Exhibit X at trial):

Q. Now looking at Exhibit 22.

A. Yes.

Q. What does that Exhibit represent Mr. Warshauer?

MR. KOKONIS: Well Mr. Green, Exhibit 22 represents the working mechanism of the sprinkler No. 33 which is marked Exhibit 20 to these proceedings and in respect of which Exhibit we will admit that the design of the industrial design which is here in suit has been applied.

Q. You have produced another drawing for the first time this morning which I had no previous knowledge of and I would like you to tell me what that drawing depicts?

A. This drawing depicts the final design of the sprinkler No. 33 Ram Wave.

Q. Which is the design in suit, is that right, as depicted in Exhibit 23?

A. Yes, sir.

Q. And what date does it bear?

MR. KOKONIS: Well Mr. Green, there are two dates on the drawing. The first date June 7, 1966 and which I understand to be the date of the first drawing; it also bears a date in red, June 4, 1968 which I understand is the date the print is put into file at Melnor Industries

Q. I understand from off the record discussion Mr. Warshauer, that this is a blueprint of the original drawing which you have in your possession?

A. Yes, sir.

Q. And so far as you know it was drawn by whom?

A. Frank Tappan who I understand is a draftsman employed by Melnor Industries.

Q. Inc. at that time?

A. Yes

Q. He would be operating under the direction of Ho Chow?

A. Yes, sir.

Q. And we are agreed that this discloses the features of the design in suit?

MR. KOKONIS: As Mr. Warshauer has said this is the final drawing, the last stage of evolution one might say.

Q. The last stage of evolution?

A. Yes, sir.

Q. I'd like to mark that Exhibit 24.

Exhibit 24. Blueprint drawing 33A bearing date 6/7/66 and June 4, 1968 in red.

Warshauer was then asked whether he knew of the existence of any other drawings in the hands of Bienert and the following questions and answers ensued:

Q. Well apart from your companies and the persons employed by them do you know of the existence of any drawings, for example, in the hands of Mr. Bienert?

A. I do not know of any.

Q. If you should learn that there are, would you produce them to counsel if you can get them into your possession that is?

Q. Now have you any knowledge, I am speaking about your corporate entity, Mr. Warshauer, of how Mr. Bienert went about the conception of this design?

A. No, Mr. Green. He is a designer and I don't know.

Q. Did he do his work at your plant?

A. He would...

Q. No, did he?

A. I don't know.

Q. Well in the course of working on this design, did he provide drawings to Melnor Industries Inc?

A. I do not have first hand knowledge of that.

Q. If he did not provide drawings, did he provide a model?

A. To the best of my knowledge, he did not provide a working model.

Q. Is that your own personal knowledge or the knowledge of the company?

A. My personal knowledge.

Q. Well I want an answer on the knowledge of the company.

MR. KOKONIS: Yes, Mr. Green.

I did get an answer, my Lord, in the letter of June 14, on page 2, paragraph No. 8:

8. *Pages 56 and 57 Discovery—*

Inquiries have been made of the personnel at Melnor Industries and there is no knowledge as to whether Mr. Bienert provided a model of the design in suit. A search of the records of Melnor Industries has failed to reveal any drawing or sketches other than the drawings produced to you prior to the examination for discovery and the two drawings referred to under No. 7 hereinabove.

In the face of such conflicting and incomplete evidence with regard to Bienert's authorship of this design, it is not possible for me to reach the conclusion that he really did anything in this regard. It is true that it appears from the evidence that the design was registered in Bienert's name in the United States Patent Office but this is not conclusive evidence in this country that he is the author of it. Furthermore, the fact that no drawings or model made by Bienert could be produced of a design which was registered in the United States Patent Office is to say the least surprising. This, of course, leaves the matter of authorship in a very unsatisfactory and unconvincing situation. Plaintiffs could

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have, and, I believe, in view of the drawings produced on discovery, which were made by either Chow or Tappan, two paid employees of Melnor, and the fact that plaintiffs were not able to produce even a sketch of the design made by Bienert, should have produced Bienert as a witness to explain this most extraordinary fact that being the author of a design which was registered in the United States Patent Office it was not possible to find and produce a drawing, model or even a sketch of his design, particularly when, on the other hand, there were a number of drawings made by others of this design, some of which appear to deal with the first stage of the design, such as Exhibits AP, M and X, and others with the latter stages of the design, such as Exhibits AO and N which are more detailed and one (Exhibit N) which bears the inscription "final design" even if some of these drawings happen to bear also a design of the inner mechanism of the sprinklers. I should also add that all of these drawings bear a date prior to August 9, 1966, when plaintiffs claim Bienert executed the specification of the design in suit for them. There is not, in my view, after considering the whole of the evidence hereunder, sufficient or satisfactory evidence before me to establish that Bienert was the author of the design in suit and the plaintiffs have here failed to discharge the burden they had of establishing the authorship of the design⁴. One may also wonder why the evidence in this regard was allowed to remain in this unsatisfactory condition. Should the answer be, as submitted by counsel for the defendant, that Bienert had created the earlier sprinklers (Exhibits C and D) for Melnor and when the latter came around to protect the design in suit, created by Melnor's draftsmen, it credited Bienert for the features that corresponded to the earlier sprinklers in which case there would be some questions as to whether what Melnor's employees did was in the course of their duties, in the employer's time and at its expense⁵. This could also cast some doubt on the originality and novelty of the design in suit.

I should before parting with this case, even if such a course is unnecessary, in view of the conclusion I have reached as to the defective title of the plaintiffs herein, but because of the possibility of an appeal, deal with this

⁴ Cf. *Henrich's Design* (1892) 9 R.P.C. 73.

⁵ Cf. *Renewal Mfg. Co. v. Reliable Toy Co. et al*, (*supra*).

question of the novelty and originality of the design in suit and I should do so bearing in mind the possibility that it may have been created by either Chow or Tappan. The design, if one refers to the certificate, is described as being:

...characterized by a pair of end supports which have essentially similar but different sized shapes in front and side elevation and top plan, said front elevation shape comprising upwardly converging side walls, a top wall, and spaced depending essentially diverging feet portions, said side elevational shape comprising a substantially vertical front wall, a top wall, and a downwardly and outwardly inclined rear wall, said top plan shape comprising a narrow central portion with widening tapered end portions, the front edges of all said portions being essentially planar, one end support having forwardly and rearwardly projecting housing portions located substantially in registration with one another.

It was strongly attacked by the defendant, on the basis that it is merely a skeletal type structure adapted to some material as distinguished from a solid form and that cost reduction and not invention was the main consideration underlying the production of the housing of the design. It was also submitted that the design in suit compared to Exhibits C and D, which counsel for the plaintiffs admitted was proper prior art, was different only in that the following obvious changes were made and this for stability reasons only: the entire motor housing and horizontal hose connection was lowered and the end support was widened at its base to provide a four point suspension. It was further submitted that the lowering of the motor housing within the thin web were necessitated changes in the web to relate the top flange structurally more closely to the motor housing by employing a box structure (common in the field to orient the structure directionally). As the lowering of the motor housing and the hose connection interfered with the bottom flange it was replaced by two radial flanges tied directly to the motor housing.

According to the defendant, the design in suit was scaled down from the prior art (Exhibits C and D) and the differences between the latter and the design in suit were merely prompted by a cost reduction programme and that, therefore, there was no originality in the design in suit.

I have examined and compared the prior art and the design in suit herein and although it may well be that a knowledgeable draftsman or engineer presented with the request to produce lawn sprinklers of a cheaper construction

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than those exemplified by Exhibits C and D could arrive at a structure which, in some respects, might resemble the housing and end support of the plaintiffs' sprinklers (even assuming the possibility that the design in suit may have been made by Melnor's draftsmen Chow and Tappan looking at Exhibits C and D or even taking some of its features from the prior art) such a structure would not be necessarily identical or even closely similar to the structure of the plaintiffs' sprinklers in view of the various features of construction the evidence reveals one can choose from and that can be used to attain a less costly product.

Furthermore, having regard to what existed in sprinklers before the design in suit was adopted or to what existed in terms of ornament treatment available generally in the plastic art (as the housing and back of the sprinkler involved herein are made out of this material), I would conclude that there was here on the part of whoever was the author of this design, a mental conception and sufficient intellectual activity expressed in a physical form which is substantially different from any of the old designs (including Exhibits C and D) or any known combinations thereof and which had not existed before. I am also of the view that this difference cannot be considered as trivial. As a matter of fact, the whole top of plaintiffs' design above the motor housing, which is greater than the top of Exhibits C and D, is purely design, as the evidence discloses that it is achieving nothing functionally even if the lowering of the top in the design in suit might, in some small way, affect its balance when pulled over the ground. There is no doubt a family resemblance between the prior art (Exhibits C and D) in that the design is such that the outline of the silhouette of both units is similar, but the originality does not reside there but in the treatment of the housing proper, which is quite different from what existed before including Exhibits C and D. I, therefore, must find that the design in suit is sufficiently novel and original to be sustained. This, of course, leads me to deal finally with the matter of infringement. I would indeed have no hesitation in saying that if the plaintiffs had a valid title to this design, I would have concluded that defendant's sprinkler, as exemplified by Exhibit 2, clearly infringes the design in suit. I say this not only because defendant admitted that they copied the design in suit

and that the first batch of sprinklers it produced was identical to plaintiffs' but I would reach the same conclusion even with regard to its amended sprinkler. Exhibit 2, which was changed only in some small aspects and in features of the design which were not original in plaintiffs' design in the first place and because it retained those features which, in my view, do give it its originality. The defendant, as a matter of fact, merely angled in the side and the top of the flanges instead of bowing them out as in the plaintiffs' design. In all other respects, except in some very minor aspects, the defendant's unit is identical to the design in suit. I am also convinced that these changes were made by defendant to satisfy its customers who had accepted to purchase a considerable number of sprinklers from the defendant upon being exhibited by defendant sprinklers produced by the plaintiffs, which had been purchased in the United States by a Mr. Ondrey, an officer of the defendant company, and from which the name "Rain Wave" (plaintiffs' trade mark) had been deleted, as well as the words "patent pending". It was under these circumstances important for the defendant or Mr. Ondrey to retain a unit close to what it had spent a lot of money producing and upon which a good number of purchase orders had been obtained, but something still far enough away not to be an infringement. I must say that the defendant has not been successful in attaining this object because after examining defendant's unit, Exhibit 2, and plaintiffs' unit, Exhibit 9, I must come to the conclusion that a person who knew or had heard of plaintiffs' designs and then went to a shop where he saw defendant's units, even with the silhouette of defendant's units angled in the side and the top of the flanges, would be likely to pick up defendant's units thinking that they were the units he had heard of before as being plaintiffs' units. As a matter of fact, the units involved here are so close to each other that it is not possible to conceive that the defendant would have come out with the sprinkler it produced if the plaintiffs' design had not existed at all. I must, therefore, conclude here that the plaintiffs would have been successful in establishing that defendant's sprinklers (Exhibit 2) infringe the design in suit.

The action is dismissed with costs.

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