

BETWEEN:

Vancouver
1968
Oct. 9-10
Ottawa
Dec. 16

THE CARLING BREWERIES }
(B.C.) LIMITED }

PLAINTIFF;

AND

TARTAN BREWING LIMITED DEFENDANT.

Trade marks—Statutory passing-off action—Brewery using word “Pil” to describe Pilsener-type beer—Competitor using “Pil’Can”—Intention—Trade Marks Act, s. 7(b).

In 1963 and 1964 plaintiff brewing company in marketing its Pilsener-type beer in British Columbia began to use the unregistered trade mark “Pil” on bottle caps, in newspaper advertising, and on cartons. In mid-1966 defendant brewing company in marketing its Pilsener-type beer in British Columbia began to use the term “Pil’Can”, later “Pilcan”, on its beer cans and cartons. Defendant sold other brands of beer under names identical with or similar to famous United States brands. Plaintiff brought action under s. 7(b) of the *Trade Marks Act*:—

7. No person shall

(b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;

Held, plaintiff was entitled to an injunction and to damages or an accounting of profits.

Held also, defendant’s intention could be collected from the whole of its conduct including its use of the names of famous U.S. brands of beer. *Slazenger & Sons v. Feltham & Co.* (1889) 6 R.P.C. 531 at pp. 537-38; *Reddaway v. Banham* (1896) 13 R.P.C. 218 at pp. 227-28, referred to

ACTION under s. 7(b) of the *Trade Marks Act*.

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

W. J. Wallace, Q.C. and *A. G. MacKinnon* for defendant.

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GIBSON J.:—The trial of this action resolved itself into a claim under section 7(b) of the *Trade Marks Act*, a purely statutory action, in some respects, like a “passing-off” action. This subsection reads:

7. No person shall

. . .

(b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another;

In its statement of claim, the plaintiff pleaded this cause of action by alleging that the defendant:

9. . . .

(b) directed public attention to its wares in such a way as to cause or be likely to cause confusion at the time it commenced so to do between its wares and the wares of the plaintiff;

The essential time to consider in the determination of whether or not such a claim is proven under section 7(b) of this Act, is “the time (the defendant) commenced so to direct attention (to his wares)”.

The meaning of one of the key words *viz.*, the word “confusion” in that subsection is also of the essence in considering the elements of such a claim.

There is no statutory definition of “confusion” in the *Trade Marks Act*. There is however, a statutory definition of “confusing” in s. 2(b) of the Act. It reads:

(b) “confusing” when applied as an adjective to a trade mark or trade name, means a trade mark or trade name the use of which would cause confusion in the manner and circumstances described in section 6;

“Confusing” is applied as an adjective, for example, in section 20 of the Act, where it refers to “confusing trade mark or trade name”, and therefore for the purposes of that section, it is mandatory in a determination of whether

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or not the use of a trade mark or a trade name would cause confusion, to consider the "manner" and "circumstances" described in section 6 of this Act.

Even though it is not mandatory to consider the "manner" and "circumstances" described in section 6 of this Act in the determination of any claim under section 7(b) of this Act, for the reasons stated, and also moreover because in this case it is not just the use of a trade mark that is involved, nevertheless, as Jackett P. pointed out in *Canadian Converters' Co. v. Eastport Trading Co.*¹ in considering the meaning of "confusion" in section 7(b) of this Act, section 6 may properly be used as some guideline. The words of Jackett P. are:

...Parliament must have intended the same general meaning for the words "confusion ... between ... wares ... and ... wares" where the section 6 rules do not apply as was intended where they do apply. I am, therefore, of opinion that "confusion" would be created between the wares of one person and the wares of another within section 7(b) if something were done to lead to the inference that both classes of wares were manufactured or sold by the same person whether that was accomplished by a deceptively similar trade mark or trade name or by a deceptively similar "get-up".

The parties in this action are both manufacturers and sellers of beer in British Columbia. The particular kind of beer ("wares") which are in issue is a type called in the trade Pilsener beer.

According to the evidence the origin of Pilsener beer was in the Town of Pilsen, now in Czechoslovakia, about 125 years ago, when a group of home-brewers who made this kind of beer, met and decided to build a proper brewery; and the product, a light lager with hop emphasis, was named at that time the English language equivalent of Pilsener.

From 1962 until mid-1966, both the plaintiff and the defendant, and also Labatt's Breweries Ltd., and Interior Breweries Ltd., had been selling Pilsener beer in British Columbia.

But, in mid-1966, the defendant commenced to do certain things and the plaintiff claims that it is what the defendant commenced to do in directing public attention to its Pilsener beer in such a way at that time that would cause or be likely to cause confusion in British Columbia

¹ [1969] 1 Ex. C.R. 493.

between the plaintiff's Pilsener beer and the defendant's Pilsener beer within the meaning of section 7(b) of the *Trade Marks Act*.

The plaintiff prior to mid-1966, namely about 1963, devised and embarked upon a market programme for the selling of its Pilsener beer and to assist in this undertaking, employed advertising agents, and expended substantial sums and effort. In implementing its programme, it adopted and used the unregistered trade mark "Pil" on the bottle caps of the Pilsener beer it sold in British Columbia, and in the advertising of it in newspapers. Then in 1964 it used the trade mark "Pil" on the cartons in which it sold its Pilsener beer. And from that time on, all its Pilsener beer was sold in that way in British Columbia.

By mid-1966 over five million dozens of the plaintiff's Pilsener beer with the "Pil" caps had been sold in that way, and over four and a half million cases bearing the endorsement "Say 'Pil' please" had been sold, for a total sales volume of nine million dollars (\$9,000,000). In addition, the plaintiff had spent about \$120,000 to \$150,000 on advertising in newspapers in British Columbia promoting in various ways the trade mark "Pil" for its Pilsener beer. In 1963 for example, the plaintiff caused to be published 86 different newspaper advertisements for such purpose throughout British Columbia. In 1964 there were 60 different days that such type of advertisements appeared in the Prince George, B.C. paper, the city where the defendant's manufacturing plant and head office is and was located. In 1965, such "Pil" advertisements appeared in 44 different newspapers in British Columbia on over 150 different occasions.

In addition, up until mid-1966, some 70% of the plaintiff's beer so designated and advertised to an amount of about three million cases had been sold in liquor stores in British Columbia. (In this connection, beer sold in liquor stores in British Columbia is on display to the customer in stacked cartons, and a customer in such stores orders or calls for his beer verbally to the sales clerks.)

The evidence also is that during the two and one half year period up to mid-1966, (or indeed, at any time prior thereto) no other person in British Columbia including the

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defendant, (who for years had been selling Pilsener beer) had sold Pilsener beer in association with the word "Pil". Then in mid-1966, the defendant commenced to do certain things. It sold in the market in British Columbia its Pilsener beer in a can marked "Pil'Can" (which was later changed to "Pilcan") contained in a carton similarly marked. (The evidence is that the defendant at this time was the first person in British Columbia to sell any beer in cans.) And it marketed its Pilsener beer using this trade mark and "get-up" on its cans and cartons.

Mr. George Benjamin Ginter, President of the defendant company, at this trial said that when that company adopted and used the trade name "Pil'Can" on its can and cartons in the way it did, and the particular "get-up" on each marketing the same, that nothing entered his mind or the minds of his associates employed by the defendant company, about the "get-up" of the plaintiff Carling's "Pil" product or the manner and circumstances of the latter's marketing efforts in promoting its wares bearing this trade mark, although on cross-examination he admitted he knew that the plaintiff Carling had been using "Pil" on its advertising and cartons in promoting the sales and the selling of its Pilsener beer.

The defendant's master brewer Eugene K. Zarek also admitted this.

At mid-1966 also, the evidence is, that the defendant was manufacturing and selling three other beers, namely (1) "High Life", which Mr. Zarek admitted that he and the defendant's officials knew was also the name of a well known and famous United States beer, "Miller High Life", (2) "Paaps" in respect to which there was a somewhat similar admission to the effect that it resembled the well known and famous "Pabst" beer made in Milwaukee, and (3) "Budd" in respect to which there was a similar admission, that it was the name of the well known and famous "Budweiser", sometimes called "Budd" United States beer.

Ginter also said in evidence that the reason the "Pil'Can" mark and "get-up" were chosen and adopted in mid-1966 in marketing its Pilsener beer was because the mark was short and it and the "get-up" would identify the can as the first canned beer sold in British Columbia.

The respective cans, cartons, and caps of the plaintiff's and defendant's were filed as exhibits at this trial and they

illustrate the “get-up”, of the wares of each sold by them in the British Columbia market. In addition, tear sheets of the newspaper advertisements of the plaintiff referred to above, and a memorandum showing the times and names of the newspapers in which these advertisements appeared were filed as exhibits. These illustrate the method and effort of the plaintiff during the relevant period to direct public attention to its Pilsener beer.

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On this evidence, the issue to be decided is whether or not in mid-1966, the defendant did “direct public attention to (the defendant’s) wares . . . *in such a way* as to cause or be likely to cause *confusion* in (British Columbia) . . . between (the defendant’s) wares and the wares . . . of (the plaintiff)”.

The issue is not for example, whether the plaintiff is solely entitled to use the trade mark “Pil” on beer (wares); or whether “Pil” as a slang word for Pilsener beer has lost its primary meaning and taken on a secondary meaning; or whether “Pil” is distinctive only of the beer (wares) of the plaintiff, and no others, including the defendant.

In reaching a conclusion in this case, the evidence of what the defendant was doing generally in mid-1966, at which time the defendant commenced to do the things which form the basis of this action, is of substantial weight. In mid-1966, the defendant was manufacturing and selling four brands of beer under the respective names of:

- “Tartan Pilsener”
- “High Life”
- “Paabs”
- “Budd”.

Clearly the adoption of the last three names in the way such was done, was calculated to direct public attention in such a way as to cause or be likely to cause confusion between these brands of beer of the defendant’s and the respective famous brand of beers of the United States brewers, which latter brands would be known to the buying public in British Columbia.

What then was the intention in mid-1966 in adopting the mark of “Pil’Can” in the way it did, and the general “get-up” of “Pil’Can” on its cans and cartons in the merchandising and selling of its Pilsener beer in cans in British Columbia in the way it did?

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The answer to this question in my view, is perfectly clear. The intention can be determined from the whole of this conduct of the defendant at this time. The whole of this conduct of the defendant constitutes the most cogent evidence of design to confuse.

In this connection, the words of Lord Justice Lindley in *Slazenger & Sons v. Feltham & Co.*² are apt, even though they were used in connection with a passing-off case, namely: "Why should we be astute to say that he cannot succeed in doing that which he is straining every nerve to do?" in the passage at pages 537-38:

Lindley L.J.—This case has been argued as if it involved some question of law about which there could be two opinions; but it appears to be that the case turns on the facts, not on the law. The real question is, whether the Defendants are endeavouring, with any probability of success, to pass off their goods as those of the Plaintiffs. That depends upon the evidence, and the evidence is this. that, whereas the Plaintiffs had got a trade mark, one part of which consists of the word "Demon", and whereas the Plaintiffs put that trade mark on their bats and put the word "Demon" at the top of the rim, the Defendants look through the dictionary, see how close they can get to "Demon," pick out "Demotic", and put "Demotic" in exactly the same spot where the Plaintiffs put "Demon." They put their own name on the bats, no doubt, and do not use the registered trade mark. Well, what is that for? One must exercise one's common sense, and, if you are driven to the conclusion that what is intended to be done is to deceive if possible, I do not think it is stretching the imagination very much to credit the man with occasional success or possible success. Why should we be astute to say that he cannot succeed in doing that which he is straining every nerve to do?

The conclusion is, therefore, that it was the intention of the defendant to and it did, in mid-1966, in relation to its activities concerning "Pil'Can" and the "get-up" of the packaging of its canned Pilsener beer direct public attention to its wares in issue in this action, in such a way as to cause or likely to cause confusion in British Columbia within the meaning of section 7(b) of the *Trade Marks Act* between the defendant's (Tartan) "Pilcan" Pilsener beer and the plaintiff's (Carling) "Pil" Pilsener beer.

Quite aside from this evidence of design to confuse which was adduced, from which I have inferred the said intention of the defendant at this material time in this

² (1889) 6 R.P.C. 531 at 537-38.

case and have concluded that a breach of section 7(b) has been proven, certain of the other evidence adduced also establishes a breach of section 7(b) of the *Trade Marks Act* by the defendant.

This relevant other evidence establishes that in mid-1966 the defendant through its officers knew of the manner and circumstances of the use of the plaintiff's trade mark "Pil" and of the "get-up" of the crown on its bottles, and on the cartons containing the bottles, in the promotion of the sale and the sale of its Pilsener beer in British Columbia; they knew of the plaintiff's extensive and successful advertising campaign aimed at directing public attention to its Pilsener beer; and they knew that the plaintiff had been so successful in its effort to direct public attention to its Pilsener beer that to the public in British Columbia in mid-1966 "Pil" meant Carling's Pilsener; and notwithstanding their evidence to the contrary which I don't accept, they sought to take advantage of this, and deliberately designed the defendant's label on its cans and the name on its cartons and containers, and the general "get-up" of both employing the word "Pil'Can" in such a way, and also they promoted the sales to the public of the defendant's canned Pilsener beer in such a way, so as to direct public attention to the defendant's wares as to cause or to likely cause confusion in the minds of the public in British Columbia between the defendant's Pilsener beer and the plaintiff's Pilsener beer; and further that in doing so, they had the intention of leading the public in British Columbia to make the inference that the defendant's product was the plaintiff's Pilsener beer in cans instead of in bottles. In fact, no effort at all was made by the defendant to distinguish features of its wares from those of the plaintiff's.

The words of Lord Herschell in *Reddaway v. Banham*³ are also apt in describing what is at issue in this case:

I cannot help saying that if the Defendants are entitled to lead purchasers to believe that they are getting the Plaintiffs' manufacture when they are not, and thus to cheat the Plaintiffs of some of their legitimate trade, I should regret to find that the law was powerless to enforce the most elementary principles of commercial morality I do not think your Lordships are driven to any such conclusion

³ (1896) 13 R.P.C. 218 at 227-28.

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In the result therefore, the plaintiff is entitled to judgment against the defendant for (a) an injunction restraining the defendant, its officers, servants, agents and workmen, from using the word "Pil" in British Columbia in a manner which is calculated to cause confusion between the wares of the plaintiff and the wares of the defendant, and/or from using the word "Pil" in British Columbia in connection with the sale of Pilsener beer in a way that is calculated to be an invitation to order and/or identify its wares by the word "Pil" and/or "Pil'Can"; (b) damages or an accounting of profits, as the plaintiff may elect; and the plaintiff is also entitled to costs against the defendant.