

1951
Nov. 20
Dec. 6

BETWEEN:

THE PERRY KNITTING CO. APPLICANT;

AND

HARLEY MANUFACTURING }
CO. LTD. } RESPONDENT.

Practice—Trade Marks—Motion to expunge—Alternative motion for an order for pleadings and directing that issues of fact be determined on oral evidence—The Unfair Competition Act, 1932, 22-23 Geo. V, c. 38, ss. 52, 53, 54—Proceedings under s. 52 of a summary nature and determined on affidavit evidence—Issues of fact required by either party to be determined on oral evidence should be specific issues settled by the Court after hearing both parties—Originating notice of motion to state clearly issues raised and include particulars as to why entry in the Register does not accurately express or define existing rights of registrant—Rules 167 and 168 of Exchequer Court—Affidavit contrary to provisions of Rule 168 disregarded—The Court in proper circumstances may adjourn hearing of motion to enable applicant to perfect his case.

In an originating notice of motion under section 52 of the Unfair Competition Act, 1932, Statutes of Canada, chap. 38, for an order expunging the respondents mark "Nitey Nite" from the Register, the applicant included a further notice in the alternative, namely, that if the respondent should appear and oppose the application, the Court would be asked to order pleadings and to direct that issues of fact be determined on oral evidence. On the return of the motion respondent appeared and opposed the motion.

Held: That proceedings under section 52 of the Unfair Competition Act, 1932, should be of a summary nature and heard on affidavit evidence except on specific issues required to be determined on oral evidence and which issues should be settled by the Court after hearing both parties.

2. That an originating notice of motion should state clearly the issues raised by the applicant and include the particulars as to why the entry in the Register does not accurately express or define the existing rights of the registrant.
3. That the affidavit in support of a motion under section 52 of the Act in which the deponent has no personal knowledge of the matters sworn to or in which statements are made as being on information and belief, without stating the grounds thereof, or the source of the information, is contrary to the provisions of Rule 168 of the General Rules and Orders of the Court and should be disregarded.
4. That the Court in proper circumstances has the power to grant an adjournment of the hearing of the motion in order to enable the applicant to perfect his case.

MOTION under s. 52 of the Unfair Competition Act to expunge from the Register the respondent's mark "Nitey Nite".

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

J. C. Osborne for the motion.

M. B. K. Gordon, K.C. contra.

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

CAMERON J. now (December 6, 1951) delivered the following judgment:

In this matter the applicant is a New York corporation and is said to be the owner of the trade mark "Nitey Nite" which it caused to be registered in the U.S. Patent Office as of August 18, 1925, under No. 202164. It claims to have used the word in the United States as a trade mark in association with wares described as children's sleeping garments since June 27, 1924, and to have made the trade mark known in Canada by advertisements in publications having a circulation in Canada since 1941. Its mark is not registered in Canada. The defendant is a Quebec corporation and on or about October 10, 1947, it first commenced to use the trade mark "Nitey Nite" on children's night gowns, sleepers and pyjamas; on January 8, 1948, it applied for registration of that trade mark in Canada and such registration was granted under No. 109N.S.28112.

On October 20, 1951, the applicant instituted proceedings by way of an Originating Notice of Motion, asking for an order expunging the respondent's mark from the Register "on the ground that the said entry does not accurately express or define the existing rights of the person appearing from the Register to be the registered owner of the said registration." These proceedings were taken under the provisions of sections 52 and 53 of the Unfair Competition Act, 1932.

The first paragraph of the Originating Notice of Motion is in the usual form and gives notice that on the 20th day of November, 1951, the applicant would ask for an order expunging the respondent's mark. Then follows a second paragraph as follows:

OR, in the alternative, if the Respondent appears on the return of the Motion and objects to the granting of an Order expunging the said registration, this Honourable Court will be requested to order that

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Pleadings be filed setting forth the particulars of the claim and defence of the parties hereto and directing that the issues of fact be determined on oral evidence.

The final paragraph gives notice of the material to be used on the application, including the affidavit of Frederick George Aubrey—a patent agent associated with the applicant's solicitors.

On the return of the motion, Mr. Osborne appeared for the applicant. Mr. Gordon appeared for the respondent and intimated that he was opposing the motion to expunge and was prepared to proceed with the hearing of that application, having previously filed the affidavit of J. A. Chamandy, President of the respondent company. Mr. Gordon further submitted that as notice had been given that the Court would on that date be asked for an order to expunge the respondent's mark, that motion should be proceeded with on the basis of the material then before the Court; that the alternative motion was improper, that it was the clear intention of the Act that the proceedings should be of a summary nature and issues of fact should be determined on affidavit evidence unless the Court had made an order directing that some issue or issues of fact—but not all of such issues—be determined on oral evidence; and that there was no power in the Court to direct pleadings on motions for expungement under section 52. He relied in part on section 54 of the Unfair Competition Act, which is as follows:

54. Every such application and every appeal from any decision of the Registrar shall, unless either party requires some issue of fact to be determined on oral evidence, be heard and determined summarily on evidence adduced by affidavit.

Mr. Osborne took the position that as the motion to expunge was being opposed, he wished to proceed with the alternative part of his motion, namely, for an order that pleadings be directed and that the issues of fact be determined on oral evidence.

The procedure as to rectification and alteration under the preceding Act—the Trade Mark and Design Act—was provided by section 45 thereof and was instituted by the information of the Attorney General or at the suit of “any person aggrieved.” Under that Act the issues would be defined by pleadings in the ordinary way, but when the

Unfair Competition Act, 1932, came into effect, that procedure was changed. By section 53, every application under section 52 must be made by filing an Originating Notice of Motion or by counter claim in an action for the infringement of the mark. The provisions of the new Act and particularly section 54, make it clear that the new procedure was to be of a summary nature and except where either party requires some issue of fact to be determined by oral evidence, would be heard and determined summarily on affidavit evidence.

The difficulties that have arisen in this case have been brought about because the Rules make no provision for the practical difficulties that are bound to arise in many cases in proceedings of this nature. The proceedings are instituted by an Originating Notice of Motion. No provision is made for the entry of an appearance by a respondent who, under the Rules, may file his affidavits immediately before the application comes on to be heard (Rule 167). The applicant, therefore, is placed in a difficult position inasmuch as he may not know until the motion is about to be heard whether the matter is to be opposed or not; or whether the respondent will require an adjournment or request that some issue of fact be determined on oral evidence; or what the respondent may admit; or whether the respondent may desire to cross-examine on the applicant's affidavits. Faced with these uncertainties, he is unable to determine what witnesses he might require at the hearing should he require some issue to be determined on oral evidence. In some cases, therefore, and in order to meet these difficulties, a practice has developed by which the applicant—as here—includes in his Originating Notice a further notice in the alternative—namely, that if the respondent should appear and oppose the application, the Court would be asked to order that pleadings be delivered, with directions as to the time of delivery thereof and, when desired, that all the issues of fact be determined on oral evidence. In many cases, that procedure has been followed and as far as I am aware the parties thereto have agreed that the method was useful and practical. So far as I know, the objections now taken are raised for the first time.

In other cases where neither party required any issue of fact to be determined on oral evidence, the practice has

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been to treat the motion as one for directions and an order would be secured fixing the delay within which the affidavits should be filed by both parties, the date of the hearing and similar matters. In still other cases where no oral evidence was required, the matter has been disposed of on the basis of the affidavits filed, without any adjournment.

It seems to me that in opposed applications where the applicant desires to have some issue of fact determined on oral evidence—as in this case—it would be practically impossible for the motion for expungement to be heard on the date given in the notice, and that further directions by the Court would be required. Such issues of fact as are to be determined on oral evidence should, in my opinion, be specific issues settled by the Court after hearing both parties. For that reason, I can see no objection to including in an Originating Notice of Motion a further motion in the alternative. How otherwise could notice be served on the respondent that the applicant would ask that oral evidence be allowed on certain issues, when the solicitor for the applicant may have no knowledge as to whether the respondent is to oppose the motion and would have no knowledge as to the name of the respondent's solicitor, until the very date of the hearing?

Counsel for the respondent also took objection to the affidavit filed in support of the motion. It is by a patent agent in the office of the solicitor for the applicant. The objection is taken on the ground that the deponent could have no personal knowledge of the matters sworn to, such as the adoption and use of the trade mark by the applicant, the registration thereof in the United States, particulars of the sales of the applicant's garments, the advertisements used in connection therewith and the costs of such advertisements and the date of first user of the mark. Many of the statements made are made as though they were within the personal knowledge of the deponent, when it is clear that he would have no such knowledge. Still other statements are made as being on information and belief, without stating the grounds thereof, or the source of the information. That is contrary to the provisions of Rule 168 which is in part as follows:

168. Affidavits shall be confined to such facts as the witness is able of his own knowledge to prove, except on interlocutory motions on which statements as to his belief with the grounds thereof may be admitted.

Reference may also be made to *Battle Pharmaceuticals v. Lever Brothers Ltd.* (1), in which the President of this Court drew attention to the necessity of strict compliance with the provisions of Rule 168 and stated that proceedings under section 52 of the Act were not in the nature of interlocutory proceedings. (See also *Young v. Young Manufacturing Co.* (2)).

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Strictly speaking, therefore, the affidavit of Mr. Aubrey should be disregarded except as to paragraphs 1 and 10 and that part of paragraph II which is within his knowledge. In the *Battle Pharmaceuticals* case the President, under the special circumstances there existing, dismissed the application to expunge, but pointed out that the Court might in a proper case grant an adjournment to enable the applicant to perfect his case on appropriate terms.

In this case I shall not dismiss the motion to expunge but will give leave to the applicant to rectify the proceedings on the terms later to be mentioned.

Counsel for the respondent also took the position that the alternative motion should not be granted. As I have intimated above, I am of the opinion that proceedings under section 52 should be of a summary nature and heard on affidavit evidence except on some specific issues required to be determined on oral evidence. The proceedings are initiated by an Originating Notice of Motion which in my opinion should state clearly the issues raised by the applicant and it should include particulars as to why the entry in the Register does not accurately express or define the existing rights of the registrant. In this case that information is to be derived only by inference from the supporting affidavit. Such a procedure as I have suggested would not only define the issue but would sufficiently inform a respondent as to the nature of the case he would have to meet and would be of assistance to him in determining whether he should or should not oppose the application. The affidavits used in support of the application should be those which the applicant intends to use when the matter is heard although no doubt the Court would have power to direct the filing of further affidavits in a proper case. If the procedure outlined were adopted, I can see no reason for

(1) (1946) Ex. C.R. 277 at 282.

(2) (1900) 2 Ch. 753.

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directing the filing of a statement of claim or a defence. If an order for general pleadings were made, the summary nature of the hearing required by section 54 would be entirely done away with. For that reason I do not think that an order directing the filing of a statement of claim should be made and I therefore refuse the alternative application on that point.

The material filed by the applicant being defective, I shall dispose of the matter by granting an adjournment on the main motion to enable the applicant to file and serve such further and other material in support thereof as may be advised, such affidavits to be so filed and served within thirty days of this date.

The respondent will have twenty-one days from such service to file and serve any additional affidavits it may require. Either party may on notice move that such specific issue or issues as it desires to have determined on oral evidence, be so heard.

As the adjournment is granted to enable the applicant to perfect its material, the costs of the day on which the motion was heard will be cost to the respondent in any event.

Judgment accordingly.