

Toronto  
1968  
Apr. 18  
Ottawa  
May 3

BETWEEN :

THE NOXZEMA CHEMICAL COM-  
PANY OF CANADA LIMITED . . . . }

APPLICANT;

AND

SHERAN MANUFACTURING LIM-  
ITED and WILLIAM SOROKOLIT }

RESPONDENTS.

*Trade Marks—Application to expunge for abandonment—Whether prohibited—Previous proceeding before Registrar to explain non-user—Trade Marks Act, ss. 44, 56(1) and (2).*

In a proceeding instituted by Noxzema Chemical Co. under s. 44 of the *Trade Marks Act* the registered owner of the trade mark "Blem" accounted for its non-user for a period of years as being due to the necessity of research to find a solution for the instability of the product with which the mark was associated. The Registrar thereupon decided that absence of use was due to special circumstances, and on the strength of further evidence furnished in response to a second notice by the Registrar under s. 44 decided that the mark was then in use in Canada. The Noxzema Company did not appeal from either decision, and subsequently applied under s. 56 of the *Trade Marks Act* to expunge the trade mark on the ground (*inter alia*) that it had been abandoned.

*Held*, such application did not call into question either of the Registrar's decisions and so was not barred by s. 56(2). The Registrar had no jurisdiction under s. 44 to adjudicate the question of abandonment.

*Smit v. Packsack* [1964] Ex. C.R. 226, referred to.

*Roy H. Saffrey* for applicant.

*N. M. S. Johnston* for respondents.

APPLICATION.

JACKETT P.:—In this application, by way of originating Notice of Motion dated March 18, 1968, under section 56 of the *Trade Marks Act* for an order expunging from the Register of Trade Marks the registration of a particular trade mark, a question was set down for determination before the hearing of the expungement application as to whether, having regard to the facts set out in a statement of facts agreed to by counsel for the parties, the applicant was prohibited by subsection (2) of section 56 of the Act from instituting the expungement proceedings in whole or in part.

The application for expungement of the trade mark was based on two alternative grounds, *viz.*:

- (a) the original registrant was not entitled to registration, and
- (b) the trade mark has been abandoned.

The respondents' position on the preliminary question of law is that, by reason of the facts agreed upon, the applicant is prohibited by section 56(2) of the *Trade Marks Act* from instituting these proceedings in so far as they are based upon the contention that the trade mark has been abandoned.

The agreed Statement of Facts reads as follows:

1 On November 1, 1966 the respondent WILLIAM SOROKOLIT was the registered owner of Registration No. 113,912, registered on April 24, 1959 for the trade mark "BLEM" in association with a medicated face lotion and an abrasive cleanser for the treatment of acne.

2. By an assignment dated September 11, 1967, and registered in the Trade Marks Office on January 18, 1968 the said registration was assigned to the respondent SHERAN MANUFACTURING LIMITED.

3. The applicant THE NOXZEMA CHEMICAL COMPANY OF CANADA LIMITED applied to register "THERA-BLEM" as a trade mark by way of application Serial No. 298,040, on June 25th, 1966.

4. The Trade Marks office has informed the applicant, THE NOXZEMA CHEMICAL COMPANY OF CANADA LIMITED, that "THERA-BLEM" the subject of the said application Serial No. 298,040 does not appear to be registrable *inter alia* because of Registration No. 113,912 for the trade mark "BLEM".

5. On November 1, 1966, the applicant, THE NOXZEMA CHEMICAL COMPANY OF CANADA LIMITED through its agents, Fetherstonhaugh & Co., 443 University Avenue, Toronto, requested the Registrar of Trade Marks to give notice to the registered owner of the trade mark "BLEM" Registration No. 113,912 under the provisions of Section 44(1) of the *Trade Marks Act*.

6. On November 15, 1966 the Registrar of Trade Marks sent a notice, pursuant to the provisions of Section 44(1) of the *Trade Marks Act*, to the registered owner, WILLIAM SOROKOLIT.

7. The registered owner, the respondent WILLIAM SOROKOLIT, furnished the Registrar of Trade Marks with an affidavit, pursuant to the aforesaid Notice, in which he swore, *inter alia*, that:

"2. I began to use the trade mark BLEM in Canada for the said wares in 1959, the wares being an emulsified lotion and cleanser sold in bottles. It was found that, although the product was effective in the treatment of acne, the emulsion was unstable, with the result that after a time the product in the bottles formed lumps or caked. Because of this problem I discontinued the sale of the product in 1959 until the problem could be solved.

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3. My business has always been a modest one-man business. I sell products that are distributed through drug stores, beauty parlors and barber shops. Because my business is a small one I am unable to have research facilities of my own and I must depend on the part time help of others for scientific investigations. When I encountered the problem that the emulsion of my BLEM lotion was breaking I asked one of my friends, Dr. James Salter, Ph.D. (Biochemistry), and subsequently Mr. Leonard Wineberg, a formulating chemist, both of Toronto, to attempt to solve the problem so that I could market the product successfully. Their work has continued since 1959, encouraged by continuing evidence of the efficacy of the product in treating acne. Mr. Wineberg's efforts have finally resulted in a composition that is currently undergoing tests for shelf life, and the results have been sufficiently promising to justify the preparation of a fresh packaging design.

4. It is only because of the special circumstances set forth in paragraph 3 that my trade mark BLEM has not been recently in use in Canada, and I have never intended to give up or abandon the mark. Prior to my adoption of the mark BLEM I had considered several other trade marks for which my trade mark agents made searches at the Trade Marks Office, but none of these earlier marks appeared to be free of conflict with marks already registered. I thus have expended considerable time and money in selecting and registering the mark, it has always appealed to me as a good mark for the wares in question, and it has always been my intention to resume using it for my product as soon as my difficulties with the emulsion were overcome. In view of Mr. Wineberg's work I expect to be able within the next few months to resume the use of the mark in Canada for the wares for which it is registered, and my sole reason for not having done so before now is that I wish to ensure that the goods sold in association with it are satisfactory from all points of view."

8. No representations were made to the Registrar by or on behalf of the registered owner of the trade mark or by or on behalf of the applicant at whose request the notice referred to in paragraph 6 was given.

9. On March 29, 1967, the Registrar of Trade Marks gave notice to the applicant, through its above named agents as follows:

"Re: Registration No. 113,912 'BLEM'

At your request a notice under the provisions of Section 44 was issued against the above-described trade mark.

The evidence submitted has been considered and I am satisfied that absence of use has been due to Special circumstances. For this reason, a second notice under Section 44 will be directed against the above trade mark in six months."

10. On March 29, 1967, the Registrar of Trade Marks gave notice to the registered owner, WILLIAM SOROKOLIT in substantially the same terms.

11. On October 4, 1967, the Registrar of Trade Marks sent a further notice pursuant to section 44 of the *Trade Marks Act* to the registered owner, the respondent WILLIAM SOROKOLIT.

12. The registered owner, the respondent, WILLIAM SOROKO-LIT furnished the Registrar of Trade Marks with a statutory declaration, pursuant to the aforesaid notice, in which he declared, that:

"1. THAT I am the President of Sheran Manufacturing Limited, the owner of the trade mark BLEM the subject of Canadian trade mark registration number 113,912, and as such have knowledge of the facts hereinafter set forth.

2. THAT on the 28th day of September, 1967, Sheran Manufacturing Limited, as my assignee, resumed the sale in Canada of medicated face lotion and an abrasive cleaner for the treatment of acne, using the trade mark BLEM for such wares.

3. THAT attached hereto is a label which Sheran Manufacturing Limited is using for the aforesaid wares."

13. No representations were made to the Registrar of Trade Marks by or on behalf of the registered owner of the trade mark or by or on behalf of the applicant at whose request the notice referred to in Paragraph 11 was given.

14. On February 1, 1968, the Registrar of Trade Marks gave notice, to the applicant, through its agents Fetherstonhaugh & Co., 443 University Avenue, Toronto, and to the registered owner, the respondent, SHERAN MANUFACTURING LIMITED, of his decision with respect to Registration No. 113,912 for the trade mark "BLEM" in the following terms:

"The affidavit submitted in connection with the registration has been considered.

I am satisfied that the evidence submitted establishes that the trade mark is in use in Canada in association with the wares specified in the registration. In the circumstances, it is my decision not to amend or expunge the registration."

15. No appeal has been taken from any decision of the Registrar of Trade Marks within the time limited by the *Trade Marks Act*.

16. There has been no communication between the applicant herein and the Registrar of Trade Marks other than the foregoing.

The relevant provisions of the *Trade Marks Act* read as follows:

18. (1) The registration of a trade mark is invalid if

\* \* \*

(c) the trade mark has been abandoned;

\* \* \*

44. (1) The Registrar may at any time and, at the written request made after three years from the date of the registration by any person who pays the prescribed fee shall, unless he sees good reason to the contrary, give notice to the registered owner requiring him to furnish within three months an affidavit or statutory declaration showing with respect to each of the wares or services specified in the registration, whether the trade mark is in use in Canada and, if not, the date when it was last so in use and the reason for the absence of such use since such date.

(2) The Registrar shall not receive any evidence other than such affidavit or statutory declaration, but may hear representations made by or on behalf of the registered owner of the trade mark or by or on behalf of the person at whose request the notice was given.

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(3) Where, by reason of the evidence furnished to him or the failure to furnish such evidence, it appears to the Registrar that the trade mark, either with respect to all of the wares or services specified in the registration or with respect to any of such wares or services, is not in use in Canada and that the absence of use has not been due to special circumstances that excuse such absence of use, the registration of such trade mark is liable to be expunged or amended accordingly.

(4) When the Registrar reaches a decision as to whether or not the registration of the trade mark ought to be expunged or amended, he shall give notice of his decision with the reasons therefor to the registered owner of the trade mark and to the person at whose request the notice was given.

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in such appeal.

\* \* \*

55. (1) An appeal lies to the Exchequer Court of Canada from any decision of the Registrar under this Act within two months from the date upon which notice of the decision was despatched by the Registrar or within such further time as the Court may allow, either before or after the expiry of the two months.

(2) The appeal shall be made by way of notice of appeal filed with the Registrar and in the Exchequer Court of Canada.

(3) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trade mark that has been referred to by the Registrar in the decision complained of and to every other person who was entitled to notice of such decision.

(4) The Court may direct that public notice of the hearing of the appeal and of the matters at issue therein be given in such manner as it deems proper.

(5) On the appeal evidence in addition to that adduced before the Registrar may be adduced and the Court may exercise any discretion vested in the Registrar.

56 (1) The Exchequer Court of Canada has exclusive original 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.

(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar of which such person had express notice and from which he had a right to appeal.

The respondents' contention is in effect, as I understand it, that, by what was done under section 44, the Registrar determined that the registered trade mark was being "used", that it was necessary for the applicant to establish that the trade mark was not being used to support his application for expungement in so far as it is based on

abandonment, that the applicant was a person who had express notice of the Registrar's decision and who had a right to appeal therefrom, and that the applicant was therefore prohibited by section 56(2) from launching a proceeding under section 56 that was based on abandonment of the trade mark because any such proceeding necessarily called in question the Registrar's decision that the trade mark was being "used".

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The applicant resists the contention that section 56(2) operates to prohibit some part of its application to expunge on two grounds, *viz.*:

- (a) the application to expunge does not call into question any decision of the Registrar, and
- (b) the applicant had no right to appeal from the decisions of the Registrar upon which the respondents rely as bringing into play section 56(2).

To reach a conclusion on the matter it is necessary to review section 44 of the *Trade Marks Act* and what happened under that section in this particular matter.

As I understand section 44(1), it provides for a notice being sent to the registered owner of a trade mark in two classes of case, namely, in a case where the Registrar himself has decided to do so, and in a case where a person who has paid a prescribed fee has made a request that the notice be sent. Such a notice is sent by the Registrar to the registered owner of a trade mark and requires the registered owner to furnish an affidavit or statutory declaration showing:

- (a) whether the trade mark is in use in Canada, and
- (b) if the trade mark is not in use in Canada,
  - (i) the date when it was last so in use, and
  - (ii) the reason for the absence of such use since such date.

Section 44(2) prohibits the Registrar from receiving any evidence other than the affidavit or statutory declaration furnished by the registered owner under section 44(1), but it expressly provides for the Registrar hearing representations made by or on behalf of the registered owner or by or on behalf of the person at whose request the notice was given. This provision makes it clear, in my view, that section 44 does not contemplate a determination of an

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issue as to whether a trade mark has been abandoned but is merely a procedure for clearing the Registry of registrations where there is no real claim by the registered owner that he has not abandoned the trade mark.

Section 44(3) does not provide for anything to be done by the Registrar or by any other person. It creates a substantive rule. It provides that the registration of a trade mark that has been the subject matter of a notice under section 44(1) is "liable" to be expunged or amended where, by reason of the affidavit or statutory declaration furnished by the registered owner, or the failure to furnish such evidence, it appears to the Registrar

- (a) that the trade mark is not, either with respect to all the specified wares or service or with respect to any of them, in use in Canada, and
- (b) that the absence of use has not been due to special circumstances that excuse such absence of use.

Section 44(4) contemplates the Registrar reaching a "decision" as to whether or not the trade mark "ought" to be expunged or amended in accordance with the rule created by section 44(3) and provides that, when he has reached that decision, he shall give "notice of his decision" with the reasons therefor to the registered owner and to the person at whose request the notice was given.

Section 44(5) requires that the Registrar "shall act in accordance with his decision" if no appeal therefrom is taken within the time limited by the Act, and that, if an appeal is taken, he "shall act in accordance with the final judgment given in the appeal". In other words, if the "decision" contemplated by section 44(4) is that the trade mark "ought" to be "expunged" or "amended" and there is no appeal within the prescribed time, the Registrar is to expunge or amend in accordance with his "decision" and, if there is an appeal, the Court's judgment is to tell him whether he is to expunge or amend.

As I read section 44, it does *not* provide a summary procedure for determining whether a registered trade mark has been "abandoned" within the meaning of section 18(1)(c). What it does, as I understand it, is provide a summary procedure whereby the registered owner of a trade mark is required to provide either *some evidence*

that the registered trade mark is being used in Canada or evidence of "special circumstances that excuse... absence of use". The penalty for the registered owner failing to provide such evidence is that his trade mark becomes liable to be "expunged" (section 44(3)), and will be expunged (section 44(5)). What seems to be contemplated is that there will be on the Registry many trade marks that the registered owners do not use and in respect of which the registered owners make no pretence of having any interest. A notice under section 44(1) will obviously result in many of such trade marks being expunged because the registered owners will not respond to the notices or will furnish evidence that shows neither user nor anything that could be regarded, from the point of view of continued interest in the trade marks, as "special circumstances that excuse such absence of use". The fact that the Registrar is prohibited by section 44(2) from receiving any evidence other than that provided by the registered owner shows that it was not intended that the Registrar reach a "decision" under section 44 as to whether the registered owner had "abandoned" his trade mark or, indeed, whether the mark was in fact in use in Canada. What the Registrar decides is whether "by reason of the evidence furnished to him or the failure to furnish such evidence", it "appears to him" that the trade mark "is not in use in Canada" and whether, by reason of such evidence, it appears that the absence of use has not been due to special circumstances that excuse such absence of use.

To put it another way, section 44 provides a means for clearing from the Registry registrations for which the owners no longer assert that there is any real foundation. An owner can avoid having any action taken against his registration by either a mere declaration of user or, if he admits non-user, by any reasonable explanation therefor.

In this case, as appears from the facts agreed upon, the Registrar sent a notice at the request of the applicant to the second respondent when he was the registered owner of the trade mark in question and he came to the conclusion on the evidence furnished at that time "that absence of use has been due to special circumstances". The Registrar then sent a second notice under section 44(1) apparently of his own motion, and was then furnished with evidence by the first respondent, who had in the meantime become the

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registered owner, which "satisfied" him that the trade mark was "in use in Canada". He therefore decided not to amend or expunge it.

In my opinion, this application under section 56 of the *Trade Marks Act* to expunge the trade mark that was the subject matter of those notices does not call "in question" either of those two decisions made by the Registrar. Compare *Smit v. Packsack*<sup>1</sup> where Thurlow J. had what in my opinion was a very similar problem under section 56(2). The Registrar, in this case, made the decision required by section 44 on the evidence before him, which evidence, by reason of the particular purpose of section 44, was of a very limited character. He had no jurisdiction to conduct a hearing into the question as to whether the trade mark had been abandoned. He could not have received all available evidence on that question because section 44(2) prohibited him from doing so. He was not even deciding whether the evidence he could receive showed abandonment. He had to decide, in effect, whether the registered owner put forward a claim, supported by an affidavit or statutory declaration, to user in Canada or to circumstances that excused non-user. Having concluded that he was making such a claim, that was the end of the matter under section 44. In my view, after such a decision under section 44, any person who has an interest in raising a case of abandonment must do so in some such way as that adopted by the applicant in these expungement proceedings.

Having regard to the conclusion that I have reached, I need not consider whether the applicant had a right of appeal from the Registrar's decision under section 44.

There will be judgment answering the question raised in the negative. The costs related to having the question of law decided before trial, which are hereby fixed at \$250, are costs to the applicant in the cause.

Before parting with the matter, I should say, so as to avoid misunderstanding in the future, that, in so far as the order setting the question down for hearing before trial was worded as though what was being ordered was a trial of an issue of fact, I was in error in making the order in that form. No harm, however, results from this oversight as it is quite clear, I think, that the order was intended to be an order under Rule 151 raising a question of law for the opinion of the Court by special case.

<sup>1</sup> [1964] Ex C.R. 226