

BETWEEN:

WILKINSON SWORD (CANADA) }
LIMITED

PLAINTIFF;

AND

ARTHUR JUDA carrying on business }
as CONTINENTAL WATCH IM- }
PORT CO.

DEFENDANT.

Toronto
1966

June 6-8

Ottawa

Sept. 1

Trade Marks—Transfer of marks by foreign parent company to Canadian subsidiary—Sale in Canada by third party of wares purchased abroad from parent company—Wares marketed by subsidiary not fully manufactured by parent—Whether marks “distinctive”—Whether subsidiary agent of parent—Statutory right to transfer mark—Effect of—Construction of statute—Whether resulting trust of marks for parent—Whether registration of marks essential—Implied reservation in transfer for goods already sold by transferor Trade Marks Act, ss. 2(f), 2(t)(i), 19, 47.

Plaintiff’s parent company, a United Kingdom company, marketed in Canada from 1920 to 1963 garden tools, razor blades, swords, etc., bearing the word mark “Wilkinson Sword” (registered in Canada in 1954) and a design mark of the same words over crossed swords (registered in Canada in 1964). In 1962 plaintiff was incorporated in Ontario as a wholly-owned subsidiary of its parent company and in 1963 commenced to distribute in Canada garden tools, razor blades and swords manufactured in England by its parent company and bearing the above trade marks. In May 1963 plaintiff began to apply in Canada the final coating to the razor blades before distributing them. For a time therefore plaintiff distributed in Canada blades fully processed in England and blades partly processed in Canada, but blades of both descriptions bore the above trade marks as well as the words “Made in England”, and were indistinguishable. Moreover plaintiff’s advertising left the implication that all the blades which it marketed were made in England by its parent company. In June 1965 the company transferred the trade marks to plaintiff and the transfer was registered. In September 1965 plaintiff brought an action for infringement of the trade marks against defendant which since February 1965 had been marketing in Canada razor blades which it had acquired in England and which had been manufactured there by plaintiff’s parent company and bore the above trade marks. Defendant counterclaimed for expungement of the registrations.

Held, the trade marks were not distinctive at the time of the commencement of the proceedings bringing their validity into question since they did not “actually distinguish” plaintiff’s razor blades from those of its parent as required by the definition of “distinctive” in s. 2(f) of the *Trade Marks Act*; and the registrations were therefore invalid under s. 18(1)(b). *Impex Electrical Ltd. v. Weinbaum* (1927) 44 R.P.C. 405; *In re Apollinaris Company’s Trade Marks* [1891] 2 Ch. 186; *Lacteosota Ltd v. Alberman* 44 R.P.C. 211; *J. Ullmann & Co. v. Leuba* (1908) 25 R.P.C. 673 (P.C.); *Wotherspoon v. Currie*, L.R. 5 E. & L. App. 508; *Anokool Chunder Nundy v. Queen-Empress* (1900) 27 I.L.R. 776;

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA

Peggy Sage Inc. v. Siegel Kahn Co. of Canada Ltd [1935] S.C.R. 539; *Bowden Wire Ltd v. Bowden Brake Co. Ltd* (1914) 31 R.P.C. 335 (H.L.); *Robert Crean and Co. v. Dobbs and Co.* [1930] S.C.R. 307; *Wood v. Butler* (1886) 3 R.P.C. 81; *In re Hotpoint Electric Heating Co.* (1921) 38 R.P.C. 63; *Dubiner v. Cheerio Toys and Games Ltd* [1965] 1 Ex. C.R. 524; *Reddaway v. Banham* [1896] A.C. 199, discussed.

The mere fact that plaintiff was controlled by its parent company did not establish that it carried on business as agent of its parent company. *Gramophone and Typewriter Ltd v. Stanley* [1908] 2 K.B. 89, applied.

Section 47(1) of the *Trade Marks Act*, which declares that a trade mark is transferable, is not to be interpreted as intended to alter the previous law and to imply as a matter of law that any use by the transferee of a trade mark actually distinguishes his goods from those of others even though it does not do so in fact. The *Trade Marks Act* is a codification and s. 47(1) is therefore to be construed without reference to the previous law since its import is not doubtful and its language had not previously acquired a technical meaning or a special sense (*Bank of England v. Vagliano* [1891] A.C. 107, applied). If the rule in *Heydon's* case applies to permit resort to the previous law to ascertain the evil which s. 47(1) was intended to remedy, the previous law, which prohibited the transfer of a trade mark otherwise than with the goodwill of a business, was not an evil (*Eastman Photographic Materials Co. v. Comptroller-General* [1898] A.C. 571 referred to).

Held also, s. 47(2) of the *Trade Marks Act*, which relates to the question of distinctiveness where two or more persons have rights to the use of confusing trade marks as a result of a transfer, does not on the principle of *expressio unius est exclusio alterius* prevent a trade mark from being held not distinctive in other circumstances.

Semble:—

- (1) The transfer of the trade marks by the parent company to its subsidiary, if made without consideration, would not give rise to a resulting trust of the marks in favour of the parent company. A trade mark by definition (s. 2(t)(i)) must be used to distinguish goods manufactured or sold by the owner of the mark, which in this case would be the subsidiary company as trustee, and not goods manufactured or sold by the beneficiary, which in this case would be the parent company.
- (2) Registration of the transfer of a registered trade mark is not necessary to the effectiveness of the transfer under s. 47 of the *Trade Marks Act*.
- (3) Section 19 of the *Trade Marks Act* confers on the "owner" of a registered trade mark the exclusive right to its use in Canada whether or not he appears on the register as owner.
- (4) A reservation must be implied in a transfer of a trade mark in respect of goods already put in trade channels by the transferor.

INFRINGEMENT ACTION.

Donald J. Wright and D. M. Plumley for plaintiff.

Gordon F. Henderson, Q.C., Irving Goodman and Kent Plumley for defendant.

JACKETT P.:—This is an action for infringement of two trade marks registered under the *Trade Marks Act*, chapter 49 of the Statutes of 1953, and a counterclaim for expungement of the registrations of the trade marks.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 —

The plaintiff is a wholly owned subsidiary company of a United Kingdom manufacturing company. The parent company was originally named “The Wilkinson Sword Company Limited”, which name was changed on May 18, 1963, to “Wilkinson Sword Limited”. I shall hereinafter refer to the parent company as the “United Kingdom company”.

One of the two trade marks consists of the words “Wilkinson Sword” and the other is referred to as the “Wilkinson Sword Design”. I shall hereinafter refer to the two marks as “the trade marks in question”.

The United Kingdom company commenced to use the word mark in 1906 and commenced to use it in Canada in 1920. From that time until 1954 it used it on, *inter alia*, wares described by it as razors, safety razors and blades therefor, dry shavers, electric shavers, swords, foils, bayonets, garden tools with a cutting edge and hunting knives. In addition to such use in the United Kingdom and Canada, it so used the word mark in the United States, Argentina, France, Spain, India, New Zealand, Chile, Italy, South Africa, Australia and Malay.¹

The design mark was used in Canada by the United Kingdom company commencing in 1920 on “Razors, dry shavers, razor blades, scissors, a scissor-like cutter for garden and domestic use...” and “Garden tools” and in Great Britain on swords, in addition to such goods. The design consists of the words “Wilkinson Sword” superimposed upon crossed swords.¹

The United Kingdom company at no time had any office or place of business in Canada.¹

I infer that the use made by the United Kingdom company of the trade marks in Canada prior to 1958 consisted in sending to Canadian customers wares of its manufacture on which the trade marks were marked for the purpose of distinguishing wares made and sold by the United Kingdom company from wares manufactured and sold by others.

¹ See certified copies of registrations and section 53(3) of the *Trade Marks Act*.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.
 —

Whatever types of wares were so sold for the Canadian market in earlier years, it seems clear that in more recent years they have been restricted to garden tools, razor blades and swords.

On May 18, 1954, the United Kingdom company registered its word trade mark in Canada under the *Trade Marks Act*.

The year 1957 saw the commencement of business relations between the United Kingdom company and John A. Huston Company Limited (hereinafter referred to as "Huston") in connection with the marketing in Canada of wares of the United Kingdom company's manufacture.

Late that year, it was arranged that Huston would be the exclusive distributor in Canada of garden tools manufactured by the United Kingdom company. The first sales under that arrangement were made in Canada in 1958. For a year or so the garden tools were imported and sold in Canada by Huston as agent for the United Kingdom company. From 1962 on, however, Huston purchased the garden tools from the United Kingdom company packaged and marked with the trade marks in question and resold them in Canada in the state in which it received them from the United Kingdom company.

Early in the 1960's, the United Kingdom company started to manufacture razor blades for safety razors that had such a marked superiority over blades previously available to the public that a great demand developed for them not only in the United Kingdom but in Canada and other countries. These blades were made of stainless steel but the secret of their success was in a coating that was put on them by a finishing operation that did not change their appearance to the naked eye but converted them from an unmarketable product into a "prestige" item the demand for which was so great that for a few years it could not be completely met.

In 1961, the United Kingdom company "through" Huston, introduced these new blades to the Canadian market by a limited free distribution to retailers. That was all that was required to create a market in Canada for them.

Huston purchased the new Wilkinson Sword blades from the United Kingdom company in a fully manufactured

and packaged state, with the two trade marks marked on them, ready for sale. It imported them into Canada for resale on the Canadian market from September 1961, until January 1963.

1966
WILKINSON
SWORD
(CANADA)
LTD.
v.
JUDA
Jackett P.

In December 1962 the United Kingdom company caused the plaintiff company to be incorporated under the *Ontario Companies Act*.

As already indicated, the plaintiff company is a wholly owned subsidiary of the United Kingdom company. The plaintiff's case depends, however, upon a recognition of the separate personalities of the two companies.² There was no evidence that the plaintiff acted as agent of the United Kingdom company or that the two companies so operated in association with each other, as a single trading organization or otherwise, as to create any situation from the point of view of the trade mark problems raised by this case that would not exist if there was no shareholding relationship between them (I rejected an argument to the contrary by the defendant without calling on counsel for the plaintiff). The plaintiff's rights must therefore be determined, as its counsel agreed during the course of the trial, on the basis that the two companies had no continuing relationship except that of vendor and purchaser. It is important that that be borne in mind in appraising the facts in this case, having regard to the similarity of the corporate names of the United Kingdom company and the plaintiff.

In January 1963 Huston ceased purchasing razor blades from the United Kingdom company. Commencing in that month, the plaintiff purchased, from the United Kingdom company, blades completely manufactured, marked with the two trade marks, packaged and ready for sale, imported

² As will subsequently appear, the infringement alleged against the defendant consists in selling in Canada goods that had been manufactured by the United Kingdom company and on which the United Kingdom company had put the trade marks in question. Obviously that would have been no infringement if the plaintiff and its parent are to be regarded as part of a single entity for trade mark purposes for it cannot be an infringement to resell, in association with a trade mark, goods that have been acquired in the ordinary course after they have been put in trade channels by the owner of the trade mark.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

them, and resold them to Huston who continued to distribute them in Canada as it had been doing when it imported them itself.

The plaintiff also, since its incorporation, has imported garden tools and swords made by the United Kingdom company, imported them into Canada with the trade marks in question already marked thereon and resold them in Canada in the state in which they were so received and imported.

In March of 1963, agreements were executed by Huston and the plaintiff whereby Huston undertook the management of the plaintiff and obtained exclusive selling rights for "shaving products and garden tools" produced or distributed by the plaintiff. Under the management agreement, Huston supplied "technical and production management personnel" and supervised and managed the business operations of the plaintiff.

The situation from that time forward was therefore that the United Kingdom company was selling wares to the plaintiff which it controlled and with which, therefore, it did not deal at arm's length, and the plaintiff was selling wares to Huston although the management of the plaintiff was supplied in fact by the persons who constituted the management of Huston. There was, therefore, a very special situation from the point of view of inter-company relations but none of this is, as I appreciate the matter, relevant from the point of view of the problems raised by this case.

In May 1963 the plaintiff commenced buying from the United Kingdom company, the razor blades in the state in which they were before the final finishing operation had put on them the coating that was the secret of their commercial success, importing the blades in such state and carrying on in Canada the operations whereby such finishing coat was put on the blades and whereby the blades were packaged and prepared for the retail market.³ In the case

³ Considerable evidence was given as to the control exercised by the United Kingdom company to ensure that such blades would be the same as though manufactured entirely by that company. I can see that such evidence would be relevant if the trade marks in question were "certification marks" (section 2(a)) or if the plaintiff had been a "registered user" (section 49). As it is, I cannot see how that evidence is material.

of blades so prepared for market, the trade marks in question had been put on the blades by the United Kingdom company before they were sold by that company to the plaintiff but were put on the packaging by the plaintiff. I shall hereinafter refer to blades so prepared for market as blades made in the United Kingdom and processed and packaged in Canada to distinguish them from blades that were made, processed and packaged in the United Kingdom. (In so doing I am not to be taken to be expressing any view as to whether the blades that I refer to as processed and packaged in Canada were "manufactured" by the plaintiff.)

The blades made in the United Kingdom and processed and packaged in Canada, as far as the naked eye, even of an expert, is concerned, appeared exactly the same as those that were made, processed and packaged in the United Kingdom. Furthermore, in each case, the blade itself bore the words "Made in England" whether the final processing and packaging was done in England by the United Kingdom company or in Canada by the plaintiff.

Until July 18, 1963 the plaintiff sold to Huston blades made, processed and packaged in the United Kingdom. From that date forward, the plaintiff sold to Huston blades made in the United Kingdom and processed and packaged in Canada. On or before that day, the plaintiff ceased importing blades made, processed and packaged in the United Kingdom. From July 18, 1963 until such time as its stocks of blades acquired before that time were exhausted, Huston was distributing in Canada blades made, processed and packaged in the United Kingdom and blades made in the United Kingdom and processed and packaged in Canada. Similarly, since that day, retailers in Canada have been selling both blades made, processed and packaged in the United Kingdom and blades made in the United Kingdom and processed and packaged in Canada and will continue to do so until such time as the blades made, processed and packaged in the United Kingdom disappear from their stocks. In both cases, blades of each kind are marked with the trade marks in question and in neither case were any of the blades so marked or packaged that a member of the

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

Canadian purchasing public could distinguish the blades of one kind from those of another or the packages in which one kind were prepared for sale from those in which the other kind were prepared for sale.

Prior to July 1963 neither the plaintiff nor Huston did any advertising of the blades in Canada except that involved in the distribution of the blades with the United Kingdom company's two trade marks marked on them and their packaging.

In that month, the plaintiff and Huston started advertising on a large scale and such advertising continued until the time of the trial. No such advertising was designed to inform the public that the manufacturer of the blades being advertised for sale in Canada in association with the trade marks in question after July 1963 was different from the manufacturer of the blades sold in Canada in association with such marks before that time and from the manufacturer of the swords and garden tools so sold both before and after that time. Indeed, while the advertising that has been brought to the attention of the Court contains no explicit statement as to the identity of the manufacturer of the goods being advertised (or, indeed, any specific reference to the United Kingdom company, the plaintiff or Huston) there is, as I read such advertising an obvious implication

- (a) that the blades being advertised for sale in Canada after July 1963 were made in England, and
- (b) that such blades were made by the manufacturer of Wilkinson Sword (see, for example, the newspaper advertisement depicting very prominently a ceremonial sword with the trade marks in question stamped into the sword blade and immediately under it a picture of a Wilkinson Sword razor blade and a statement to the effect, *inter alia*, that this—"The World's finest razor blade"—"could only have come from the craftsmen of Wilkinson Sword") which, in fact, have always been made in England by the United Kingdom company.

Furthermore, the television advertising of the blades by the plaintiff and Huston was so got up, generally speaking, as to convey the idea that there was a connection between the

fact that the manufacturer was a sword-making company and its ability to produce fine blades.

On June 19, 1964 the United Kingdom company registered its design mark in Canada under the *Trade Marks Act*.

From February 19, 1965 to August 9, 1965 the defendant purchased in England razor blades made, processed and packaged in England by the United Kingdom company (and therefore bearing the trade marks in question) and imported them and sold them in Canada. Between August 9, 1965 and the commencement of this action, the defendant imported and sold such blades but there is nothing in the record to indicate whether the blades sold by the defendant in Canada during this period were acquired by the defendant while the United Kingdom company was owner of the trade marks. Since the commencement of this action, the defendant has acquired such blades in England, imported them and sold them in Canada and the defendant proposes to continue so purchasing, importing and selling such blades unless restrained by order of the Court.

On June 21, 1965 the United Kingdom company executed a transfer of the two trade marks to the plaintiff. On July 2, 1965 the defendant received a letter from the plaintiff's solicitors bearing date June 29, 1965 informing him of the assignment of the trade marks, stating that the sale in Canada of razor blades bearing the trade marks and not purchased from the plaintiff is an infringement of the plaintiff's rights and warning that the plaintiff intended to take prompt legal action to restrain any infringement. The transfer was registered under the *Trade Marks Act* on August 9, 1965.

The facts that I have outlined up to this point reveal the question that arises between the parties, as I understand it, namely: Can the plaintiff, by virtue of the transfer to it of its parent's Canadian trade marks, prohibit third persons from importing and selling in Canada goods manufactured abroad by the parent and bearing the trade marks placed thereon by the parent?⁴

⁴ For a similar attempt to use trade marks to monopolize a market for goods of a particular class, see *In re Apollinaris Company's Trade-Marks*, [1891] 2 Ch. 186 at pages 225 *et seq.*, and pages 229 *et seq.*

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

This action was instituted on September 7, 1965. On October 18, 1965 the defendant filed a statement of defence and counterclaim whereby it, *inter alia*, brought into question the validity of the registrations of the plaintiff's trade marks. Pursuant to a consent order, the defendant, on March 31, 1966 filed an "amended" statement of defence and counterclaim.

The plaintiff's case, as pleaded, is simply

- (a) that it is, and has been since *August 9, 1965*, the registered owner of the two registered trade marks,
- (b) that it "has, since July 1963 produced and sold razor blades throughout Canada in large numbers in association with the said trade marks", and
- (c) that the defendant has imported into and distributed in Canada razor blades to which the two trade marks have been applied "but which are not wares of the plaintiff" and has thereby infringed the exclusive right of the plaintiff to the use of the trade marks.⁵

During the course of the hearing, counsel for the plaintiff put his case on the plaintiff being owner (not *registered owner*) of the *registered trade marks*, maintained that the plaintiff's exclusive rights to the marks arose on the execution of the transfer on June 21, 1965 and claimed judgment in respect of infringements on and after July 2 when the defendant was informed of the transfer. He did not, however, seek any amendment to the statement of claim although it clearly makes a claim for infringement of the plaintiff's rights as registered owner since August 9, 1965.⁶

⁵ The trial proceeded upon the basis that, upon the plaintiff establishing at least one act of infringement and satisfying the Court that it had sustained some damage, the question of what further infringements, if any, had been committed and of damages or profits would be the subject matter of a reference.

⁶ Had he done so, subject to what counsel for the defendant might have said, I should have given the request favourable consideration because, as far as I can see, there is no possibility of the defendant having suffered prejudice by such a change of pleading during the course of the trial (unless, indeed, as well may be, the defendant agreed to certain facts limited to a period of time prior to August 9, 1965, to which it would not otherwise have been prepared to agree without making much more careful investigation as to what actually happened).

The defendant denies any infringement of the two trade marks and calls in question their validity. The substantive part of the statement of defence, which it is impossible to summarize, reads as follows:

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

2. The Defendant denies that he has imported into and distributed in Canada razor blades bearing trade marks to which the Plaintiff has or had the exclusive rights and denies that he has infringed any rights of the Plaintiff whatsoever, for the reasons hereinafter set forth.

3. The Defendant admits that the Plaintiff is registered as owner by Assignment of Canadian Trade Mark Registrations Nos. N.S. 197/50113 and 136,228, and admits that the assignment document dated June 21, 1965 and recorded in the Trade Marks Office on August 9, 1965, was duly executed by the authorized signing officers of Wilkinson Sword Limited. The Defendant, however, denies the validity of such registrations, including the validity of the trade marks themselves and also the validity of the assignment thereof to the plaintiff, for the reasons hereinafter set forth.

4. (a) The Defendant states and the fact is that all of the razor blades purchased by him and imported into and sold in Canada are legitimate and genuine products of the Plaintiff's parent company, Wilkinson Sword Limited. The Defendant alleges that, having purchased these razor blades, which are the genuine product of the parent company of the Plaintiff, he is entitled to import same into and sell same in Canada.

(b) The Defendant states and the fact is that the Plaintiff is a wholly-owned and wholly-controlled subsidiary of its parent company in England, Wilkinson Sword Limited; that both are part and parcel of one trading organization; that the Plaintiff does not and never has acted independently of its parent company; and that the Plaintiff has acted solely as the Agent of and on behalf of its parent company in regard to all matters in issue herein. Accordingly, all rights alleged to be vested in the Plaintiff by reason of trade mark registrations and assignment, if such are valid at all, which is not admitted but denied, can only be vested in the Plaintiff's parent company, Wilkinson Sword Limited. Accordingly, the Plaintiff has no right to take any action against the Defendant for the sale of razor blades all of which are the genuine product of its parent company.

(c) The Defendant states that if the trade marks and/or assignment thereof are valid, which is not admitted but denied, that such assignment to the Plaintiff gives the Plaintiff no further rights than its parent company, Wilkinson Sword Limited had as a result of such trade mark registrations. Inasmuch as its parent company, Wilkinson Sword Limited, has no right to sue the Defendant in regard to goods sold by the Defendant in Canada which are legitimate and genuine products manufactured by Wilkinson Sword Limited, then neither does the Plaintiff have any such rights. The Defendant alleges that the Trade Mark Act does not allow and was not designed to allow persons to set up such exclusive arrangements between parent and subsidiary companies by which a subsidiary company can prevent any other person from importing and/or selling in Canada the legitimate and genuine goods of its parent company. Accordingly, no such rights can or do flow from the assignment of the trade marks to the Plaintiff.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

5. (a) The Defendant alleges that the assignment of the two trade marks in issue herein is invalid because such assignment was executed by Wilkinson Sword Limited, the British parent company of the Plaintiff, in favour of the Plaintiff, for no consideration and because Wilkinson Sword Limited retains complete control over the trade marks and can at any time obtain a re-assignment from the Plaintiff herein. Accordingly, it is evident that the Plaintiff holds the trade mark rights in Canada in issue herein only as an Agent and/or Trustee for its parent company, Wilkinson Sword Limited and, therefore, such assignment is invalid and totally void.

(b) The Defendant alleges that the assignment of the trade marks in issue herein is invalid because the purpose of such assignment was not for a purpose contemplated by the Trade Marks Act but solely for the purpose of attempting to restrain the importation into and sale in Canada of blades purchased from the Plaintiff's parent company or other associated companies. As this assignment was made solely for this improper purpose, it is, therefore, totally invalid and void.

6. (a) The Defendant alleges, and the fact is, that the words "Wilkinson Sword", and the design of crossed swords, do not distinguish the products of either the Plaintiff or its associated companies from those of others, for the following reasons. The Defendant alleges and the fact is that if such words and/or design ever did distinguish anything at all, which is not admitted but denied, then they distinguish and at all times have distinguished only razor blades manufactured by Wilkinson Sword Limited, the British parent company of the Plaintiff, irrespective of by whom such razor blades have been finished, packaged and/or sold, and have at no material times distinguished razor blades as having been finished, packaged, and/or sold by the Plaintiff, and such trade marks are not and at no material time were distinctive of razor blades finished, packaged and/or sold by the Plaintiff.

(b) The Defendant alleges and the fact is that, in any event, since about July 1963 the words "Wilkinson Sword" and the design of crossed swords, as applied to razor blades, do not distinguish any products whatsoever, for the following reasons. The Defendant states and the fact is that until July 1963 all razor blades bearing the said trade marks that were sold in Canada were completely manufactured and packaged by Wilkinson Sword Limited, the British parent company of the Plaintiff. Such razor blades were originally sold in Canada by Wilkinson Sword Limited through its exclusive distributor, the John A. Huston Company Limited, until January 1963. From January 1963 until late in the spring of 1963, such razor blades, which were still completely manufactured and packaged by Wilkinson Sword Limited, were imported into Canada by the Plaintiff herein and then resold to the John A. Huston Company Limited, who continued to act as sole distributor in Canada for such razor blades.

In or about July 1963 the Plaintiff began to put on the Canadian market razor blades which it had imported from England, having purchased same from its British parent company, Wilkinson Sword Limited in a raw or unfinished state, and which razor blades had been finished, processed and packaged by the Plaintiff in Canada. Such razor blades already bore the trade marks of Wilkinson Sword Limited, having been applied to the razor blades during the first part of the manu-

facturing process which was done by Wilkinson Sword Limited in England. These blades which bore the trade marks of Wilkinson Sword Limited, the British parent company of the Plaintiff, were partially manufactured in England by such parent company and partially manufactured and packaged in Canada by the Plaintiff herein, and were sold in Canada by the Plaintiff herein bearing the trade marks of the British parent company, Wilkinson Sword Limited, despite the fact that these products were not products of Wilkinson Sword Limited.

Wilkinson Sword Limited, the British parent company of the Plaintiff herein acquiesced in and allowed these razor blades, which were not its product, to be put on the Canadian market, although any rights to the trade marks in question herein remained the property of Wilkinson Sword Limited until at least [sic] June 21st 1965

During the summer of 1963, both types of blades were present on the Canadian market, the original genuine product manufactured by Wilkinson Sword Limited, and the product imported in an unfinished state and finished, processed and packaged by the Plaintiff herein, and both of these types of blades bore the trade marks referred to herein. Again, during the early part of 1965, the Defendant states and the fact is, that he imported into and sold in Canada razor blades bearing the trade marks in issue herein, which were the genuine product of Wilkinson Sword Limited, who were, at this time, still the owners of any trade mark rights therein. Accordingly, at this time there were again two types of blades on the Canadian market, the genuine products of the trade marks owner, Wilkinson Sword Limited, and the blades of the Plaintiff.

As a result of these facts the Defendant alleges, and the fact is, that the trade marks in issue herein ceased to be distinctive as early as July 1963, and lost their validity

(c) The Defendant alleges, and the fact is, that the Plaintiff has been, since July 1963 deceiving and misleading the Canadian public into thinking that the razor blades that the Plaintiff sells are the genuine products of its British parent company, Wilkinson Sword Limited. The Defendant alleges and the fact is, that the Plaintiff has never in any way advised the Canadian public of the change that took place in the manufacture of the razor blades sold by it in Canada, which change took place at about the beginning of the summer of 1963; that the Plaintiff has deliberately misled the Canadian public in this regard and that it continues to do so, intending to trade on the reputation of its British parent company, Wilkinson Sword Limited, and on the reputation of the stainless steel razor blade which was manufactured originally only by Wilkinson Sword Limited, and that the Plaintiff has intended to and has in fact misled the Canadian public into thinking that the razor blades being sold by the Plaintiff in Canada are still the legitimate and genuine product of its British parent company, Wilkinson Sword Limited.

The Defendant alleges, and the fact is, that Wilkinson Sword Limited has acquiesced in and allowed this distribution to go on during the past two years and more.

Accordingly, the Defendant alleges that the trade marks in question herein have lost their validity.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v
 JUDA
 Jackett P

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

Upon the opening of his argument, counsel for the defendant summarized his attack on the validity of the two registered trade marks⁷ as being

- (a) an attack, under section 18(1)(b) of the *Trade Marks Act*, based upon a contention that they were not, at the time of the commencement of these proceedings, "distinctive" within the meaning of that word as defined by section 2(f), and
- (b) an attack based upon the fact that the trade marks were being used to deceive the public.

He, at the same time, summarized his defence of no infringement under three heads, *viz*,

- (a) the defendant's importation and sale of goods manufactured by the United Kingdom company with the trade marks attached had the implied licence of the United Kingdom company and the trade marks distinguished the goods of associated companies of whom the United Kingdom company was one,⁸
- (b) the transfer of the trade marks in question was without consideration and there was therefore a resulting trust in favour of the United Kingdom company so that a sale in Canada of goods manufactured and sold by that company under the trade marks was not an infringement of them,
- (c) sales by the defendant before August 9, 1965 the day on which the plaintiff became registered as owner of the trade marks, do not constitute infringements
 - (i) because the statement of claim is for infringement of a title expressed to commence on that day, and

⁷ Some reference was made during argument to the decision of this Court in *Remington Rand Limited v. Transworld Metal Company Limited*, [1960] Ex. C.R. 463, where the facts were similar to the facts in this case. However, as my brother Thurlow pointed out at page 464, the validity of the plaintiff's registered trade mark was not attacked in that case.

⁸ A contention that is raised by the first sentence of paragraph 4(c) of the statement of defence was not raised in the defendant's counsel's outline of his position at the opening of his argument. Assuming that there is a transfer of a trade mark by a manufacturer who has, before the transfer, put wares of his manufacture in trade channels with the trade mark on it, I should have thought that the transfer would not operate to prevent persons who had acquired such goods in the ordinary course of trade from selling them.

(ii) because, in any event, the plaintiff's rights by virtue of the transfer did not arise until August 9, 1965 when the transfer was registered under the *Trade Marks Act*;

and the plaintiff had failed to establish that sales between August 9, 1965 and the commencement of the action on September 7, 1965 were not of wares acquired by the plaintiff before the United Kingdom company ceased to be owner of the trade marks in question, in which event there would be a right to sell such goods notwithstanding the transfer of the marks to the plaintiff.⁹

As I have come to the conclusion that the trade marks were not "distinctive" at the time of the commencement of the proceedings bringing the validity of the marks into question and that the registrations of the trade marks are, therefore invalid, it is not necessary for me to come to any final conclusion with regard to any of the other questions raised. I propose, therefore, to indicate at this stage, very briefly, how, as I view them without more mature consideration, I would decide them.

As already indicated, I decided, during the course of the trial, that there was no evidence upon which it could be held that the plaintiff and the United Kingdom company were carrying on business jointly or that one of them was acting as agent for the other. I did not regard the authorities cited for the defendant in this connection as establishing any principle other than that laid down by the Court of Appeal in England in *Gramophone and Typewriter Limited v. Stanley*, [1908] 2 K.B. 89, which was one of the authorities upon which the defendant relied.¹⁰

I also, as I see it now, would have difficulties in applying the concept of resulting trust to the facts of this case. If

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

⁹ Assuming that the defendant were successful on this point alone, a question would arise as to whether the plaintiff is entitled, in these proceedings, as presently framed, to an injunction as though it were a *quia timet* action. I need not decide this question.

¹⁰ The view upon which I acted at that time, and which still seems to me to be sound law is that the mere fact that one incorporated company controls another is not sufficient by itself to establish that the controlled company carries on business as agent of the controlling company.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

I had to decide this point, I should have to study very carefully the views expressed by my brother Noël in *Dubiner v. Cheerio Toys and Games Ltd.*, [1965] 1 Ex. C.R. 524 at pages 554 *et seq.* My present difficulty is that I do not see how it is possible for the owner of a trade mark as defined by subparagraph (i) of section 2(t) of the *Trade Marks Act* to hold such a trade mark in trust for some other person (except in the case where the trustee owns all the assets of a business, including the trade marks associated therewith, in trust for beneficiaries and operates that business in his capacity as trustee for the benefit of the beneficiaries).¹¹ Under our law of trusts, the trustee is the owner but is bound by equity to hold the trust property and all the fruits of it for the beneficiaries. By statutory definition, the kind of trade mark that we are discussing is a mark that is used "so as to distinguish" goods manufactured or sold by the *owner* of the mark. It cannot be used to distinguish goods manufactured or sold by somebody else. Compare section 2(f) of the *Trade Marks Act*. If, therefore, I had to apply the trust concept here it would seem to me that I should have to conclude that a trade mark owned by the owner as trustee would have to be used to distinguish goods manufactured or sold by him as trustee, and not goods manufactured or sold by the beneficiary of the trust.

With reference to the plaintiff's right to rely on sales in Canada prior to August 9, 1965 as acts of infringement, if the only question were the state of the statement of claim, I should be prepared to hear an application for leave to amend even at this late date. Furthermore, I am inclined, as I see it now, to accept the submission of counsel for the plaintiff

- (a) that registration of the transfer is not necessary to make a transfer of a registered trade mark effective under section 47,¹² and

¹¹ One of my doubts is whether it is possible to carry on a business as trustee in the absence of special statutory or contractual status.

¹² Compare *Ihlee v. Henshaw*, (1886) 31 Ch.D. 323 per North J. at page 324. See also *The Magnolia Metal Company v. The Atlas Metal Company and Others*, (1897) 14 R.P.C. 389 and *Blightly Industries Association Ltd. v. The Scottish Home Industries Association, Ltd.*, (1927) 44 R.P.C. 269.

(b) that section 19 confers on the "owner" of a registered trade mark the exclusive right to its use in Canada whether or not he appears on the register as owner.

1966
WILKINSON
SWORD
(CANADA)
LTD.
v.
JUDA
Jackett P.

With reference to the goods sold in Canada after August 9, 1965 and before the commencement of the action, I am inclined to the view that there must be implied a reservation in a transfer of a trade mark in respect of goods already put in trade channels by the transferor (see footnote #8) and that the onus was on the plaintiff to plead and establish that the infringements complained of were not sales of such goods.

The remaining submission of counsel for the defendant, before I come to section 18(1)(b), is that there have been such misrepresentations by the plaintiff in the use of the trade marks transferred to it as to invalidate the trade marks. As I see it at the moment, such misrepresentations (e.g. that the goods finished and packaged by the plaintiff are wares manufactured by the United Kingdom company) is not a separate head of invalidity under our Act. It may well, however, be a relevant circumstance in deciding the question raised under section 18(1)(b).

I turn now to section 18(1)(b) which reads, in part, as follows:

- 18. (1) The registration of a trade mark is invalid if
- ...
- (b) the trade mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;
- ...

The question under section 18(1)(b) is whether the trade marks were distinctive "at the time proceedings bringing the validity of the registration(s) into question" were commenced. Whether that time in this case is the date that the action was instituted, September 7, 1965, the date that the original statement of defence and counterclaim were filed, October 18, 1965, or the date that the amended statement of defence and counterclaim were filed, March 31, 1966, is not, as I apprehend the facts, a matter upon which I must reach any conclusion in this case. I shall deal with

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jakkett P.

the matter as though the relevant time were the period from September 7, 1965 to March 31, 1966, because I can detect no change in the material state of affairs during that period.

I propose, therefore, to consider whether, during the period from September 7, 1965 to March 31, 1966, the trade marks in question were "distinctive" within the meaning of that word as defined by section 2(f) of the *Trade Marks Act*, which reads:

2. In this Act,

...

(f) "distinctive" in relation to a trade mark means a trade mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;

The question that I must answer is whether the trade marks in question, during the period from September 7, 1965 to March 31, 1966, *actually distinguished* the razor blades processed and packaged by the plaintiff from the wares of "others". In doing so, I must bear in mind that the United Kingdom Company falls within the class of "others" because, as I have already indicated, that is the foundation of the plaintiff's case against the defendant and is the only conclusion that, in my view, can be reached on the material before the Court.

In my view, it is beyond dispute that, on the facts that have been placed before the Court, the trade marks in question did not during the relevant period "actually distinguish" the plaintiff's razor blades from the wares of others and I must therefore hold that the trade marks were not "distinctive" at any time during that period. Accordingly, I hold that their registrations were invalid by virtue of section 18(1)(b).

A brief reference to the facts will suffice to show why I feel constrained to reach that conclusion.

For a period of over forty years, from 1920 until July 1963, these two very striking trade marks were used in Canada to distinguish wares—garden tools, swords and razor blades—manufactured by a particular manufacturer

in England.¹³ Following such a prolonged exposure of the Canadian purchasing public to these marks as indicating the goods of a particular manufacturer in England,¹⁴ in July 1963 the plaintiff started to introduce into trade channels in Canada, under the same marks, razor blades that were only partly manufactured by the manufacturer whose wares such marks had previously identified and that were partly manufactured by the plaintiff, without in any way indicating to the members of the Canadian purchasing public that such goods were not the razor blades—manufactured by a manufacturer in England in whose wares they had pre-

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 —
 Jackett P.
 —

¹³ Compare *Impez Electrical Ltd. v. Weinbaum*, (1927) 44 R.P.C. 405 per Tomlin, J. at page 410: "If a manufacturer having a mark abroad has made goods and imported them into this country with the foreign mark on them, the foreign mark may acquire in this country this characteristic, that it is distinctive of the goods of the manufacturer abroad. If that be shown, it is not afterwards open to somebody else to register in this country that mark, either as an importer of the goods of the manufacturer or for any other purpose. The reason of that is not that the mark is a foreign mark registered in a foreign country, but that it is something which has been used in the market of this country in such a way as to be identified with a manufacturer who manufactures in a foreign country. That, I venture to think, is the basis of the decision in the *Apollinaris* case ([1891] 2 Ch. 186). It seems to me to be the basis of the decision in the case before Mr. Justice Clauson of *Lacteosote Limited v. Alberman* (44 R.P.C. 211) and it seems to me to be consonant with good sense." Contrast *J. Ullmann & Co. v. Leuba*, (1908) 25 R.P.C. 673 (P.C.) where the Hong Kong trade mark denoted in Hong Kong the goods of the Hong Kong retailer and not the goods of the foreign manufacturer who supplied them to him.

¹⁴ Whether or not the individual members of the purchasing public were aware of the United Kingdom company's name is immaterial—the theory is that those who had shown a preference for the goods sold under the marks had learned to have confidence in the manufacturer of such wares regardless of whom he might be. See *Wotherspoon v. Currie*, L.R. 5 E. & I. App. 508, per Lord Hatherley, L.C. at pages 514-15: "Therefore the name 'Currie' ought to be distinct, as I believe it is, and the name of the article again, if it has acquired a name, should not, by any honest manufacturer, be put upon his goods if a previous manufacturer has, by applying it to his goods, acquired the sole use of the name. I mean the use in this sense, that his goods have acquired by that description a name in the market, so that whenever that designation is used he is understood to be the maker, *where people know who the maker is at all*—or if people have been pleased with an article, it should be recognized at once by the designation of the article, although the customers may not know the name of the manufacturer. It may very well be that hundreds of people like Glenfield Starch, and order it because they think that it is the best starch that they ever used, without having heard the name of Mr. Wotherspoon, and without knowing him at all. They say, I want the thing that bears that name, the thing made in a particular way, made by the manufacturer who makes it in that way, and there being only one manufacturer who does make it in that way, I want the article made by that manufacturer."

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v
 JUDA
 Jackett P.

sumably learned to have confidence—that they had been previously purchasing under the same trade marks. (I should have been inclined to have reached the conclusion that the blades so finished by the plaintiff were nevertheless still manufactures of the United Kingdom company, and that there was therefore no change in substance in what was being distributed in Canada under the trade marks, were it not for the fact that both parties take the position—by their pleading and by submission of counsel—that the blades sold by the plaintiff after July 1963 were blades manufactured by it and not by the United Kingdom company.) Commencing, therefore, in July 1963, as a result of the acts of the plaintiff, there were in trade channels in Canada, razor blades reaching the Canadian purchasing public under the trade marks in question some of which were manufactured by the United Kingdom company in England and some of which were (as I must find for the purpose of this case) manufactured by the plaintiff in Canada and there was no means whereby the purchasing public could know that all such blades were not manufactured by the manufacturer in England in whose wares their previous experience with the trade marks in question would lead them to have confidence.¹⁵ Indeed, each blade—those made by the plaintiff in Canada as well as those made by the United Kingdom company—bore the words “Made in England” and there was no advertising at any

¹⁵ Compare *Anookool Chunder Nundy v. Queen-Empress*, (1900) 27 I.L.R., Calcutta 776 per MacPherson and Hill, JJ. at page 780: “Assuming however that this mark, being the trademark of the Chartered Mercantile Bank of India, London and China, could after that Bank ceased to do business become by user the trade-mark of the Mercantile Bank of India, there is in this case no sufficient proof of the user necessary to effect that. A mark to be a trade-mark must be a mark used for denoting that the goods are the manufacture or the merchandize of a particular person and the particular person in this case is according to the charges the Mercantile Bank of India. The prosecution had, therefore, to prove that this mark was used for denoting that the gold bars were the manufacture or merchandize of that Bank. The mark in itself does not denote anything of the kind, and it is not necessary that it should do so. But it was originally used to denote something else, and there is no evidence that it had acquired in the market any other meaning or that it was understood to denote that the gold bars upon which it was impressed were the gold bars imported by the Mercantile Bank of India.”

As to the possibility of circumstances requiring the publishing of information as to ownership of a trade-mark to avoid confusing the public, see *Peggy Sage Inc. v. Siegel Kahn Company of Canada Limited*, [1935] S.C.R. 539 at page 549.

relevant time to the Canadian public, either connected with the goods as distributed or otherwise, that would give the public any indication that an increasing proportion of the blades that they were getting under the trade marks in question, which were still registered in the name of the United Kingdom company, were actually manufactured in Canada by a Canadian manufacturer. In addition, at this same time—after July 1963—garden tools and swords manufactured in England by the United Kingdom company were being put into trade channels in Canada by the plaintiff under the same two trade marks.¹⁶

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

In the period during which this situation prevailed, I can only infer that the trade marks in question signified to the Canadian purchasing public that the goods associated with the marks in question were manufactured by whatever manufacturer in England had been making the goods that they had been buying in association with such trade marks for over forty years.¹⁷

During the period from July 1963 to June 1965, when the plaintiff was putting into trade channels some goods—garden tools and swords—manufactured by the United Kingdom company and some goods—razor blades—manufactured by the plaintiff, all under the two trade marks belonging to the United Kingdom company, the defendant imported and sold in Canada, under the same two trade marks, razor blades manufactured and sold by the United Kingdom company. Such importation and sale in Canada was quite legal and proper as far as the trade marks in question are concerned.

The situation in which the plaintiff was putting into trade channels in Canada under trade marks belonging to the United Kingdom company some goods manufactured by the

¹⁶ During this period after July 1963, while the trade marks in question were still owned by the United Kingdom company, I can find no material difference between the facts of this case and those in *Bowden Wire Ltd. v. Bowden Brake Company Ltd.*, (1914) 31 R.P.C. 385 (H.L.) where it was held that the owner of a trade mark had made it invalid by permitting a related company to use it on the latter company's goods.

¹⁷ Compare *Robert Crean and Co. Ltd. v. Dobbs and Co.*, [1930] S.C.R. 307. See also *Wood v. Butler*, (1886) 3 R.P.C. 81 per Fry, L.J. at page 92. " . . . where a person uses a word and represents that word to be applicable to the product of a manufacturer . . . other than himself, so as to produce the belief that the goods are the manufacture of that third person . . . , he cannot say that the word is distinctive of his own manufacture".

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P

United Kingdom company and some goods manufactured by itself continued until June 22, 1965, when the United Kingdom company transferred the two trade marks to the plaintiff. From that time until the commencement of these proceedings, and indeed until the trial, the plaintiff continued to put into trade channels in Canada, in association with the trade marks in question, some goods manufactured by the United Kingdom company (garden tools and swords) and some goods manufactured by the plaintiff (razor blades) without in any way¹⁸ indicating to the Canadian purchasing public that the trade marks were now being used to mean anything other than that which they had meant in the past—namely, that *all* the wares with which they were associated were wares of the manufacturer whose wares had been marketed in association with such marks prior to 1963. (It might presumably have been intended by the plaintiff that the trade marks indicate only that the goods were goods *sold* by the plaintiff—the only representation that could truthfully have been made with reference to the garden tools and the swords as well as the blades. This might have been sufficient to make their use by the plaintiff use as trade marks as defined by section 2(t)(i); I make no finding on that. The question here, however, is whether they “actually” distinguished the plaintiff’s goods within section 2(f) and there is not a scintilla of evidence of any effort to educate the Canadian purchasing public to understand that the trade marks in question, after June 1965, were used only in association with goods sold by the plaintiff.)¹⁹

¹⁸I do not regard certain references to the Canadian company that were placed in positions on the packages where they were almost certain not to be noticed as being of any relevance for the purpose of this review.

¹⁹The plaintiff placed considerable reliance upon section 48 of the *Trade Marks Act* which provides, in effect, in part, that if a mark is used as a trade mark for the purpose of distinguishing wares *sold* by him, it shall not be held invalid “merely on the ground” that he or a predecessor in title has used it for the purpose of distinguishing wares *manufactured* by him. This section does not, as I read it, change the approach that has to be made in particular circumstances under section 18(1)(b) apart from it. In this connection, I regard as applicable to the current Canadian Act what was said by P. O. Lawrence, J. in *In re Application by The Hotpoint Electric Heating Company*, (1921) 38 R.P.C. 63 at page 71: “It is argued . . . that . . . the mark ought not to be registered, because it is deceiving the public into the belief that the goods which had become known as those of the manufacture of the Hotpoint Company were really being manufactured by a different manufacturer; and, if it did not deceive them, it at all events

There is no indication of any material change in the way in which goods were put by the plaintiff in Canadian trade channels in association with the trade marks in question during the period before the filing of the amended statement of defence and counterclaim or of any change in the appreciation of the purchasing public, during that period, as to the significance of such marks.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

In these circumstances, the only inference I can draw is that the trade marks during all relevant periods “actually” —but falsely—indicated, after June 21, 1965 to the Canadian purchasing public, as they indicated during the period of over forty years before that time, that the goods with which they were associated were goods *manufactured* by some United Kingdom company—whether or not they knew its name. There is not one bit of evidence to indicate that the trade marks “actually”, at any relevant time, indicated, to the Canadian purchasing public, that the wares to which they were attached were wares of the plaintiff—either as manufacturer or seller—or even that such wares were wares manufactured or sold by some unidentified person *other than* the manufacturer of the wares in association with which the marks had been used in Canada from 1920 to 1963. The trade marks in question, at no time, distinguished wares of the plaintiff as manufacturer or vendor from wares of the United Kingdom company or any other person.

In my view, there can be no question as to the correct answer to the question raised by section 18(1)(b) read

would lead to confusion in the minds of the public as to who were the real manufacturers of these goods. I can conceive circumstances where the manufacturer has gained a reputation with reference to certain goods under a particular mark and ceases to manufacture those goods but hands over the manufacture to other persons and still sells the goods under the mark which he used when he himself manufactured the goods. Under those circumstances he might possibly lose the right to the mark, and it might become descriptive. It is quite true that a mark can indicate the seller or selector of the goods and need not necessarily indicate the manufacturer, but if the reputation of the mark has been gained owing to its being used by the manufacturer, and it has become known as the manufacturer's mark, I think it might very well cause deception and confusion, if it were used afterwards, without something on the mark itself, for the purpose of indicating only the seller of the goods which were being manufactured by somebody else”. All that section 48 says is that a trade mark shall not be held invalid “*merely*” on the ground that it was previously used for a purpose other than its current use: It does not say that it will be valid even if it does not actually distinguish the wares of its owner as required by section 18(1)(b) as a condition to the validity of its registration.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

with section 2(f) if that question is to be answered as a question of fact.²⁰ Indeed, counsel for the plaintiff did not really contest the result as a finding of fact on the evidence.

What counsel for the plaintiff says, and this is really the nub of his case, is that there is an implication from sub-section (1) of section 47, which authorizes transfers of trade marks, that, when a transferee uses a trade mark after it is transferred to him, there is a *presumption of law* that the trade mark "actually distinguishes" his wares regardless of what significance it may have *in fact* for members of the Canadian purchasing public.²¹ His contention, as I understand it, is that such an implication must flow from section 47 for, otherwise, the section has failed to achieve any substantive change in the law.²²

²⁰ See *Dubiner v. Cheerio Toys and Games Ltd.*, [1965] 1 Ex. C.R. 524 per Noel J at page 549

²¹ This, as it appears to me, would be to imply an intention by Parliament to nullify the "fundamental rule" that "one man has no right to put off his goods for sale as the goods of a rival trader, and he cannot, therefore . . . be allowed to use . . . marks . . . by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person". See *Reddaway v. Banham*, [1896] A.C. 199 at page 209 where Lord Herschell adopts a passage from Lord Kingsdown in the *Leather Cloth* case. That Parliament impliedly authorized what the Courts have always regarded as a fraud on the public seems to me so obviously wrong that I am tempted to dispose of this argument by adopting the words of Lindley L.J. in *Edwards v. Dennis*, (1885) 30 Ch D. 454 at page 476: "That construction of the Act seems so irrational that I cannot adopt it".

²² This contention is based upon an assumption that Parliament must be presumed to have intended to change the law in a substantial way. This is not necessarily so. Compare section 21 of the *Interpretation Act*, R.S.C. 1952, chapter 158. Compare also the effect attributed by the Courts to section 14 of chapter 22 of the Statutes of 1879—see footnote #33. For purposes of this case, I do not need to explore the possible uses of a trade mark under the Canadian Act where there are two or more companies under a common control and carrying on connected businesses. One view, and the one on which the plaintiff obviously had to insist, is that a trade mark must be used only to distinguish goods of the owner of the trade mark and it is infringement to use it on goods of a closely related company (even the parent of the owner of the trade mark). It would be consistent with this view to permit joint ownership and registration (under the *Interpretation Act*, the singular includes the plural) of a trade mark so that it could then be used to distinguish the goods of the owners. One such possibility that I do not need to consider is whether a trade mark as defined by the present Canadian statute, which was first enacted in 1953, can be adapted to the concept of a "single organization" such as conceived of by Angers J. in the *Good Humour* case, [1937] Ex. C.R. 61 at page 74 (unless, indeed, there is a partnership, in which event presumably the registration should be in the name of the partnership). Another unexplored area that I can avoid considering in this case is the "commercial

The *Trade Marks Act* was intended, as I read it, to be a code of law relating to trade marks in Canada (whether or not it is exhaustive of the common law, I need not consider). It is therefore a statute to which the principles enunciated by Lord Herschell in *Bank of England v. Vagliano* apply.²³ In deciding what any portion of the Act means, therefore, “the proper course is in the first instance to examine the language of the statute and to ask what is its natural meaning, uninfluenced by any considerations derived from the previous state of the law, and not to start with inquiring how the law previously stood, and then, assuming that it was probably intended to leave it unaltered, to see if the words of the enactment will bear an interpretation in conformity with this view”. As Lord Herschell points out, resort may of course be had to the previous state of the law for the purpose of aiding in the construction of the code where there is some reason for it, for example,

- (a) where a provision is “of doubtful import”, and
- (b) where, in the code, words are found that had previously acquired a technical meaning, or had been used in a sense other than their ordinary sense (in which event the same interpretation might well be put upon them in the code).

Lord Herschell emphasized that the first step taken should be to interpret the language of the statute, and that an appeal to earlier decisions can only be justified on some special ground.²⁴

Applying these principles to the construction of section 47 of the *Trade Marks Act*, as a part of the statutory scheme or code created by that Act, I find, as far as the

sense” of “proprietorship” of a trade mark and of the business in which it is used to which Duff J. (as he then was) made passing reference in *The Bayer* case, [1924] S.C.R. 558 at page 584. Either of these approaches would serve only to negative the plaintiff’s case as they both envisage a group ownership or right to use the trade mark which would be inconsistent with the idea of infringement by using the trade mark on the goods of one member of the group when it is registered in the name of another member.

²³ [1891] A.C. 107 at pages 144-5.

²⁴ See also *Robinson v. Canadian Pacific Railway*, [1892] A.C. 481, *Quebec Railway, Light, Heat and Power Company, Limited v. Vandry*, [1920] A.C. 662, and *S. & S. Industries Inc. v. Rowell* 56 D.L.R. (2d) 501 per Martland J. at p. 505.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 ———
 Jackett P.
 ———

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 JACKETT P.

problems raised by this case are concerned, no such doubt as to the effect of the statute as might require resort to the previous law; and while words are employed that have a long history in the law of trade marks, their meaning is reasonably clear when they are considered in relation to the facts of the business and commercial world, without resort to earlier decisions.

Confining myself to the provisions of the statute *in so far as they are relevant to the facts of this case*, I can explain how I understand them as follows:

1. Section 2(t)(i) defines the particular kind of trade mark with which we are concerned. It is a "mark" that is used by a person for the purpose of distinguishing or so as to distinguish wares manufactured or sold by him from those manufactured or sold by others.

2. Sections 29 to 39 provide a procedure whereby a person who uses, or has commenced to use, a trade mark may obtain its registration in the register provided for by section 26.

3. Section 19 provides that the "registration" of a trade mark in respect of certain wares, unless shown to be invalid, gives to the owner the exclusive right to the use throughout Canada of such trade mark in respect of such wares.

4. Section 47 provides that a registered trade mark is transferable.

5. Section 18(1)(b) provides that the "registration" of a trade mark is invalid if the trade mark is not "distinctive" at the time proceedings bringing the validity of the registration into question are commenced; and "distinctive" in relation to a trade mark is defined by section 2(f) to mean a trade mark that "actually distinguishes" the wares in association with which it is used *by its owner* from the wares of *others*.

Leaving aside all the many aspects of the Act that have no bearing on the problem raised by this case, the language of the statute quite clearly, as I read it, contemplates a registered trade mark which is *used* (sections 2(t)(i) and 39) to distinguish the owner's goods from the goods of others and which is invalid unless it "actually distinguishes" the owner's goods from the goods of others (sections 2(f)

and 18(1)(b)); and it contemplates that such a registered trade mark may be transferred either with or without the goodwill of the business in which it is being or has been used. The effect of a transfer of a trade mark is obviously, (a) that the transferor, the former owner, immediately ceases to have any right to use the trade mark to distinguish *his* goods because the *exclusive* right has, by virtue of sections 19 and 47, become vested in the transferee; and (b) the *exclusive* right to use the trade mark in respect of the goods for which it was registered becomes vested in the transferee.²⁵

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

It does not, however, take much thought to realize that this exclusive right that has become vested in the transferee is a right to use the mark as a “trade mark” and not a right to use it for any other purpose; and a right to use it as a trade mark is a right to use it for the purpose of distinguishing or so as to distinguish the owner’s wares from the wares of others.²⁶ (Any use by the owner that would have the inevitable effect of making the purchasing public think that his wares and the wares of some other person are the wares of the same person would be quite outside the exclusive right vested in him by the transfer—compare sections 16 and 6.) Furthermore, the exclusive right vested in the transferee by the transfer is subject in his hands, as it was in the hands of the transferor, to the condition that the registration of the trade mark is invalid if, at the time of an attack by legal proceedings, it does not “actually distinguish” the owner’s wares from the wares of others.

²⁵ I am assuming that none of the common law limitations on the *validity* of a *transfer* of a trade mark are applicable to a transfer under section 47(1). (Compare *Pinto v. Badman*, (1891) 8 R.P.C. 181 per Fry, L.J. at pages 194-5.) I express no opinion as to whether a transfer would be void or invalid *per se* if made in such circumstances, for example, as to indicate an intention to use it as a fraud on the public. It is not necessary for me to decide that question in this case.

²⁶ A submission was made by counsel for the plaintiff that section 4 defines how a trade mark is to be used so as to comply with the requirement that it be used “for the purpose of distinguishing” wares of the owner in the definition of a trade mark. As I read section 4, it relates exclusively to the question as to when a trade mark is to be regarded as used “in association with wares” for the purposes of a provision where such expression is used as, for example, in section 5.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 ———
 Jakkett P.
 ———

All this seems to me to be perfectly clear from a reading of the statute. I do not find any provision of "doubtful import" that requires resort to the prior law as an aid to construction and, if there are any terms that might be regarded as having previously acquired a technical significance—e.g., "distinguishes"—resort to the common law decisions shows that their meaning in the common law cases is that which appears obvious on a reading of the statute unaided by such cases.

My conclusion is therefore that there is no need, applying the principles laid down by Lord Herschell in *Vagliano's* case, to resort to the history of the law of trade marks as an aid to the interpretation of section 47 and that there is nothing in section 47 or the remainder of the Act to warrant reading into that section the very important addition contended for by counsel for the plaintiff, having regard particularly for the substantial change in the concept of a trade mark as defined by the statute that such addition would involve.

There is, however, a decision that might be regarded as authority for the application of the rule in *Heydon's* case, 3 Co. Rep. 7a; 76 E.R. 637. See *Eastman Photographic Materials Company v. Comptroller-General*, [1898] A.C. 571, per Lord Halsbury L.C. at page 573.²⁷ While I have some doubt as to the applicability of this rule where there is such a careful and complete code of trade marks law as is found in our 1953 statute (because such a code so obviously, in my view, calls for the application of the rule in *Vagliano's* case), I propose to review the history of our trade marks law on the assumption that the rule as applied by Lord Halsbury in the *Photographic Materials* case is applicable.

In the latter case, at page 576, the rule is stated as being that it is not only legitimate but highly convenient to refer

- (a) to the former Act,
- (b) to the ascertained evils to which the former Act had given rise, and

²⁷ An attempt was made by counsel for the plaintiff during argument to refer the Court to a report of a Departmental Committee. I did not permit it because it was not shown that it was to be used for any proper purpose. The above case must be read, in this connection, with *Assam Railways and Trading Co., Ltd. v. C.I.R.*, [1935] A.C. 445

(c) to the later Act which provided the remedy.

What I now propose to do may appear to go further than is contemplated by the rule as so stated but, if the history of the legislation is to be used as an aid to interpretation, it would seem best to review it comprehensively.

At common law, apart from statute, trade marks have their origin in the tort of passing off. The fundamental rule was that no man has the right to put his goods up for sale as the goods of a rival trader. Using the trade marks with which the rival trader marked his wares to enable the purchasing public to distinguish them from those of others was one way of committing the tort of passing off. Gradually, this protection afforded to the user of a trade mark by way of the tort of passing off crystallized into the recognition of the trade mark as a property²⁸ belonging to the trader who had so used it that, in the minds of the purchasing public, it distinguished the wares to which he attached it from the wares to which it was not attached. Having regard to this function performed by a trade mark, the Courts felt constrained to hold, even when it became recognized as property, that its transferability was limited by its nature. Obviously, if, while a trade mark signified to the purchasing public the goods of A, it were transferred to B and B forthwith attached it to his goods and offered them to the purchasing public, it would, in the absence of special circumstances, signify to the public that the wares of B were the wares of A, which would be a misrepresentation and would be therefore, in a certain sense, a fraud on the public. The common law only recognized one exception to the rule against transferring trade marks and that was the case where the transferee took over the transferor's business in which event the use by the transferee of the trade mark that had been employed by his predecessor in the business would "according to the ordinary usages of the trade"²⁹ be understood by the purchasing public as saying no more than that he was carrying on the same business as his predecessor had formerly carried on. In such a case, as

1966
WILKINSON
SWORD
(CANADA)
LTD.
v.
JUDA
Jackett P.

²⁸ *The Leather Cloth Company, Limited v. The American Leather Cloth Company, Limited*, (1863) 4 De G.J. & S. 136 per Lord Westbury, L.C. and (1885) 11 H.L.C. 523 (H.L.); *Singer Manufacturing Company v. Loog*, (1882) 8 A.C. 15, per Lord Blackburn at pages 29 *et seq.*; *Somerville v. Schembri*, (1887) 12 A.C. 453.

²⁹ *The Leather Goods case*, (1865) 11 H.L.C. 523 per Lord Cranworth at pages 534-5 and per Lord Kingsdown at page 542.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 Jackett P.

Lord Cranworth said in the *Leather Goods* case, there was nothing to make it improper for the purchaser to use the old trade marks, as they would, in such a case, "indicate only that the goods so marked were made at the manufactory which he had purchased".²⁹ To this exception itself there was an exception in the case where the trade mark signified something to the public that could only be true when attached to the goods of the original owner of the trade mark, for example, a mark that signified the works of a famous artist.³⁰

The significant point to be recorded in this review of the common law is that the common law not only visited a trade mark that was so used as to mislead or confuse the public (that is, a trade mark that had ceased actually to distinguish the goods of the owner) with invalidity, but it refused to recognize the validity of a transfer of a trade mark not made in connection with a limited class of change of ownership of business regardless of whether the transferee could use the trade mark so as not to mislead or confuse the public. In other words, in addition to regarding a *trade mark* as invalid (i.e., as having become *publici juris*) when it ceased to perform its function of distinguishing the owner's wares in the minds of the purchasing public,³¹ the common law regarded a *transfer of a trade mark* as invalid except in the particular case where it accompanied a transfer of a business in which it could continue to be used without misleading or confusing the purchasing public.³²

³⁰ *The Leather Goods* case, (1865) 11 H.L.C., per Lord Kingsdown at pages 544-5: "Though a man may have a property in a trade mark, in the sense of having a right to exclude any other trader from the use of it in selling the same description of goods, it does not follow that he can in all cases give another person a right to use it, or to use his name. If an artist or an artisan has acquired by his personal skill and ability a reputation which gives to his works in the market a higher value than those of other artists or artisans, he cannot give any other persons the right to affix his name or mark to their goods because he cannot give to them the right to practise a fraud upon the public". (The underlining is mine.) See also *Bury v. Bedford*, [1864] 4 De G. J. & S., 351 at page 368.

³¹ See, for example, *Ford v. Foster*, [1872] L.R. 7 Ch. A. 611, per Sir G. Mellish, L.J., at page 628.

³² See *Pinto v. Badman*, (1891) 8 R.P.C. 181, per Fry, L.J. at pages 194-5: "Therefore, I conceive that that is the limit of the assignability of trade mark. It can be assigned, if it is indicative of origin, when the origin is assigned with it. It cannot be assigned when it is divorced from its place of origin, or when, in the hands of the transferee, it would indicate something different to what it indicated in the hands of the transferor".

From 1883 until 1938, this rule was reflected in the statute law of the United Kingdom concerning the registration of trade marks, which specifically provided that a trade mark, when registered, could be assigned only in connection with the goodwill of the business concerned.³³

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA

In Canada, on the other hand, a registered mark was, by statute, "assignable in law". See section 14 of chapter 22 of the Statutes of 1879. This was the statutory state of the law (see, for example, section 15 of R.S.C. 1927, c. 201) until 1932; but it would seem that the Courts read into it, by implication, the common law requirement that the assignment accompany a change in ownership of the goodwill of the business.³⁴ In 1932, this was spelled out in section 44(2) of *The Unfair Competition Act*, 1932, chapter 38, of the Statutes of 1932, and, as such, continued as part of the statute law of Canada until the present statute was enacted in 1953.

Jackett P.

A parallel development in the law of trade marks is the principle applied to the licensing of the use of trade marks by someone other than the owner. The law has been summarized succinctly by Mr. Fox in his textbook on the subject as follows:

A licence to use a trade mark was considered unnecessary if the mark was to be used in connection with the goods of the proprietor of the trade mark, and as illegal because leading to deception if it was to be used in connection with the goods of anyone else. (2nd ed., Vol. 1, p. 387)

Here again the principle of the common law was the logical development of the legal character of a trade mark as a mark to distinguish the goods of the owner from the goods of others. Just as the purchasing public would be misled or confused, in the ordinary case, if a transferee of title to a trade mark used it on his goods at a time when it signified to the public the goods of the transferor, so the purchasing public would be misled or confused if a licensee

³³ Section 2 of *The Trade Marks Registration Act*, 1875, Section 70 of the *Patents, Designs and Trade Marks Act*, 1883, and Section 22 of the *Trade Marks Act*, 1905.

³⁴ Compare *The Bayer Co. v. American Druggist Syndicate*, [1924] S.C.R. 558, per Duff J. at page 583, and *Great Atlantic and Pacific Tea Company v. The Registrar*, [1945] Ex. C.R. 233, per Thorson P. at page 237. See also Annotation by Russel S. Smart [1923] 4 D.L.R. 555.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 JACKETT P.

used a trade mark on his goods at a time when it signified to the public the goods of the owner of the trade mark.³⁵

It goes without saying that many attempts at transfers of trade marks and of licensing their use have run foul of these limitations on such activities. In some cases, such transfers or licenses have been bad because they resulted in deception or confusion of the public. In some cases they have been held bad simply because of the legal bar to the particular transfer or licence. Where the latter has been the case there has, presumably, been a feeling of grievance because the desires of this particular class of property owner have been frustrated by purely technical rules for no good reason. Such unnecessary interference with an owner in disposing of or using a trade mark is the only thing that I have been able to discover in my review of this branch of the law that might be regarded as an "ascertained evil" for the purpose of the rule in *Heydon's* case.

The new 1938 legislation in the United Kingdom endeavoured to meet this particular point of view by section 22 of the *Trade Marks Act, 1938*, which reads in part as follows:

22. (1) Notwithstanding any rule of law or equity to the contrary, a registered trade mark shall be, and shall be deemed always to have been, assignable and transmissible either in connection with the goodwill of a business or not.

(2) A registered trade mark shall be, and shall be deemed always to have been, assignable and transmissible in respect either of all the goods in respect of which it is registered, or was registered, as the case may be, or of some (but not all) of those goods.

. . .

(7) Where an assignment in respect of any goods of a trade mark that is at the time of the assignment used in a business in those goods is made, on or after the appointed day, otherwise than in connection with the goodwill of that business, the assignment shall not take effect until the following requirements have been

³⁵ The *Trade Marks Act*, which came into force in 1953, provides for a very special type of licensee called a "registered user" subject to safeguards to protect the public interest. See section 49.

satisfied, that is to say, the assignee must, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, as the Registrar may allow, apply to him for directions with respect to the advertisement of the assignment, and must advertise it in such form and manner and within such period as the Registrar may direct.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 ———
 Jackett P.
 ———

(8) Any decision of the Registrar under this section shall be subject to appeal to the Court.

The scheme of this United Kingdom legislation seems to be to provide for assignment in the case of *registered* trade marks, as follows:

- (a) an assignment of a trade mark in connection with the goodwill of a business is unfettered just as it was under the previous law,
- (b) an assignment of a trade mark that is not being used in any business at the time of the assignment is unfettered, and
- (c) an assignment of a trade mark that is at the time of the assignment used in a business otherwise than in connection with the goodwill of that business cannot take effect until the fact of the assignment has been communicated to the purchasing public in such a manner as, in the view of the Registrar or the Court, the circumstances of the particular case require in order to protect the public from deception or confusion. (I am inferring here what, as seems obvious to me, is the duty of the Registrar under section 22(7)).

Certainly, I find no indication in this provision that it was intended by the United Kingdom Parliament to allow a transferee to use a trade mark in association with his goods even though it would indicate to the purchasing public that they were the goods of the transferor.³⁶

³⁶ In *R.J. Reuter Coy. Ltd. v. Mulhens*, (1953) 70 R.P.C. 235, Evershed, M.R., referring to this provision, said at page 251: "...in my judgment it is now clear that...a mark may be validly assigned by one manufacturer to another without any assignment of the business or goodwill of the assignor, and so as thenceforth to be distinctive of a manufacturing origin different in fact from the previous manufacturing origin, so long, at any rate, as the mark is not deceptive." (The underlining is mine.)

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 —
 Jackett P.
 —

This is the background—sketched in broad outline only—against which subsection (1) of section 47 of the Canadian *Trade Marks Act* was enacted in 1953. It reads:

47. (1) A trade mark, whether registered or unregistered, is transferable, and deemed always to have been transferable, either in connection with or separately from the goodwill of the business and in respect of either all or some of the wares or services in association with which it has been used.

Applying the rule in *Heydon's* case, in my view the position is that, under the *Unfair Competition Act*, immediately before the present law came into force, a trade mark could not be transferred except with the goodwill of the business in which it was used. This resulted in a transfer being held to be invalid even in a case where it was at least arguable that it could be used by the transferee as a trade mark to distinguish his goods from the goods of others without misleading or confusing the public.³⁷ I cannot assume that Parliament accepted it as an evil to be legislated against—indeed, I cannot believe that anybody put it forward as such an evil—that, under the previous statute, transfers were not allowed to operate so as to permit the use of trade marks to mislead or confuse the public. I can only assume that when Parliament adopted the new provision in the 1953 Canadian statute, it did so on the view that it was not necessary to have a public official or the Court dictate to a transferee how he is to educate the

³⁷That a change in public understanding as to the significance of a particular trade mark is possible is illustrated by *Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923) where, as appears from the judgment delivered by Mr. Justice Holmes, a trade mark of a foreign manufacturer came to indicate, after it was assigned to a United States distributor, “by public understanding, that the goods come from the plaintiff although not made by it.” Whether or not the state of the law as reflected by such decisions as *In re Apollinaris Company's Trade-Marks*, [1891] 2 Ch 186, *Lacteosote Limited v. Alberman*, 44 R.P.C. 211, *Impea Electrical Ltd. v. Weinbaum*, 44 R.P.C. 405, *John Sinclair's Trade Mark*, (1932) 49 R.P.C. 123, *Robert Olean & Co v. Dobbs & Co*, [1930] S.C.R. 307, and *The Great Atlantic & Pacific Tea Co. v. The Registrar of Trade Marks*, [1945] Ex. C.R. 233, constituted an “evil” against which section 47 of the Trade Marks Act was directed seems to me to be at least questionable. Probably, it depends upon how one formulates the “evil”. That it was not possible to effect a transfer for the purpose of using a trade mark to distinguish the goods of the new owner from the goods of others was certainly a gap in the law. That it was not possible under the old law to effect a transfer as part of a scheme to lead the public to believe incorrectly that the goods of the new owner come from the same manufactory as the goods previously marketed under the same trade mark cannot conceivably have been regarded as an “evil”. It is only, however, if this latter formulation be regarded as the “evil” against which Parliament was legislating when it enacted section 47, that there is any substance in the argument of the plaintiff as to the effect of section 47.

public as to a change in ownership of a trade mark that has been transferred—as the United Kingdom Act contemplates by section 22(7) and (8)—because section 18(1) (b) read with section 2(f) of our Act operates as an automatic sanction to ensure that the transferee does not permit the trade mark to be used, after it has been transferred, as an instrument for deceiving or confusing the purchasing public.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 ———
 Jackett P.
 ———

For the above reasons,⁸⁸ the protracted nature of which I regret, I reject the submission of counsel for the plaintiff that subsection (1) of section 47 must be read as implying, as a matter of law, that any use by the transferee of a transferred trade mark actually distinguishes his goods from the goods of others whether or not such use does so in fact.

The plaintiff put forward an alternative argument based on subsection (2) of section 47 of the *Trade Marks Act* of 1953, which reads as follows:

(2) Nothing in subsection (1) prevents a trade mark from being held not to be distinctive if as a result of a transfer thereof there subsisted rights in two or more persons to the use of confusing trade marks and such rights were exercised by such persons.

This provision should be read with section 15, subsection (1) of which reads as follows:

15. (1) Notwithstanding section 12 or 14, confusing trade marks are registrable if the applicant is the owner of all such trade marks, which shall be known as associated trade marks.

Subsection 15 authorizes confusing trade marks being registered in the name of the same person. Section 47(1) authorizes the transfer of one of them. As a result, if section 15 and section 47(1) are read literally, they authorize con-

⁸⁸ It should not be overlooked that there is sufficient explanation for the wording of section 47(1) in the fact that the definition of trade mark in the 1953 Act extends to certification marks and proposed marks as well as marks that have gained some meaning in the market as to the origin of the goods. Furthermore, the rule in section 44(2) of the *Unfair Competition Act* was worded so as to invalidate assignments of a class permitted by such decisions as *Re Farina's Trade Marks*, (1881) 44 L.T.N.s. 99, *In re Wellcome's Trade-Mark*, (1886) 32 Ch.D. 213 and *In Re Greenlees' Trade Marks*, (1892) 9 R.P.C. 93, where the assignments of the trade marks, while separate from the goodwill of the business, had the effect of uniting ownership of the trade mark and ownership of the goodwill of the business in which it had gained its reputation in the market. Such factors themselves, apart from any other explanation of the statutes, are sufficient answer to the contention that section 47(1) must be interpreted as impliedly authorizing the misleading or confusing of the public when such contention is based upon the view that there is no other explanation for the wording of the subsection that gives it any effect.

1966
 WILKINSON
 SWORD
 (CANADA)
 LTD.
 v.
 JUDA
 ———
 Jackett P.

fusing registered trade marks being owned by different persons. Subsection (2) of section 47 says that, if there should be a case where that did happen and "such rights were exercised by such persons", notwithstanding the express authority in section 15 for confusing trade marks, they may be held not to be distinctive. The plaintiff, however, says that, on the application of the maxim *expressio unius est exclusio alterius*, a transferred trade mark cannot be held not to be distinctive in any case not covered by section 47(2). In my view, having regard to the obvious purpose of section 47(2) and the very improbable result that, if that particular maxim is applied in the manner proposed by the plaintiff, Parliament intended to authorize, by implication, the deception of the public, the argument must be rejected. Where Parliament did intend to require that the use by some person other than the owner should be deemed by the Court to be use by the owner, it said so expressly (see section 49(3)) and provided safeguards for the protection of the public. See section 49(7), *Dubiner v. Cheerio Toys and Games Ltd.*,³⁹ per Noël J. at pages 541-2, *Heublein Inc. v. Continental Liqueurs Proprietary Ltd.*,⁴⁰ and "*Bostitch*" *Trade Mark*,⁴¹ per Lloyd-Jacob J. at page 195.

My conclusion is, therefore, that the registrations of the trade marks in question are invalid. The defendant may move for judgment in accordance with that finding at some time convenient to all concerned.

³⁹ [1965] Ex. C.R. 524.

⁴¹ [1963] R.P.C. 183.

⁴⁰ [103] C.L.R. 435.

APPENDIX

1966

WILKINSON
SWORD
(CANADA)
LTD.

v.
JUDA

Jackett P.

I have, to the best of my ability, done justice to the arguments made to me in this case. These have not included any reference to the concluding words of section 2(f), which reads as follows:

(f) "distinctive" in relation to a trade mark means a trade mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;

No attempt was made to relate the concluding words of this paragraph "or is adapted so to distinguish them" to the words in section 2(m) of the *Unfair Competition Act* "adapted to distinguish particular wares falling within a general category from other wares falling within the same category". It seems obvious to me that there can be no more than a superficial relationship.

The words in section 2(f) of the present Act relate to whether a particular trade mark is, as a matter of fact, at a particular time "distinctive". It is not a question as to whether a mark falls within a concept of "trade mark".

Obviously, a trade mark is distinctive in fact if it actually distinguishes. However, that would be an unrealistic requirement for the validity of a mark that has only recently been put into use. In such a case, it is sufficient, reading the latter part of section 2(f), if the trade mark is "adapted so to distinguish them"—that is, is adapted so as actually to distinguish the wares in association with which it is used by its owner from the wares of others. Whether it is so adapted cannot be decided, in my view, by reference only to the mark itself. It must depend also upon the meaning that such mark will have when used for the particular market.