BETWEEN:

HASSENFELD BROS., INC., and HASSENFELD BROS. (CANADA) LIMITED ..... PLAINTIFFS;

Ottawa 1967
Mar. 2
Mar. 13

AND

PARKDALE NOVELTY CO. LIMITED .... DEFENDANT.

*Pleadings—Action for infringement of industrial design, trade mark and copyright—Material facts not alleged—Whether cause of action disclosed—Motion to strike out.*

*Industrial Designs—Infringement—Design not executed by authors for other person—Design not assigned—Action restricted to proprietor—Insufficient description of infringing article.*

*Trade Marks—Infringement—Pleading—Trade Marks Act, s. 7(b) and (e)—Confusing wares not infringement of trade mark.*

*Copyright—Infringement—Pleading—Whether work copyrighted in Canada—Whether foreign authors citizens of Treaty country—Copyright Act, s. 4.*

*Costs—Security for—Resident and non-resident plaintiffs—Whether joint cause of action.*

A United States company and a Canadian company sued defendant alleging that the United States plaintiff was registered owner of a Canadian industrial design for a toy figure, of the Canadian trade mark "G. I. Joe" as applied to dolls etc, and of the Canadian copyright in the G. I. doll, the work of two citizens of the U.S.A. where it was first published; that the Canadian plaintiff was the United States plaintiff's exclusive licencee in Canada of the said industrial design; that the United States plaintiff manufactured and sold dolls etc. under the above industrial design, trade mark and copyright; that the Canadian plaintiff sold the United States plaintiff's product in Canada under the trade mark "G. I. Joe". Plaintiffs alleged that the defendant imported, sold and distributed in Canada dolls simulating the plaintiffs' under the name "Johnny Canuck etc." and thereby infringed the plaintiffs' industrial design and copyright and caused confusion between its wares and those of the Canadian plaintiff, and acted contrary to honest commercial usage.

Defendant moved (1) to strike out the statement of claim as not disclosing a cause of action, and (2) for security for costs by the United States plaintiff.

*Held*: (1) Since it was not alleged that the two American authors of the industrial design had executed it for or assigned it to a plaintiff in accordance with secs. 12 and 13 of the *Industrial Design and Union Label Act*, R.S.C. 1952, c. 150, neither plaintiff could maintain an action for infringement of the design since sec. 15 only authorized such an action by the proprietor of the design.

1967

HASSENFELD BROS. INC. *et al.* *v.* PARKDALE NOVELTY CO. LTD.

(2) The allegation that the industrial design was infringed by the importation, sale and distribution of defendant's "Johnny Canuck" doll did not contain a sufficient description of the said doll. [*Precision Metalsmiths Inc v. Cercast Inc et al* [1966] 1 Ex C.R. 214 applied.]

(3) The allegations based on sec. 7 (*b*) and (*e*) of the *Trade Marks Act*, R.S.C. 1952, c. 49, that defendant caused confusion between its and the plaintiffs' wares and acted contrary to honest commercial usage did not allege facts constituting infringement of plaintiffs' trade mark.

(4) The allegation that the Canadian plaintiff sold the United States plaintiff's product in Canada under the trade mark "G. I. Joe" disclosed no cause of action.

(5) Plaintiffs failed to allege that copyright subsisted in Canada in a named work or that the authors were citizens of a country covered by s. 4 of the *Copyright Act*, R.S.C. 1952, c. 55. Moreover their allegations of infringement of copyright lacked sufficient description.

(6) As each plaintiff could have brought a separate action against defendant their claims were not joint claims and accordingly the United States plaintiff must furnish security for defendant's costs.

APPLICATION to strike out statement of claim and for security for costs.

*Weldon F. Green* for plaintiffs.

*Kent H. E. Plumley* for defendant.

NOËL J.:—The present application for an order that the statement of claim herein be struck out on the grounds that it fails to contain sufficient material facts to support a cause of action was argued before me on Thursday, March 2, 1967.

The statement of claim which was filed on December 4, 1966, alleges that the plaintiffs, Hassenfeld Bros., Inc., an American corporation, is the owner of the industrial design registration No. 204, folio 26805, registered on November 30, 1964, for "toy figure" and the other plaintiff, Hassenfeld Bros. (Canada) Limited, is the exclusive licencee in Canada of the other plaintiff, the American corporation, in respect of the said industrial design registration.

The plaintiff, Hassenfeld Bros., Inc., the American corporation, further alleges that it is the registered owner of Canadian trade mark registration No. 138,153, registered September 13, 1964, and registration No. 140,484, registered May 28, 1965, both consisting of the trade mark "G. I. Joe" as applied, *inter alia*, to toy military kits, dolls having articulated arms and legs, sets of military clothing and military equipment for dressing and supplying the same.

The plaintiff, Hassenfeld Bros., Inc., also alleges that it is the owner of the copyright in Canada in the G. I. doll as an original artistic work adding that "the said doll was created by Walter H. Hansen, of Cranston, Rhode Island, U.S.A., and Phillip Krackzkowski, of Attleboro, Massachusetts, U.S.A., both of whom were at the time of creation and are citizens of the United States of America, and the said work was first published by distribution of copies thereof in the United States.

The plaintiffs allege that Hassenfeld Bros, Inc., manufactures and sells, *inter alia,* male dolls under the above mentioned copyright, industrial design and trade mark, and military clothing and equipment therefor and Hassenfeld Bros. (Canada) Limited sells the product of the plaintiff, Hassenfeld Bros., Inc., in Canada and has done so since at least as early as September 25, 1964, under and in association with the trade mark "G. I. Joe".

The plaintiffs claim that the defendant, Parkdale Novelty Co. Limited, a Canadian corporation, located in Toronto, Ontario, a vendor of toys, has imported or caused to be imported, sold and distributed in Canada, dolls simulating and copying those of the plaintiffs under the name "Johnny Canuck Canada's Fighting Soldier Fully Jointed Move Into 1001 Positions" with knowledge of the subsistance of copyright in Canada on the male G. I. Joe doll owned by the plaintiff, Hassenfeld Bros., Inc.

The plaintiffs also claim that by such importation, distribution and sale of its "Johnny Canuck" doll the defendant has infringed the plaintiff, Hassenfeld Bros., Inc.'s industrial design registration No. 204, folio 26805, and its Canadian copyright in its "G. I. Joe doll and by such infringement of copyright has converted to its own use the plaintiffs' proprietary interest in the G. I. Joe doll as an original artistic work".

There are also two allegations against the defendant (*a*) of directing public attention to its wares or business in such a way as to cause or be likely to cause confusion between its wares and business and the wares and business of the plaintiff, Hassenfeld Bros. (Canada) Limited, and (*b*) of doing acts contrary to honest industrial and commercial usage in Canada.

1967

HASSENFELD BROS. INC. *et al.* *v.* PARKDALE NOVELTY CO. LTD.

Noël J.

The plaintiffs then claim

(*a*) damages in the amount of $100,000;

(*b*) a reference to determine profits made by the defendant by reason of the wrongful acts and an order directing the payment of such profits to the plaintiffs;

(*c*) an injunction restraining the defendant from further infringing industrial design registration No. 204, folio 26805, and the copyright of the plaintiff, Hassenfeld Bros., Inc.

(*d*) an injunction restraining the defendant from further distribution of the "Johnny Canuck Canada's Fighting Man Fully Jointed Move Into 1001 Positions";

(*e*) an order requiring the defendant to deliver up to the plaintiffs all "Johnny Canuck Canada's Fighting Man Fully Jointed Move Into 1001 Positions" in the possession or control of the defendant;

(*f*) its costs, and

(*g*) such further or other relief as may seem just.

Although counsel for the defendant argued that a number of allegations were irrelevant, I intend to restrict the present motion only to striking out the statement of claim either in whole or in part if it does not contain sufficient material facts to support a cause of action.

In order to deal with this matter without too much confusion, I intend to consider in turn the various causes of action contained in the statement of claim.

The plaintiffs rely in paragraph 3 of the statement of claim on the American corporation's registration of a Canadian industrial design and a licence given by the American corporation to the Canadian corporation, Hassenfeld Bros. (Canada) Limited, to use the said design, which design, from paragraph 5 of the statement of claim, appears to have been created by two American citizens, Walter H. Hansen and Phillip Krackzkowski. It is on the above basis alone that the plaintiffs claim damages and the issuance of an injunction restraining the defendant and its servants and agents from further infringement of its industrial design.

The above, in my view, recites no material facts which can support a right of action based on one of the plaintiffs

being the proprietor and the other being the licencee of an industrial design which would entitle them, or either of them, to the relief claimed in the conclusions of the action.

Paragraph 5 of the statement of claim sets out clearly that the author or authors of the design are two Americans and not the American plaintiff corporation and as there is no material allegation that these two gentlemen "have executed the design for the plaintiff for a good or valuable consideration" as required by section 12 of the *Industrial Design and Union Label Act*, chapter 150, the American corporation would have no basis to claim as the proprietor of the design under section 15 of the said Act. There is also no allegation that the said design has been assigned under section 13 of the above Act.

It also follows that the American corporation not being the proprietor cannot grant a licence to the Canadian corporation. In any event, even if the Canadian corporation has a valid licence herein, it still would have no basis to claim under the above mentioned Act the relief it is claiming in the present statement of claim because under section 15 of the Act, the proprietor of a design only can maintain such an action.

The statement of claim is further defective in my view however in that there is no allegation of the material facts necessary to show a cause of action for infringement (Cf. *Precision Metalsmiths Inc. v. Cercast Inc., Vestshell Inc., and Frank Valenta*,[1] September 23, 1966, by Jackett P. at p. 13). The allegation of infringement contained in the statement of claim that the defendant "by reason of its importation, distribution and sale of its 'Johnny Canuck Canada's Fighting Soldier Fully Jointed Move Into 1001 Positions' doll . . . has infringed the plaintiff, Hassenfeld Bros., Inc.'s industrial design registration No. 204, folio 26805" is not sufficient as this allegation does not contain such a description of the design or alleged fraudulent imitation thereof that the defendant is alleged to have imported, distributed and sold, as will show that they are in fact an infringement of the plaintiffs' rights. In the absence of such a description, there is, therefore, no allegation of the material facts necessary to show a cause of action for infringement.

[1] [1966] 1 Ex C R 214

1967

HASSENFELD BROS. INC. *et al.* *v.* PARKDALE NOVELTY CO. LTD.

Noël J

It therefore follows that the statement of claim herein cannot be allowed to stand insofar as the cause of action based on the alleged infringement of the industrial design is concerned and paragraphs 3 and 8 of the statement of claim shall be struck out.

It also appears that there are no conclusions on behalf of the Canadian plaintiff corporation as licencee of the industrial design with the possible exception of that conclusion dealing with damages. However, as under section 15 of the Act the proprietor only can maintain an action based on the statute, there would be no sufficient cause of action here for this additional reason.

I now turn to paragraph 4 of the statement of claim whereby plaintiff, Hassenfeld Bros., Inc., claims some relief as the registered owner of two Canadian trade mark registrations of the trade mark "G.I. Joe" as applied, *inter alia,* to toy military kits, dolls having articulated arms and legs, sets of military clothing and military equipment for dressing and supplying the same".

There is no distinct allegation of infringement under the alleged trade mark rights of the plaintiff in the sense in which such material facts should be alleged as referred to under the alleged infringement of the industrial design. The only reference to a possible infringement of its trade mark rights is by way of paragraphs 11 and 12 of the statement of claim which merely reproduce section 7, subparagraphs (*b*) and (*e*) of the *Trade Marks Act.* This is not an allegation of any facts constituting infringement or breach of the plaintiff's rights but is a mere statement of the conclusions of law that the plaintiff asks the Court to find on unstated facts.

As the plaintiff's allegations reveal no cause of action herein, it follows here also that paragraphs 4, 11 and 12 should also be struck out.

There is also an allegation that the plaintiff, Hassenfeld Bros. (Canada) Limited, the Canadian company, sells the product of the plaintiff Hassenfeld Bros., Inc. in Canada and has done so since at least as early as September 25, 1964, under and in association with the trade mark "G.I. Joe".

Such a statement on its very face reveals no right or cause of action whatsoever in favour of the Canadian com-

pany or even in favour of the American company. As a matter of fact, it tends to confuse the issues further if there are any in casting some doubt on the distinctiveness of the said trade mark.

I now come to paragraph 5 of the statement of claim which deals with the plaintiff, Hassenfeld Bros., Inc.'s copyright rights in Canada. The American company here merely alleges that it is the owner of the copyright in Canada in the G.I. dolls as an original artistic work and that this doll was created by two Americans who still live in the United States of America.

It appears clearly from the statement of claim herein that there is no allegation that a copyright subsisted in Canada in a named work. There is also no allegation that the authors of such work are British subjects or subjects of a named country which meet the requirements of section 4 of the *Copyright Act* (as a matter of fact the authors are alleged by plaintiff to be Americans) and no indication whatsoever that citizens of the United States come within the meaning of section 4 (2) of the *Copyright Act*. Indeed, if their country is not a party to a treaty they may have no right to a copyright in Canada at all.

No facts are indeed alleged which can support the title of copyright in plaintiff, and consequently, here also paragraph 5 of the statement of claim cannot remain and must also be struck out.

Furthermore, the general allegation of infringement, as contained in paragraphs 7, 9 and 10 of the statement of claim, suffers from the same defect as plaintiffs' other allegations of infringement in that it does not contain such a description of the copying and simulating that the defendant is alleged to have imported, made, distributed in Canada as will show that same falls within the plaintiffs' copyright rights and paragraphs 7, 9 and 10 must, therefore, also be struck out.

The defendant herein further moves for security for costs to be supplied by the plaintiff Hassenfeld Bros., Inc.

As the plaintiffs could have brought a separate action herein, the plaintiffs' claims are not joint claims, and not being joint claims, an order should go requiring the plaintiff residing out of the jurisdiction, Hassenfeld Bros., Inc., to furnish security for costs.

1967

HASSENFELD BROS. INC. *et al.* v. PARKDALE NOVELTY CO. LTD.

Noël J.

In the result I therefore order:

(1) that paragraphs 3, 4, 5, 7, 8, 9, 10, 11 and 12 of the statement of claim be struck out;

(2) that the plaintiff, however, be granted leave to apply for leave to substitute other pleading for that that is so struck out;

(3) that, if no such application be made within four weeks from the date of the order, the defendant may apply to having this action dismissed;

(4) that the plaintiff Hassenfeld Bros., Inc., be ordered to furnish security for costs in the sum of $300 in cash or by surety bond of a recognized surety company within four weeks;

(5) that the defendant has the costs of the application to strike out in any event of the cause.