

BETWEEN:

DOMINION MOTORS LIMITED PLAINTIFF;

AND

MAURICE HERBERT GILLMAN and ALEK MORLEY
 GILLMAN carrying on business under the firm name of
 DOMINION AUTO WRECKING and DOMINION
 AUTO PARTS AND SUPPLIES DEFENDANTS.

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Trade Mark—Trade name—Injunction—Direction of public to a business in a way to cause confusion or be likely to cause confusion between such business and that of another—Trade Marks Act, R.S.C. 1952, c. 49, ss. 7(b) and 54.

The plaintiff, incorporated in 1933 under the name of "Dominion Motors Limited", carried on the business of buying and selling new and used automobiles and trucks and their parts and the repairing thereof.

The defendants in 1957 filed declarations of partnership that they were carrying on the business of buying and selling automobile parts and accessories under the firm name of "Dominion Auto Parts and Supplies" and of buying and selling automobile parts and dismantling automobiles under the firm name of "Dominion Auto Wrecking". They also used the name "Dominion Auto Wrecking and Supplies". In an action brought by the plaintiff to restrain the defendants from doing business under the name "Dominion Auto Wrecking", "Dominion Auto Parts and Supplies" or any other name the use of which would be likely to cause confusion between the defendants' business and that of the plaintiff, it alleged that it had spent substantial sums in advertising its name and the service and products it sold. At the trial it was admitted in the defence that the widespread favour and good will which the name of the plaintiff had acquired, the automobile parts, and the service it sold, had been the products of its constant effort to maintain the superior quality of its products and the service it sold and the integrity of its management.

Held: that s. 7(b) of the Trade Marks Act, R.S.C. 1952, c. 49, applies to each new kind of act or practice by which public attention is directed to a business and in respect to each poses the question—"Was that act or practice likely to cause confusion?"

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2. That the situation in which the use of a trade name may be "calculated to lead to the belief that one business is that of another" are not limited to those in which, from the close similarity, a customer may mistake the one for the other, but include, as well, situations in which the names, though somewhat different from each other, have in the circumstances enough similarity to each other to constitute a representation that the businesses are connected with one another either through having the same owner or through being in some way allied or mixed up with one another. *Joseph Rodgers & Sons Ltd. v. W. N. Rodgers & Co.*, 41 R.P.C. 277 at 291; 34 R.P.C. 232 at 237 and 238; *Office Cleaning Services Ltd. v. Westminster Window and General Cleaners Ltd.*, 61 R.P.C. 133 and 63 R.P.C. 39, distinguished.
3. That the field in which the defendants' business is carried on overlaps to a considerable extent that in which the plaintiff operates and, where it does not, constitutes an operation which can reasonably be regarded as one to which it might be extended.
4. That the defendants in using the names "Dominion Auto Wrecking" or "Dominion Auto Wrecking and Supplies", directed public attention to their business in such a way as to be likely to cause confusion between their business and that of the plaintiff, and damage to the plaintiff and to its good-will may be reasonably anticipated and the plaintiff is entitled to have the use by the defendants of such names restrained.

ACTION for infringement of the plaintiff's trade name and for unfair competition.

The action was tried before the Honourable Mr. Justice Thurlow at Winnipeg.

The Honourable W. S. Garson, Q.C. for plaintiff.

W. E. Bowman for defendant.

THURLOW J. now (May 7, 1959) delivered the following judgment:

This is an action in which the plaintiff, Dominion Motors Limited, seeks an injunction to restrain the defendants from doing business under the name "Dominion Auto Wrecking" or "Dominion Auto Parts and Supplies" or under any other name the use of which would be likely to cause confusion in Canada between their business and that of the plaintiff. Both the plaintiff and the defendants in the course of their businesses deal in used automobiles and trucks and in new automobile and truck parts, and the injunction is sought on the ground that the use by the defendants of the names "Dominion Auto Parts and Supplies" and "Dominion Auto Wrecking", as well as of a third name, "Dominion Auto

Wrecking and Supplies", in carrying on their business, is likely to cause confusion between that business and the business of the plaintiff.

When the action came on for trial an agreed statement of facts was filed, and this statement, together with two exhibits thereto and the facts alleged in two paragraphs of the statement of claim which were admitted in the defence makes up the whole of the factual material on which the claim is to be determined.

The plaintiff was incorporated in 1933 and since that time has carried on from its premises at the corner of Graham Avenue and Fort Street in Winnipeg the business of buying and selling both new and used automobiles and motor trucks and new automobile and motor truck parts and of repairing automobiles and motor trucks. Upon its incorporation, the plaintiff had purchased and taken over a similar business which its predecessor company, Dominion Motor Company Limited, had carried on throughout Manitoba from the same premises, and since its incorporation the plaintiff has carried on the business under its own name. In the five years prior to September, 1958, the plaintiff spent over \$600,000 in advertising its name and the service and products which it sells. Of this amount, \$113,984.73 was spent in the period from July 1, 1957 to March 31, 1958. Included in this was advertising in newspapers, by radio, and by television.

In one of the plaintiff's advertisements, which appeared in the *Free Press Prairie Farmer*, a weekly newspaper published at Winnipeg, on March 12, 1958, and which is agreed to be representative of the plaintiff's advertising, it appears that the plaintiff offered for sale used Ford and other makes of trucks and both new and used Ford automobiles and genuine Ford parts. It is not stated whether the Ford parts were new or used. The advertisement is in an enclosed block, and at the beginning, as well as near the end of the advertisement, the name "Dominion Motors" and the words "Canada's Largest Ford Dealer" appear. Elsewhere in the advertisement, the word "Dominion" alone appears in one place as referring to the plaintiff. The advertisement contains a list of trucks and automobiles with prices for them and refers to the fast service and complete stock of Ford

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parts available and invites the public to buy them at wholesale prices at "Dominion" and to write for prices. It also contains the words "Satisfaction or Money Refunded."

A later advertisement which appeared in the same newspaper on June 11, 1958 was also referred to in the agreed statement of facts. It has the same general features but goes somewhat further in inviting the public to buy from the plaintiff and uses the word "Dominion" alone in four places as referring to the plaintiff and the words "Dominion Motors" as well, both at the beginning and end.

In each of the years 1953 to 1958 the plaintiff's total sales ranged between eight and ten millions of dollars. Sales of new cars and trucks accounted for from 49 to 59 per cent of such sales, and sales of used cars and trucks accounted for from 23 to 28 per cent of total sales. Sales of parts and miscellaneous items such as gas, oil and repairs made up from 15 to 23 per cent of total sales.

It is agreed that the plaintiff has carried on its business under the name "Dominion Motors Limited" continuously since 1933 and that the plaintiff has been "*well and favourably known* in the City of Winnipeg, and in the adjoining village of Brooklands, and throughout the Province of Manitoba continuously from 1933" until September, 1958. This statement is amplified by paragraph 4 of the statement of claim, which was admitted in the defence. It is as follows:

4. The widespread favour and goodwill which the name of the Plaintiff and the automobile parts and the service which it sells, had acquired by January, 1957, had been the product of the Plaintiff's constant effort to maintain the high quality and value throughout this period of over twenty years. *This good name of the Plaintiff had reflected and continues to reflect, the superior quality of the products and the service which the Plaintiff sells, and the integrity of its management.* By January, 1957, the Plaintiff had thus acquired and it enjoys throughout the area of Manitoba in which its products are sold, valuable goodwill; and the Plaintiff's name is a most valuable asset of the Plaintiff.

In January, 1957, the defendants adopted the word "Dominion" as part of the names under which they carried on their business. Their business had been started on or about May 1, 1956 and had been carried on from a private residence at Brooklands, a village adjoining Winnipeg. It consisted of dealing in used automobiles and trucks, the buying and dismantling of used automobiles and trucks to

recover usable parts, and dealing in both used and new parts for automobiles and trucks. On January 22, 1957, the defendants entered into and filed two declarations of partnership, in the first of which it was declared that they were carrying on the business of buying and selling automobile parts and accessories in the village of Brooklands, Manitoba under the firm name of "Dominion Auto Parts and Supplies" and in the second of which they declared that they were carrying on the business of buying and selling automobile parts and dismantling automobiles at Brooklands, Manitoba under the firm name "Dominion Auto Wrecking". Early in July, 1957, the defendants acquired a new place of business at Brooklands, some four to five miles from the plaintiff's place of business, and on this new site the defendants erected a large sign, bearing the name "Dominion Auto Wrecking". At that time the premises consisted of a yard and a small office building. A garage and warehouse have since been added. Soon after the sign was erected, the defendants were warned by an officer of the plaintiff company to remove it, and on July 16 the plaintiff's solicitors wrote to the defendants, demanding that they drop the use of the names "Dominion Auto Wrecking", and "Dominion Auto Parts and Supplies", as well as the further name "Dominion Auto Wrecking and Supplies", which the defendants were also using.

The defendants did not comply with the plaintiff's demands. After acquiring their new place of business, and during the period from July 10, 1957 to July 10, 1958, the defendants published some 45 weekly advertisements in the *Free Press Prairie Farmer*, some of which advertisements were in the name of "Dominion Auto Wrecking" but most of which were in the name "Dominion Auto Wrecking and Supplies". In fact, the defendants have but one business. As buyers of new automotive merchandise, they use the name "Dominion Auto Parts and Supplies". This name has not been used in the defendants' advertising. As buyers of used automotive merchandise and of used cars and trucks, whether for resale or for dismantling, and as sellers of both new and used automotive merchandise, used cars

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and used trucks, they sometimes use the name "Dominion Auto Wrecking", and at other times they use the name "Dominion Auto Wrecking and Supplies".

What is referred to in the agreed statement of facts as a representative advertisement of the defendants' appears as a classified advertisement in the following form in the *Free Press Prairie Farmer* of March 12, 1958, on the same page as the plaintiff's block advertisement already described:

WE ARE WRECKING 2,000 LATE model cars and trucks including Chev's, Fords, Dodges, Hillmans, Austins, Morris, etc. etc. All parts are checked and guaranteed. We also carry a complete stock of new parts and rebuilt transmissions, generators etc. Our prices are the most reasonable and our mail order service the best! Good used 600x16 tires \$5.00 and up, tubes \$1.25 up. Phone—Write—wire: Dominion Auto Wrecking and Supplies, S. E. Rosser Rd and Vopni, Winnipeg 3.

In substantially similar, though somewhat enlarged form, and with the same name, the defendants' advertisement also appears in the *Free Press Prairie Farmer* for June 11, 1958 on the same page with the plaintiff's advertisement of that date already mentioned.

For the two-year period from May 1, 1956 to April 30, 1958, the defendants sold automobile merchandise to the total extent of \$44,290.55, of which 22.9 per cent was accounted for by sales of used automobiles and trucks and 18.7 per cent by sales of new automobile and truck parts. The remaining 58.4 per cent represented sales of used automobile and truck parts.

The law applicable in this Court in a case of this kind is the *Trade Marks Act*, R.S.C. 1952, c. 49, by s. 54 of which jurisdiction is conferred on this Court to entertain any action or proceeding for the enforcement of any of the provisions of the Act or "of any right or remedy conferred or defined thereby."

Section 7 of the *Trade Marks Act* is as follows:

7. No person shall

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

- (c) pass off other wares or services as and for those ordered or requested;
- (d) make use, in association with wares or services, of any description that is false in a material respect and likely to mislead the public as to
 - (i) the character, quality, quantity or composition,
 - (ii) the geographical origin, or
 - (iii) the mode of the manufacture, production or performance of such wares or services; or
- (e) do any other act or adopt any other business practice contrary to honest industrial or commercial usage in Canada.

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This section differs in some respects from s. 11 of the *Unfair Competition Act*, which the *Trade Marks Act* replaced. The new section is obviously broader than s. 11 in a number of respects, but it may be somewhat narrower in others, notably in eliminating from clause (b) the reference to what might be “reasonably apprehended” as to a course of conduct being likely to cause confusion. In *Kitchen Overall & Shirt Co. Ltd. v. Elmira Shirt & Overall Co. Ltd.*¹ Maclean P. at p. 233 referred to s. 11 of the *Unfair Competition Act* as follows:

In this case, however, we are governed by the *Unfair Competition Act*, enacted in 1932, which by s. 11 gives a statutory right of action for the same wrongs for which a remedy was given at common law in passing off cases. The plaintiff’s action is founded upon that statutory provision, which is as follows:—

“No person shall, in the course of his business, (a) make any false statement tending to discredit the wares of a competitor; (b) direct public attention to his wares in such a way that, at the time he commenced so to direct attention to them, it might be reasonably apprehended that his course of conduct was likely to create confusion in Canada between his wares and those of a competitor; (c) adopt any other business practice contrary to honest industrial and commercial usage.”

Then, after referring to the *International Convention for the Protection of Industrial Property*, made at The Hague on November 6, 1925, the learned judge proceeded at p. 234:

If therefore the acts or conduct of the defendant here complained of fall within the ambit of s. 11 of the *Unfair Competition Act*, the plaintiff then as of right would be entitled to restrain the defendant against the continuance of such acts or conduct, as it would at common law prior to the enactment of s. 11 of the *Unfair Competition Act*; and that statutory provision seems to express substantially the common law in such cases while at the same time implementing Canada’s obligations, in part at least, under the Convention. The decision of courts in passing off cases may therefore

¹[1937] Ex. C.R. 230.

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be of assistance in this case. No question was raised as to the jurisdiction of this court to entertain actions of the nature contemplated by s. 11 of the Unfair Competition Act.

In *Coca-Cola Company v. Bernard Beverages Limited*¹, Thorson P., referring to the same section, said at p. 135:

The cause of action under s. 11 is the statutory substitute for the former cause of action for passing off. Everything that would amount to a passing off in England would fall within the prohibitions of the section. It may even be wider in scope.

In the present case it is unnecessary, in my opinion, to consider whether or not s. 7 of the *Trade Marks Act* covers all of the situations in which an action for passing off would lie at common law, for while the case is one of a kind in which, apart from statute, an action for an injunction would lie if the Court considered the use of the names complained of was likely to cause confusion, the subject matter of the action appears to me to be specifically dealt with in clause (b) of s. 7, the material words of which are, "No person shall . . . direct public attention to his . . . business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to [it] . . . between his . . . business and the . . . business of another."

The broad question that arises under this provision is, did the defendants direct public attention to their business in such a way as to cause or be likely to cause confusion, at the time they commenced so to direct attention to their business, between their business and that of the plaintiff? It will be recalled that the defendants in July, 1957 erected on their new premises a sign with the name "Dominion Auto Wrecking" on it and commenced publishing advertisements in which the name "Dominion Auto Wrecking" or "Dominion Auto Wrecking and Supplies" was used. These, I think, were clearly acts calculated to direct public attention to their business. But I am also of the opinion that the carrying on of business itself under a trade name, whether in the buying or in the selling phase of it, is a way of directing public attention to the business carried on under that name. Moreover, as I interpret it, s. 7(b) applies to each new kind of act or practice by which public

¹[1949] Ex. C.R. 119.

attention is directed to a business and in respect to each poses the question, was that act or practice likely at that time to cause confusion? Accordingly, in my opinion, the questions that arise in this case under s. 7(b) are: Was the use by the defendants of the name "Dominion Auto Parts and Supplies", in making purchases of new automobile parts or supplies, likely (at the time when the defendants commenced using it in making such purchases) to cause confusion between their business and that of the plaintiff? Was the use by the defendants of the names "Dominion Auto Wrecking" and "Dominion Auto Wrecking and Supplies" likely (at the time when the defendants commenced using them as names under which they made purchases or sales, or at the time in July, 1957 when they put up their sign and commenced publishing advertisements) to cause confusion between their business and that of the plaintiff?

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The general principle on which relief is granted against conduct likely to cause confusion was stated as follows by Luxmoore L.J. in *Office Cleaning Services, Ltd. v. Westminster Window and General Cleaners, Ltd.*¹ at p. 135:

The foundation of the right to restrain the user of a similar name is the principle that no one is entitled to represent his business or goods as being the business or goods of another by whatever means that result may be achieved, and it makes no difference whether the representation be intentional or otherwise;

In the same case, on appeal to the House of Lords² Lord Simonds put the question to be determined thus at p. 42:

The real question is the simple and familiar one. Have the Appellants proved that the use by the Respondents of the trading style "*Office Cleaning Association*" is calculated to lead to the belief that their business is the business of the Appellants? It is in these words "calculated to lead to the belief" that the issue lies. It is a calculation often difficult to make, as the different estimates in the Court below in this case indicate. The nature of the words which are used in the trade name, the circumstances and peculiarities of the trade, the motives, proved or presumed, of the trader who would use the words, all these and many other factors must be considered by the judge in determining whether a Plaintiff can succeed in his claim. It is a question upon which the judge who has to decide the case has to bring his own mind to bear and which he has to decide for himself.

It should, I think, be noted, however, that the situations in which the use of a trade name may be "calculated to lead to the belief that one business is that of another" are

¹ 161 R.P.C. 133.

² 63 R.P.C. 39.

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not limited to those in which, from the close similarity of names, a customer may mistake the one for the other, but include, as well, situations in which the names, though somewhat different from each other, have in the circumstances enough similarity to each other to constitute a representation that the businesses are connected with one another either through having the same owner or through being in some way allied or mixed up with one another. In *Joseph Rodgers & Sons Ltd. v. W. N. Rodgers & Co.*¹ Romer J. stated the rule at p. 291 as follows:

It is the law of this land that no man is entitled to carry on his business in such a way as to represent that it is the business of another, or is in any way connected with the business of another;

In *Ewing (trading as the Buttercup Dairy Company) v. Buttercup Margarine Company Ltd.*² Lord Cozens-Hardy M.R. said at p. 237:

I can see no principle for holding that a trader may not be injured, and seriously injured, in his business as a trader by a confusion which will lead people to conclude that the defendants are really connected with the plaintiffs or a branch of the plaintiff's business, or in some way mixed up, with them.

Warrington L.J. said at p. 238:

I am of the same opinion. The Plaintiff carried on a large retail general provision business under the title of the *Buttercup Dairy Company*. The Defendants were incorporated in November 1916, and they have a cash capital of £12 10s.—250 preference shares of 1s. each—and have adopted as their registered name the title of "*The Buttercup Margarine Company Limited*." Now, look at the two names. It seems to me obvious that a trader or a customer who had been in the habit of dealing with the Plaintiff might well think that the Plaintiff had adopted the name of *Buttercup Margarine Company Limited* for the purpose of the margarine branch of his business, or for the purposes, if you like, of doing what it is said the Defendants are going to do—making margarine instead of buying it in the market. Once you get that, then it seems to me that the Plaintiff has proved enough. He has proved that the Defendants have adopted such a name as may lead people who have dealings with the Plaintiff to believe that the Defendants' business is a branch of or associated with the Plaintiff's business. To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy—all those things may immensely injure the other man who is assumed wrongly to be associated with me. It is just that kind of injury which what the Defendants have done here is likely to occasion, and I think the learned Judge is perfectly right.

In the present case, it is admitted that in the area in which the plaintiff's business was carried on its name, "Dominion Motors Limited", had come to reflect the superior quality of the products and service which the plaintiff sells and the integrity of its management and that valuable good-will was attached to the plaintiff's name. The essential distinguishing feature of that name is the word "Dominion", which, as used in the name, is of no descriptive significance. The case is thus not one of the kind determined in *Office Cleaning Services, Ld. v. Westminster Window and General Cleaners, Ld. (supra)*, where the issue was between names containing nothing but ordinary descriptive words; that is to say, "Office Cleaning Services, Ld." and "Office Cleaning Association." The defendants have adopted the same distinguishing feature for the names which they have used to carry on their business. The field in which their business is carried on overlaps to a considerable extent with that in which the plaintiff operates. Both the plaintiff and the defendants deal in used motor cars and motor trucks. Both deal in new car parts. Both are retailers. Both sell their goods in Winnipeg and in the same general area. And where the activities of the defendants do not overlap with those of the plaintiff, that is, in the used parts field and the dismantling of cars and trucks to recover such parts, they constitute an operation which I think can reasonably be regarded as one to which the plaintiff's operation might well be extended or which might be allied in some way with that operation. Had a business been started in Winnipeg under the name "Dominion Motors Parts and Supplies", I think the use of such name in transacting business would, in the situation described, have suggested to almost anyone who had heard of the plaintiff that this was a branch of the plaintiff's business. Similarly, had a business been started in Winnipeg under the name "Dominion Motors Wrecking", I think it would, in the situation described, have suggested to almost anyone who had heard of the plaintiff that the plaintiff had entered the salvaging and used parts field or that the plaintiff was operating or connected with an allied business in that field. Here the questions are not so readily answered, and the case, in my opinion, is very close to the

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line. Was the use made by the defendants of the name "Dominion Auto Parts and Supplies" likely, in the circumstances prevailing at the time when they began using it in making purchases, to lead a person of ordinary intelligence and alertness, who knew of the plaintiff and its reputation, to think that this was a branch of the plaintiff's business or was in some way allied or associated with that business? Was the use made by the defendants of the name "Dominion Auto Wrecking" or "Dominion Auto Wrecking and Supplies", in the circumstances prevailing at the time when they began using such names in making purchases or in making sales or at the time in July, 1957 when they put up their sign and began publishing advertisements, likely to lead a person of ordinary intelligence and alertness, who knew of the plaintiff and of its reputation, to think that the plaintiff was engaged in the used parts field and that this business was a branch or part of the plaintiff's business or was in one way or another associated or connected with it? The case appears to me to be indistinguishable in principle from the *Buttercup Dairy* case, though there the facts were somewhat stronger because the word "Buttercup", which was the distinguishing word in both names, was, I fancy, not quite so extensively used in business names as is the word "Dominion" in this country. Cozens-Hardy M.R., however, regarded that as "a perfectly plain and clear case, not very near the line, but well over the line." While the present is a much closer case, in my opinion, having regard to the circumstances as a whole, the answer to each of the above questions is in the affirmative, and consequently, I have come to the conclusion that, in using such names in carrying on their business, as well as in such advertising as they have done, the defendants have directed public attention to their business in such a way as to be likely to cause confusion between their business and that of the plaintiff. From this conclusion, it follows, I think, that damage to the plaintiff and to its good-will may reasonably be anticipated and that the plaintiff is entitled to have the use by the defendants of such names restrained.

An injunction will accordingly issue, restraining the defendants from directing public attention to their business of dealing in automobiles and motor trucks and automobile and truck parts by the use of or under the names "Dominion Auto Parts and Supplies", "Dominion Auto Wrecking", or "Dominion Auto Wrecking and Supplies", or by the use of or under any other name so similar to the plaintiff's name as to be likely to cause confusion between their business and that of the plaintiff. The injunction will be limited to the business of the defendants carried on in Winnipeg or elsewhere in the province of Manitoba and will be stayed for one month to enable the defendants to make the necessary changes.

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The plaintiff will have the costs of the action.

Judgment accordingly.