

BETWEEN:

THE CANADIAN CONVERTERS'
COMPANY LIMITED

PLAINTIFF;

Montreal
1968

Sept. 9-10

Sept. 12

AND

EASTPORT TRADING CO. LTD.DEFENDANT.

Unfair competition—Selling goods in colourable imitation of competitor's get-up—Whether use of different words exculpatory—"Confusion", meaning—Trade Marks Act, s. 7(b) and s. 6(2), (3) and (4).

Plaintiff, a clothing manufacturer, with the consent of the owner of the registered trade mark "Bond Street" to the use of that mark, sold boys' shirts in Canada from 1947 in transparent bags bearing a distinctive design including the words "Bond Street", and the trade and the buying public had come to know that "get-up" as indicating shirts of plaintiff's manufacture. In 1963 defendant sold to retailers in Canada 1500 dozen imported boys' shirts in a colourable imitation of plaintiff's "get-up" except mainly that the words "Style Manor" were substituted for "Bond Street". The court found that the similarity of the two "get-ups" would create the impression that the shirts so packaged were two different wares of one manufacturer.

Held, such a misleading of the public caused "confusion" between the wares of defendant and those of plaintiff and was prohibited by s. 7(b) of the *Trade Marks Act*. While the provisions of s. 6(2), (3) and (4) respecting "confusion" in the use of trade marks and trade names do not apply in terms to the prohibition described by s. 7(b) it must be assumed that Parliament intended the same general meaning for the word.

ACTION under *Trade Marks Act*.

Alastair M. Watt, Q.C. and *John A. A. Swift* for plaintiff.

N. A. Levilsky for defendant.

JACKETT P. (*orally*):—What I have to dispose of this afternoon is a claim under section 7(b) of the *Trade Marks Act*. Other claims in the statement of claim were, in effect, abandoned by counsel for the plaintiff during argument.

The provisions of the *Trade Marks Act* relating to the cause of action read as follows:

7. No person shall

* * *

(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;

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52. Where it is made to appear to a court of competent jurisdiction that any act has been done contrary to the provisions of this Act, the court may make any such order as the circumstances require including provision for relief by way of injunction and the recovery of damages or profits, and may give directions with respect to the disposition of any offending wares, packages, labels and advertising material and of any dies used in connection therewith.

This Court has jurisdiction to entertain this action by virtue of section 54 of the same Act, which reads as follows:

54. The Exchequer Court of Canada has jurisdiction to entertain any action or proceeding for the enforcement of any of the provisions of this Act or of any right or remedy conferred or defined thereby.

As the action arises, in part at least, in the Province of Quebec, and has been brought in the Exchequer Court of Canada, it is important to have in mind that it is not an action for passing off under the common law of England, which forms part of the law of certain Provinces, and is not based on the provisions of the Civil Code of Quebec governing *dilictual* liability. It is a purely statutory cause of action. Compare *S. & S. Industries Inc. v. Rowell*.¹

The plaintiff is a manufacturer in Canada of wearing apparel, including men's and boys' shirts. Over a period of several years prior to the institution of this action in 1964, the plaintiff sold in Canada a large quantity of boys' shirts to which were attached labels bearing *inter alia* a trade mark "BOND STREET". These shirts were sold in transparent flexible bags, on each of which there was a distinctive design described by the statement of claim, in a manner that is admitted by the statement of defence to be correct, as being "a distinctive design in red, black and white colours" which consists *inter alia* of the following:

- (A) The words BOND STREET in red letters edged in white, which letters are in Gothic type. The said words appear on the front of the bag approximately 4 inches from the bag's base and on the back of the bag approximately 8 inches from the bag's base. The said words are also printed in smaller black letters in Gothic type on the bag's top end.
- (B) Directly to the left of, but slightly higher than, the said words BOND STREET, where printed in red letters edged in white, that is on the front and back of the bag, there appears, in black, the silhouette of a man in top hat facing to the right, which silhouette is framed by a white oval, the edges of which are scalloped. A larger red oval encircles the said silhouette.

¹ [1966] S.C.R. 419.

- (C) The word JUNIORS in black letters, printed in an exaggerated Futura type, centered, and printed directly beneath the words BOND STREET on the front of the bag.
- (D) The word GARÇONS in black letters, printed in an exaggerated Futura type, centered, and printed directly beneath the words BOND STREET on the back of the bag.
- (E) The words PERFECTLY TAILORED FOR COMFORT & FIT superimposed in Futura type on a red bar extending the width of the front of the bag, and which bar appears directly below the word JUNIORS referred to in sub-paragraph C) above. Superimposed on the left end of the said red bar is a triangular figure of isoscelesian dimensions, in black print, the apex of which points towards the words printed on the said bar.
- (F) The words TAILLÉ PARFAITEMENT POUR VOTRE CONFORT superimposed in Futura type on a red bar extending the width of the back of the bag, and which bar appears directly below the word GARÇONS referred to in sub-paragraph D) above. Superimposed on the left end of the said red bar is a triangular figure of isoscelesian dimensions, in black print, the apex of which points towards the words printed on the said bar.
- (G) The words GUARANTEED MACHINE WASHABLE superimposed in Futura type on a black bar extending the width of the front of the bag, and which bar appears directly below the red bar referred to in subparagraph E) hereof. Superimposed on the left end of the said black bar is a triangular figure of isoscelesian dimensions in red print, the apex of which points towards the words printed on the said bar.
- (H) The words GARANTI LAVABLE À LA MACHINE superimposed in Futura type on a black bar extending the width of the back of the bag, and which bar appears directly below the red bar referred to in subparagraph F) hereof. Superimposed on the left end of the said black bar is a triangular figure of isoscelesian dimensions in red print, the apex of which points towards the words printed on the said bar.
- (I) The words SANFORIZED, COMBED, MERCERIZED superimposed in futura type on a red bar extending the width of the front of the bag, and which bar appears directly below the black bar referred to in sub-paragraph G) hereof. Superimposed on the left end of the said red bar is a triangular figure of isoscelesian dimensions in black print, the apex of which points towards the words printed on the said bar.
- (J) The words SANFORIZÉ, CARDÉ, MERCERISÉ superimposed in Futura type on a red bar extending the width of the back of the bag, and which bar appears directly below the black bar referred to in sub-paragraph H) hereof. Superimposed on the left end of the said red bar is a triangular figure of isoscelesian dimensions in black print, the apex of which points towards the words printed on the said bar.
- (K) Directly below the red bar referred to in sub-paragraph J) hereof, there is printed a chart indicating neck-sizes for ages 5, 6, 8, 10, 12, 14, 15, 16 and 17/18. The said chart, which is bordered in red, has printed thereon in black letters in Futura type and on

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its left side, the words YOUR AGE, YOUR NECK and YOUR PROPER SIZE CHART and on its right side, the words VOTRE ÂGE, VOTRE COU and VOTRE GUIDE DE GRANDEUR.

In 1963 the defendant purchased in Hong Kong, imported into Canada and sold to retailers (some at least of whom ordinarily sold shirts manufactured and marketed by the plaintiff in the manner that I have already described) some 1,500 dozen shirts which were packaged for sale in transparent flexible bags that were patterned almost exactly on the bags used by the plaintiff that I have already described except that

- (a) wherever the words "BOND STREET" occurred on the plaintiff's bag, the words "STYLE MANOR" appeared on the defendant's bag in the same colour and the same size and style of print,
- (b) while the words "Made in Canada since 1889" appeared on the plaintiff's bag, the words "Made in Hong Kong" appeared on the defendant's bag, and
- (c) the printing on the red stripes on the defendant's bag was in white letters instead of black letters.

Counsel for the defendant took the position during argument that the person who designed the defendant's bag must have copied a large part of it from the design of the plaintiff's bag. No other theory explains the facts and I therefore find that the bags in which the defendant's shirts were imported and sold in Canada were what is sometimes referred to as "colourable" imitations of the bags in which the plaintiff had been selling shirts in Canada. (The president of the defendant gave evidence that he left the choice of design—except for the use of the trade mark "STYLE MANOR"—to his Hong Kong supplier, and that he did not discover the similarity between the defendant's bag and the plaintiff's bag until after he started to market the shirts in Canada. Counsel for the defendant concedes that whether or not this is true is irrelevant and I therefore make no finding of fact with regard thereto.)

The plaintiff had no property rights in the trade mark "BOND STREET" in relation to men's or boys' shirts. This mark is registered in the name of a third person who, it would appear, had ceased to use it in relation to such goods some time prior to 1947, at which time the plaintiff

had in its possession a written consent from the registered owner "to the use and registration...in connection with shirts and neckwear only of the word mark 'BOND STREET' ". I am satisfied, on the evidence, that the plaintiff did use the mark in the "get-up" that I have already described over such a period of time, and, by selling such a volume of shirts, that the trade and the buying public got to know the "get-up" as indicating shirts of the plaintiff's manufacture. (This is not to say, of course, that it indicated that the plaintiff was the manufacturer of such shirts.)

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That being so, there is no doubt in my mind that, had the defendant's shirts been sold in the bags in which they were sold with the words "BOND STREET" where there actually appeared the words "STYLE MANOR", he would clearly have directed public attention to his wares in such a way as to cause or be likely to cause "confusion" in Canada between his wares and the plaintiff's wares and would clearly have infringed the prohibition in section 7(b). The other differences between the defendant's bag and the plaintiff's bag are, from this point of view, in my opinion, irrelevant.

The question that causes me difficulty is whether such "confusion" was avoided by the use of the trade mark "STYLE MANOR" instead of the trade mark "BOND STREET" in a prominent place, both on the back and on the front of the defendant's bag.

In my view, when one looks at the exhibits consisting of the two shirts in their bags that have been put in evidence to exemplify the shirts in question of the plaintiff and the defendant, respectively, it is obvious that the impression that would be created on the mind of an ordinary member of the buying public is that, as the whole general "get-up" is obviously identical, they must have come from the same source, but, as different trade marks are used, this is probably one of those cases where a manufacturer uses different trade marks for different wares of his manufacture. In other words, in my view, the defendant has so directed public attention to its wares as to make the public think that its wares and the plaintiff's wares came from the same source, but not in such a way as to cause a member of the public to select one of the defendant's shirts thinking that

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it was one of the shirts that the purchaser had previously got to know as a "BOND STREET" shirt. The question is, therefore, whether such a misleading of the public causes "confusion" between the defendant's wares and "the wares...of another" within the meaning of the words in section 7(b).

Had section 6(2), (3) and (4) of the *Trade Marks Act* not been framed in a restricted way, they might have supplied a solution to the problem. Those subsections read as follows:

6. (2) The use of a trade mark causes confusion with another trade mark if the use of both trade marks in the same area would be likely to lead to the inference that the wares or services associated with such trade marks are manufactured, sold, leased, hired or performed by the same person, whether or not such wares or services are of the same general class.

(3) The use of a trade mark causes confusion with a trade name if the use of both the trade mark and trade name in the same area would be likely to lead to the inference that the wares or services associated with the trade mark and those associated with the business carried on under such trade name are manufactured, sold, leased, hired or performed by the same person, whether or not such wares or services are of the same general class.

(4) The use of a trade name causes confusion with a trade mark if the use of both the trade name and the trade mark in the same area would be likely to lead to the inference that the wares or services associated with the business carried on under such trade name and those associated with such trade mark are manufactured, sold, leased, hired or performed by the same person, whether or not such wares or services are of the same general class.

Those provisions do not in terms apply so as to require their application to the facts of a case where the directing of "public attention" upon which a claim under section 7(b) is based has been effected by a means other than trade marks or trade names. I am, therefore, without any assistance by way of a statutory rule that applies to this case.

Nevertheless, it does seem to me that I can properly consider the effect of section 6, when it does apply, on the meaning of the word "confusion" in section 7(b), in considering what that word means when the rules in section 6 do not apply. Parliament must have intended the same general meaning for the words "confusion...between...wares...and...wares" where the section 6 rules do not apply as was intended where they do apply. I am,

therefore, of opinion that "confusion" would be created between the wares of one person and the wares of another within section 7(b) if something were done to lead to the inference that both classes of wares were manufactured or sold by the same person whether that was accomplished by a deceptively similar trade mark or trade name or by a deceptively similar "get-up".

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On that view of the matter, I conclude that the defendant has been guilty of a breach of section 7(b) and that the plaintiff should therefore have judgment for appropriate relief.

I shall hear what counsel have to say as to the form that my pronouncement should take having regard to my conclusion. The pronouncement that I have in mind making, subject to consideration of counsels' submissions, would read as follows:

1. It is declared that the defendant has directed attention to its wares in such a way as to be likely to cause confusion in Canada, at the time that it commenced so to direct attention to them, between its wares and wares of the plaintiff, by selling boys' shirts in the "get-up" described in paragraph 6 of the statement of claim.

2. It is declared that the plaintiff is entitled to be paid by the defendant an amount equal to

(a) the amount of the damages sustained by the plaintiff as a result of such sales, or

(b) the amount of the profits derived by the defendant from such sales.

3. It is ordered that, for the purpose of determining the amount that the plaintiff is so entitled to be paid by the defendant (if the parties cannot agree on it), there be a reference to the Associate Registrar (or a deputy registrar nominated by the Associate Registrar, or, if none such is available, an officer of the Court agreed upon by the parties or appointed by the Court) of the following questions, *viz*,

(a) What sales have been made by the defendant of shirts in the "get-up" described in paragraph 6 of the statement of claim? and

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(b) According to the election of the plaintiff (which election must be made in writing and filed in the Court and served upon the defendant before the plaintiff may take any step in connection with the reference), what is the amount of the aforesaid damages sustained by the plaintiff or the amount of the aforesaid profits derived by the defendant?

4. It is ordered that the plaintiff recover from the defendant its costs herein to be taxed except the costs of the reference, which are left to be dealt with on the motion for judgment upon the report of the referee under Rule 186 of the Rules of the Court.