

IN THE MATTER OF THE PETITION OF LEHN & FINK  
INC., OF THE CITY OF NEW YORK, IN THE STATE  
OF NEW YORK, ONE OF THE UNITED STATES OF  
AMERICA, MANUFACTURERS,

1922  
July 12.

PETITIONER,

AND

IN THE MATTER OF A CERTAIN SPECIFIC TRADE  
MARK TO BE USED IN CONNECTION WITH THE  
MANUFACTURE AND SALE OF TOOTH PASTE.

AND

P. BEIERSDORF & CO., G.m.b.H.

OBJECTING PARTY.

*Trade-Mark—Assignment—License—Sale by American Alien Property  
Custodian—Effect of sale on Canadian trade-mark.*

Petitioners claimed the ownership of the trade-mark "Pebeco" under certain agreements with the German firm P. Beiersdorf & Co. (the predecessor in title of the Objecting Party) made, respectively, in July and September 1909 and February, 1919 and having relation to the business of selling tooth-paste bearing the name or mark of "Pebeco" in the United States and Canada. Subsequently to the execution of the said first-mentioned agreements, namely, in 1909 the general trade-mark "Pebeco" was registered in Canada by the said P. Beiersdorf & Co. In 1911 P. Beiersdorf & Co. obtained a specific trade-mark in Canada for the word "Pebeco" as applied to tooth-paste. In their applications for both the general and specific marks P. Beiersdorf & Co. swore that the trade-mark "Pebeco" belonged to them. After the United States had entered into the war with Germany in 1917, the Alien Property Custodian in the United States, under the provisions of the Act of Congress known as the "Trading with the Enemy Act", seized the American trade-mark and sold it to the Petitioners in the United States, together with the rights of P. Beiersdorf & Co. under the said agreements.

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Petitioners sought by their action to expunge from the Register of Trade-Marks in Canada the word "Pebeco" as registered in Canada in the name of P. B. & Co. and to have the same registered in their own name as a Specific Trade-Mark to be used in connection with the manufacture and sale of tooth-paste.

*Held*, that inasmuch as the said agreements amounted to nothing more than licenses to sell the goods bearing the trade-mark of P. B. & Co. in the United States and Canada that the petition should be dismissed.

2. That the American Alien Property Custodian could not sell or dispose of the property of German and Canadian citizens in Canada or any rights subsisting between them there. All he could sell or dispose of was the American trade-mark and property of German and American citizens in the United States or any rights subsisting between such citizens in that country.

*Rey v Lecouturier*, 27 R.P.C. 276 followed.

**PETITION** to have the trade-mark **PEBECO** expunged from the register of trade-marks of the Dominion of Canada, as registered in the name of the objecting party, and to have the same registered in their own name.

May 29th, 1922.

Case heard before the Honourable Mr. Justice Audette at Ottawa.

*The Hon. Wallace Nesbitt, K.C. and A. W. Langmuir*,  
 for petitioner.

*Russell S. Smart* for the objecting party.

The facts are stated in the reasons for judgment.

AUDETTE J. now (this 12th July, 1922), delivered judgment:

The Petitioners seek, by the present action, to expunge, from the Register of Trade-Mark of the Dominion of Canada, the word "Pebeco", as registered in the name of P. Beiersdorf & Company, and to have the same registered in their own name as a Specific Trade-Mark, to be used in connection with the manufacture and sale of tooth paste.

For the proper understanding of the controversy between the parties, it becomes necessary to set out here in full the admissions made by both parties at the opening of the case. These admissions read as follows, namely:

"The following admissions are made by the parties solely for the purposes of the trial of this action and without prejudice to the right of either party to contradict the same in any other action or proceeding whatsoever:

"1. The allegations contained in paragraphs 1 and 2 of the Petition.

"2. The allegations contained in paragraphs 1, 2 and 3 of the Statement of Objection and Counterclaim filed by P. Beiersdorf & Co., G.m.b.H.

"3. That the Trade-Mark 'Pebeco' in question in this action was one registered in Canada in the year 1907, as a Trade-Mark in the name of P. Beiersdorf & Co., the predecessor in title of the Objecting Party, and was used in Canada by P. Beiersdorf & Co. in connection with the sale of Tooth Paste prior to the dates of the execution of the contracts of 1909 hereinafter referred to.

"4. That in the year 1903 an agreement was entered into between the Petitioner's predecessors, Messrs. Lehn & Fink, Inc., and P. Beiersdorf & Co., and such contract may be proved by the production of a copy thereof as agreed upon by the parties.

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“5. That Messrs. Lehn & Fink, Inc. and P. Beiersdorf & Co., forthwith entered upon performance of and carried out the terms of the said agreement of 1903, and continued in performance of the terms thereof until such time as said agreement of 1903 was rendered inoperative and supplanted by the agreements of 1909 hereinafter referred to.

“6. That in the year 1909 further contracts were entered into between the Petitioner’s predecessors, Messrs Lehn & Fink, Inc. and P. Beiersdorf & Co. in regard to the manufacture and sale of ‘Pebeco’ Tooth Paste and the use of the Trade-Mark ‘Pebeco’ as follows, and such contracts may be proved by production of copies thereof as agreed upon between the parties:

(a) Contract executed by Beiersdorf at Hamburg, June 28th, 1909, and by Lehn & Fink, Inc. in New York, July 12th, 1909.

(b) Contract executed by Beiersdorf in Hamburg, September 9th, 1909, and by Lehn & Fink, in New York, October 1st, 1909.

“7. That following execution of the said contract of 1909, performance of the same was thereafter carried out by the parties thereto without breach. In the year 1917, the United States of America entered the Great War and, consequently, enacted the Trading with the Enemy Act, and Lehn & Fink, Inc., under the provisions of that Act, applied for and received a license from the Federal Trade Commission of the United States of America and used the said trademark ‘Pebeco’. Subsequently to such license, the Alien Property Custodian purported to seize certain property and transfer the same as set out in paragraph 8 hereof.”

"8. The Alien Property Custodian of the United States purported to seize and transfer certain property of P. Beiersdorf & Co. as set out in an assignment from the said Alien Property Custodian to Lehn & Fink, Inc., the Petitioners, dated the 13th day of May, 1919, and such assignment may be proved by the production of the instruments purported to be signed by the said Alien Property Custodian, without proof of seizure, it being open to the Objecting Party to contend that such seizure and assignment did not in fact or law cover the Canadian Trade-Mark and business.

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"9. The Petitioner paid the sum of \$1,000,000 for the assignment from the Alien Property Custodian referred to in paragraph 8 hereto, which said sum is held by such Alien Property Custodian or the Government of the United States of America.

"10. That a Treaty of Peace has been entered into between the United States of America and Germany, and for the text thereof both sides may refer to printed copies thereof as commonly available without any necessity for proving the same.

"11. That the Treaty of Peace between Germany and the United States referred to now forms part of the law of Hamburg.

"12. That certain labels to be agreed upon between the parties, including labels and literature already filed in Court, are labels used by the Petitioner in connection with the marketing the 'Pebeco' Tooth Paste in Canada and the United States under the terms of the said contracts of 1903 and 1909.

"13. That part of the 'Pebeco' Tooth Paste supplied to the Canadian market after the year 1909 was made by P. Beiersdorf & Co. of Hamburg, and shipped by them to Canada upon the order and request of Lehn & Fink, Inc., the Petitioner. The orders for

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such Tooth Paste being taken by Lehn & Fink, Inc., and the Tooth Paste shipped by P. Beiersdorf & Co. to the Canadian Purchasers or the sub-agents of the Petitioner, Lehn & Fink, Inc.

"14. That an armistice came into effect between Germany, Great Britain, Canada and the United States and other Powers at war with Germany on the 11th day of November, 1918.

"15. That subject to the general application of any general law or enactment or treaty, the Government of the Dominion of Canada has not at any time or in any way interfered with the respective rights as the case may be of the parties hereto in and to the Canadian Trade-Mark 'Pebeco' and the goodwill in connection therewith; nor has the Canadian Government at any time made any seizures of such Trade-Mark and goodwill.

"All of the foregoing admissions are made subject to the right of either party to object to the facts admitted being offered in evidence in this case on the ground of irrelevance.

"The parties agree that either party may with the permission of the Court make such amendments in the pleadings herein as delivered as may be necessary and agreed upon to set forth the contentions of the parties."

The petitioners' claim rests upon the contract of the 12th July, 1909, the contract with respect to the Canadian Territory of the 19th September, 1909, and the amending or "altering" contract of the 9th February, 1919, which changes the 12th July contract. All these contracts are filed as exhibit No. 3. Furthermore the petitioners also rest their claim upon the seizure made in the United States by the Alien Property Custodian and the assignment made by him to the Petitioners and which is filed as exhibit No. 4.

I have read over the agreements contained in Exhibit No. 3 and find in them nothing but an agreement in the nature of a license. In fact it is a license whereby the German owners of the Trade-Mark "Pebeco" impose the obligation upon the American licensees to pay royalties and to comply with a number of terms and conditions for the preservation and maintenance of their estimated high grade of the goods protected by their trade-mark and in consideration thereof they correspondingly assume the obligation to extend or give the American people the right to sell in the United States and in Canada, the goods bearing the objecting party's trade-mark. Both parties have the right to terminate this agreement on the 1st January of any year by giving three months' notice. A service of such notice, however, shall not be admissible earlier than from January 1st, 1935. The Agreement further provides that should one of the parties violate one of its essential conditions, the other party may withdraw from the agreement.

The agreements in no way can be termed a sale of the Trade-Mark. There is not a single clause or enactment in the agreements whereby the ownership of either the trade-mark in the United States or in Canada is dealt with or mentioned. The ownership of these trade-marks did not change or pass under these agreements.

The only mention of Canada and the only part of these agreements dealing with Canada is limited to the few words of the agreement of the 19th September, 1909, which states that the previous agreement "between Chemische Fabrik P. Beiersdorf & Co., in Hamburg, and the firm Lehn & Fink in New York, dated the 12-22, 1909, is supplemented by the under-signed as follows :

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“The territory covered by this agreement is being extended to include Canada. All provisions in force with regard to the United States of America shall also apply to Canada.”

This *habendum* and last clause contained in this short agreement means nothing more than that Lehn & Fink can sell as well in the United States as in Canada, but in no wise can it be contended that it carries with it the transfer of the ownership of the trade-mark “Pebeco” in Canada.

Paragraph 3 of the *Admissions* wrongly states “that the Trade-Mark ‘Pebeco’ was registered in Canada in the year 1907”, as it appears by exhibits 7 and 7a that the *General* trade-mark “Pebeco” was registered in Canada on the 11th November, 1909, and the *Specific* trade-mark “Pebeco” to be applied to the sale of Tooth Paste, and which “consists of a panel upon which appears the word ‘Pebeco’ accompanied by the words ‘Tooth Paste’ and No. 650, with an ornamental border line at the right and an ornamental border line and the words ‘The registered Trade-Mark Pebeco protects against imitations’, at the left”—was registered in Canada on the 8th August, 1911”.

It therefore appears that the agreements relied upon by the Petitioners for claiming the ownership of the Trade-Mark bear respectively the date of July, 1909, and September, 1909, whereas the word “Pebeco” was registered in Canada only subsequently to these dates, before the war, by the German firm P. Beiersdorf & Company, of Hamburg, Germany, who were the owners thereof, an indispensable condition to the right for such registration. The Specific Trade-Mark was registered even as late as 1911. On both occasions,—being after the date of these two agreements,—P. Beiersdorf & Co. swore that the trade-marks



belonged to them and it was as owners alone that they had the right to register. This idea of ownership on behalf of the Petitioners seems to have originated only recently, perhaps only since the war, following the rights they acquired in the United States under the American law which avoided the German trade-marks during the war,—a state of law which did not, however, obtain in Canada.

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I therefore find that the ownership of the two Canadian Trade-Marks,—or any one of them—in no way passed under these agreements, which amount to nothing more than a license with its usual terms and conditions, the most cogent proof for this finding.

Coming now to the consideration of the sale made, in the United States, by the Alien Property Custodian acting under the provisions of the Act of Congress known as the "Trading with the Enemy Act" approved of on 6th October, 1917, it will be seen, by reference to exhibit No. 4, that he seized the American Trade-Mark and sold the same to the Petitioners.

By the habendum clause of such sale the Alien Property Custodian sold to the Petitioners "the following property, to wit:

"That certain trade-mark registered in the United States Patent Office and identified as follows:

Trade Mark No.	Date of Registration	Title.
61678	April 2nd, 1907.	Pebeco Tooth Paste.

"and also

"The business of the firm of P. Beiersdorf & Co. in the United States appurtenant to the said trade-mark, and all the rights, interests, and benefits created in favour of or conferred upon said enemy, the firm of P. Beiersdorf & Co., by a certain agree-

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ment dated June 28, 1909, and July 12, 1909, between said enemy and Lehn & Fink, of New York, and by any and all agreements between said enemy and Lehn & Fink, modifying said agreement: and also, all the rights created and existing in favor of or conferred upon said enemy in and to any royalty or sum or sums of money accrued or accruing under the terms of any of said agreements; and also, all claims and demands conferred upon said enemy against said Lehn & Fink, and every right, title and interest with respect thereto, etc., etc.”

From the seizure and sale, it will obviously appear that no one at that time conceived the idea that the above mentioned agreements had conveyed the ownership even of the American Trade-Mark, since after seizure it was sold to the very people who now claim that such trade-marks had passed to them under such agreements. The matter is too clear. And if the American Trade-Mark did not pass under these agreements, it cannot be reasonably contended that the Canadian Trade-Marks passed thereunder.

That sale was furthermore made “subject to the rights of Lehn & Fink under the agreements or licenses.” How can the Petitioners now contend that these agreements or licenses conveyed the ownership of the Trade-Mark, when they willingly paid for this American Trade-Mark a very large sum of money? Mentioning it is answering it.

I must therefore further find that in the sale made by the American Alien Property Custodian the Canadian Trade-Mark did not pass.

Indeed, in as much as within each State nothing is recognized as Law except that which the supreme authority in that State has enacted and is able to

enforce, it follows that the American Court could not *proprio vigore* cancel or dispose of the Canadian Trade-Marks.

Lord Macnaghten, in *Rey v. Lecouturier*—the famous *Chartreuse Case*—(1) said: “To me it seems perfectly plain that by the very nature of things a law of a foreign country, and a sale by a foreign court under that law, cannot affect property not within the reach of the foreign law, or the jurisdiction of the foreign court charged with its administration.”

And in the same case (p. 280), per Lord Loreburn: “but this property—for property it is—which has come in question in this appeal is property situated in England, and must therefore be regulated and disposed of in accordance with the law of England.”

The Alien Property Custodian in the United States could not sell rights existing between German and Canadian citizens. All he could sell was the American Trade-Mark and the rights conveyed to American citizens and existing in the United States under the above mentioned working agreements or licenses—which obviously admit the ownership of the trade-mark to be in Beiersdorf & Co.—as licensee under these agreements. The petitioners, as licensees, are estopped from attacking the ownership of the Trade-Marks. Trade-Marks in Canada belonging to alien enemies during the war remained in statu quo and no law was enacted depriving them of such property.

I therefore find that the Canadian Trade-Marks did not pass under the sale by the Alien Property Custodian and that the ownership thereof remains in those who first registered them in Canada.

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(1) (1910) 27 R.P.C. 268 at p. 276.

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 Having said so much, I may add there were a number of incidental questions raised at bar upon which in the view I take of the case, it becomes unnecessary to pass. If they were not wholly based upon a hypothetical view of the facts of the case, they were certainly extraneous to the real issue between the parties, namely, whether the petitioners are the true owners of the Canadian marks. That is the salient fact to which the court has directed its consideration and made its finding adverse to the claim of the petitioners.

Therefore there will be judgment ordering the rectification of the Canadian Register by expunging the trade-mark Pebeco, registered on the 18th May, 1920, by Lehn & Fink, Inc., in Register No. 113, Folio 26506, and to restore and register on said Canadian Register the General Trade-Mark "Pebeco" registered on the 11th November, 1909, by P. Beiersdorf & Company, in Reg. 58, Folio 14181, and also the Specific Trade-Mark "Pebeco" to be applied to Tooth Paste, registered on the 8th August, 1911, by P. Beiersdorf & Company in Register No. 66, Folio 16135. The action is dismissed with costs to the objecting party.

*Judgment accordingly.*