

BETWEEN:

PARKE, DAVIS & CO., LTD. PLAINTIFF;

AND

EMPIRE LABORATORIES LIMITED . . DEFENDANT.

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Trade Marks—Infringement—Passing off—Coloured band encircling middle of capsule—Whether confusing when defendant used band of same colour in same location on capsule—Design mark—Distinguishing guise—Trade mark on distinctive form of functional part—When trade-mark has acquired a secondary meaning—“Distinctiveness”—Trade Marks Act, S of C. 1952-53, c. 49, ss. 2(f), (t), 6(1), 7(b), 18(1), 19, 20—The Unfair Competition Act, S. of C. 1931-32, c. 38, ss. 2(c)(d), 27(a)(b)(c)—Patent Act, R.S.C. 1927, c. 150, s. 8(2).

The plaintiff distributes a large portion of its pharmaceutical preparations in capsule form, about half of which are sealed by a coloured gelatin band of the same substance as the capsules, extending around the middle thereof along the line where the two halves of the capsules telescope one into the other. In 1950, the plaintiff registered 10 trade-marks, the principal features of each of which was a coloured band applied around the middle of a capsule and encircling it, the band being of a different colour in each of the 10 trade-marks. The plaintiff has been using coloured bands on its capsules since 1932, and since 1950 it has continuously used the ten registered trade marks, each in association with a different pharmaceutical preparation. All the capsulated products of the plaintiff are designated by a generic name rather than the scientific name. In addition, the drugs are designated by names different from the generic names and registered as trade marks by the plaintiff. The plaintiff has also registered the trade mark “Kapseals” which, according to the plaintiff, designates “the sealed (banded) capsules manufactured by Parke, Davis & Co.”.

The capsulated products of the plaintiff are packed in bottles which are packed in carton boxes. Printed on the labels on the bottles and on the cartons is the word “Kapseals” and, underneath it, the generic name of the particular drug, followed by the plaintiff’s registered trade mark name therefor. The coloured bottles do not permit of a clear view of the colour of the capsules and bands contained therein. From 1932 to 1959 the plaintiff was the only one to use colour banded capsules for pharmaceutical products and no one has ever used a colourless band in this connection. Some of the plaintiff’s advertising bore inscriptions referring to the coloured bands and mentioned specifically that the products so advertised were thereby identified as products of the plaintiff or its related Canadian company. The various colour banded and capsulated pharmaceutical products of the plaintiff are always referred to and ordered in the trade by the word trade marks associated with each and they reach the ultimate consumer, when supplied on prescription, with no identification other than the coloured bands.

The defendant entered the pharmaceutical field about eight years ago and sells only to wholesalers, hospitals, physicians, the provincial and federal governments and pharmacists. It sold chloramphenicol in Canada in capsules bearing a grey band substantially indistinguishable from that

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used by the plaintiff which also was grey for that particular drug. The defendant bought supplies of the drug in capsule form from a European supplier and bottled and labelled the drug. When the first interlocutory injunction was granted against the defendant restraining it from selling grey banded capsules, it began selling the same drug in green banded capsules. The plaintiff claims the defendant has infringed its trade marks for grey and green bands; has directed public attention to its pharmaceutical preparations in such a way as to be likely to cause confusion in Canada between the pharmaceutical preparations of the defendant and those of the plaintiff, and has passed off its pharmaceutical preparations as and for those of the plaintiff. The plaintiff also asks for an injunction restraining the defendant from selling, distributing and advertising any pharmaceutical preparation in association with any of the plaintiff's ten registered trade marks.

The defendant claims the plaintiff's trade marks are invalid and are not distinctive on their face or capable of distinguishing one preparation from another, and that they are distinguishing guises incapable of constituting trade marks in that the gelatin band encircling the middle of each capsule performs the function of sealing the capsule, which function is described in a U.S.A. patent granted in 1932 and owned by the plaintiff prior to its expiry and the plaintiff is estopped from denying that the gelatin band encircling each capsule performs the said function. The defendant further claims that the plaintiff is attempting to monopolize the process of sealing a capsule with a gelatin band and to prevent others from using this process by registering the said trade marks.

Held: That the plaintiff's trade marks are not in the capsules themselves but in the coloured bands encircling the middle of the capsules. If the trade marks resided in colour alone they could not be the proper subject of a trade mark, and one must distinguish between colour as a trade mark and, as in this case, the colour of a trade mark.

2. That, whether the colour banded capsules of the plaintiff are distinguishing guises or not, these trade marks, if otherwise valid, would still be valid trade marks. Under the *Unfair Competition Act*, a design mark (and all of the plaintiff's trade marks were registered as design marks) "includes any distinguishing guise capable of constituting a trade mark".
3. That the gelatin capsules herein are not merely wrappers or containers or get-ups for pharmaceutical products but they may also be part and parcel of the pharmaceutical product as they are used in some cases not only to contain and wrap but also to ensure that the medicine absorbed by the patient becomes effective only after it reaches his stomach.
4. That a trader can obtain a valid trade mark on a distinctive form of the functional part or parts, providing that by so doing he does not hold a monopoly of all the forms of the functional part or parts.
5. That although the plaintiff's ten trade marks more than cover the spectrum and give it a monopoly on the colour of the bands in not only the ten colours mentioned in the registration but also in a multitude of different hues and shades of the ten colours, this right to colour its bands in such a fashion, although extensive, would not prevent someone else from colouring his capsules elsewhere than on the band encircling the middle of the capsule, nor would it prevent the use of contrasting colours on the body of the capsules. The plaintiff has not monopolized

colour. However the plaintiff's trade marks are invalid because the extensive coverage of the various colours and shades together with the utilitarian use of the coloured bands around the middle of the capsules (particularly the sealing and the use of coloured bands or strips to detect breakage of the bands) which happens to be the best place the bands can be placed in order to seal both halves, monopolizes all the forms of the functional parts of the colour banded sealed capsules except their use as simple containers.

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6. That although the plaintiff held a U.S.A. patent on sealed capsules which expired in 1949, since patents have no extraterritorial rights, the U.S.A. patent rights in this case are irrelevant to any question regarding Canadian trade marks; nevertheless, it is impossible to set aside the admitted functional advantages of the colour banded sealing process contained in the U.S.A. patent issued to the plaintiff in 1932 and to decide now that it is not functional, notwithstanding the plaintiff's assertion that whatever functions the colour sealed bands may have, they are without any practical significance.
7. That with respect to the allegation of passing off, the plaintiff must prove that the defendant's course of conduct caused or was likely to cause confusion; and bearing in mind the similarity of the grey and green banded capsules of the defendant and those of the plaintiff, there is no question that this onus has been successfully met. Indeed, the grey and green banded capsules of the defendant are not only confusing with but are practically identical to the grey and green banded capsules of the plaintiff.
8. That to establish a cause of action in a passing off action the plaintiff must prove two things: that the mark in question, when used in the market, is understood by the public to mean the wares manufactured and sold by him; and that by what the defendant did he passed off his wares or services as and for those of the plaintiff to his injury, that the coloured bands of the plaintiff have by use become distinctive and since the coloured bands *per se* are without distinctive character, this can be accomplished only by their being used by the plaintiff for so many years and over such a substantial part of Canada that they have come in fact to distinguish the plaintiff's wares from all others of the same kind—the marks are then said to have acquired a secondary meaning which in this sense means that the marks indicate to purchasers that the wares sold in association therewith are those of the plaintiff and nobody else or indicate a common origin.
9. That the matter of the acquisition of a secondary meaning of a trade mark is a question of fact and the onus of proof on the user of the mark is a heavy one where the mark in question is a descriptive word, and a similar position could be taken with regard to a trade mark involving numerals or colour which are in the public domain.
10. That to satisfy the test of distinctiveness the plaintiff is required to establish that the trade mark is distinctive not only to certain classes of people in the trade, such as wholesalers and manufacturers, but to all probable purchasers including the ultimate consumer and the plaintiff in this case has failed to prove that its coloured bands indicate to the

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ultimate consumer that they originated from the plaintiff or that they had a common origin; indeed the evidence reveals that neither pharmacists, nor physicians nor manufacturers rely on the colour of the capsules, and the colour band is several times removed from the ultimate consumer—between the capsule and the patient there is a carton, then a bottle, and on the bottle is a label containing the plaintiff's registered trade marks including its trade mark "Kapseals". In short, the plaintiff has not established that the manner in which its goods or wares are done up has become associated in the mind of the consumer or purchaser with its goods or wares and the evidence does not show that these marks have been relied upon by pharmacists, physicians or the public who consumes its goods as distinguishing them from all others.

11. That the plaintiff's ten registered trade marks were registered without sufficient cause and should be expunged.
12. That there is no legal basis for an action based on passing off and, consequently, any injunction restraining the defendant shall be dissolved and the plaintiff's action dismissed with costs.

ACTION for infringement of a trade mark.

The action was tried before the Honourable Mr. Justice Noël at Ottawa.

Christopher Robinson, Q.C. for plaintiff.

Morris M. Kertzer for defendant.

The facts and questions of law raised are stated in the reasons for judgment.

NOËL J. now (April 5, 1963) delivered the following judgment:

This is an action for damages and consequential relief in which the plaintiff claims that the defendant has infringed two of its registered trade marks which consist of a differently coloured band encircling a capsule in respect of a pharmaceutical preparation called "chloramphenicol", with a grey band, and one called "digitalis" with a green band and an injunction restraining the defendant from selling, distributing or advertising any pharmaceutical preparation in association with any of the plaintiff's ten trade marks consisting in a different coloured band for each of them and including the grey and green banded ones. The ten registrations are dated September 19, 1950, but the date

of first use in Canada varies from one registered trade mark to the other as appears from the following:

<i>Band Colour</i>	<i>Date of First use in Canada</i>	<i>Registration No.</i>	<i>Exhibit No. of Reg'n Certificate</i>
Green	July 12, 1938	N S. 148/37803	9
Black	October 16, 1935	N S. 148/37802	8
Brown	August 14, 1936	N.S. 148/37800	6
Orange	July 23, 1938	N.S. 148/37799	5
Pink	April 28, 1939	N S. 148/37798	4
Yellow	March 11, 1940	N.S. 148/37795	1
White	November 1, 1941	N.S. 148/37796	2
Blue	October 27, 1942	N.S. 148/37801	7
Red	November 14, 1947	N.S. 148/37797	3
Grey	April 18, 1949	N.S. 148/37804	10

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The plaintiff corporation, organized under the laws of Michigan, one of the United States of America, has its principal place of business in the City of Detroit and the defendant company, organized under the laws of Ontario, Canada, has its principal place of business in the City of Toronto.

The plaintiff started using coloured bands on its capsules as early as 1932 and has continued to use them to date for its major specialties, over 50 per cent of its total volume being in such capsules. However, out of seventy-one capsules put out by the plaintiff, thirty-four are banded and thirty-seven are not.

Plaintiff's ten trade marks are all described in the same manner on the certificate of registration and Ex. 2 can serve as an illustration for the others by merely changing the colour white thereon to the colours green, black, brown, orange, pink, yellow, blue, red and grey. The second paragraph of the certificate of registration of Ex. 2 reads as follows:

The mark of which registration is requested is a design mark, of which five accurate and complete representations are furnished herewith, its principal features requiring to be indexed being in the applicant's opinion, *a white band applied approximately around the middle of a capsule and encircling the same.*

May I point out here that in the case of all the plaintiff's capsulated preparations produced as exhibits in the present case, the band or strip in colour is always placed around the centre of the capsule at a point reached when the two halves of the capsule are entered one into the other and at the most practical place for banding. This band is a coloured gelatin band or strip of the same substance as the capsule itself,

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which, when applied creates a small bulge around the capsule and seals it.

In no case did the plaintiff merely colour the end of one-half of the capsule and part of the other end so to obtain a coloured strip when one half is fully entered into the other as it might have done under the description contained in the trade mark registrations referred to above and, therefore, the latter must be dealt with here in the manner in which the plaintiff has effectively used them on its wares or goods (i.e. a coloured gelatin band encircling the middle of the capsule and sealing it) and not as it might have used them. The various coloured trade marks of the plaintiff are used in association with its pharmaceutical products interchangeably with no relationship to the substance they contain or whether they should be prescribed or not and the body of the capsules is also of varied colours. The coloured body and cap of the plaintiff's capsules, however are not registered as trade marks. The contrasting colour of the plaintiff's capsule body and its band are in a multitude of coloured patterns and shades. Its primary classification for its pharmaceutical products sold in capsule form is, in some cases, by means of the colour of the body of the capsule and in others by the colour of the band. For instance, in the case of Taka-combex, Ex. 20, and in the case of Thera-combex, Ex. 27, the body of the capsules in both cases is brown, the bands, however, in the first case being yellow and in the latter case, red. However, in the case of chloramphenicol, Ex. 15, the body is white and the band is grey and Chlorostrep, which contains chloramphenicol, the body is orange and the band is grey. In the case of the three different types of a product called digitalis, Exs. 18 and 19, the plaintiff's capsules are grey bodied with a green band of different shades for each type.

From the year 1950, the year in which the plaintiff's ten above mentioned trade marks were registered, to date, the plaintiff has continuously used in Canada each of the above trade marks in association with a different pharmaceutical preparation.

Although all of the ten trade marks of the plaintiff mentioned above are to be dealt with in the present case, the only two allegedly infringed by the defendant company are the trade marks registered under number N.S. 148/37804 (grey band) used by the plaintiff in Canada from the year

1949 to date in association with capsules of a pharmaceutical preparation known as chloramphenicol and a trade mark registered under number N.S. 148/37803 (green band) used also by the plaintiff in Canada from the year 1932 to date in association with capsules of a pharmaceutical preparation known as digitalis. From 1949 to 1958, the chloramphenicol preparation in association with which the plaintiff used the said trade mark in Canada was manufactured by the plaintiff and distributed in Canada through Parke, Davis Co., Ltd., a related company to the plaintiff and in and since the year 1958 by the Canadian company itself, Parke, Davis & Co., Ltd., which on June 23, 1955, was registered as a registered user of the said trade mark.

From 1932 until the year 1936, digitalis, the preparation in association with which the plaintiff used the other trade mark in Canada, was manufactured by the plaintiff and also distributed through the Canadian Parke, Davis & Co., Ltd., and in and since the year 1936 the said preparation was manufactured in Canada by the Canadian company which was, on June 23, 1955, registered as a registered user of the said trade mark.

All and every one of the contents of the plaintiff's colour banded capsules are designated by the generic name of the drug which is available to all manufacturers, the scientific name being seldom used as it is most of the time unpronounceable. The drugs are, however, also designated by names which are different from the generic name and which have all been registered by the plaintiff in Canada as trade marks. For instance, the plaintiff's registered trade mark name for the generic name of chloramphenicol is Chloromycetin, its registered trade mark name for the generic name of digitalis is Digifortis and its registered trade mark name for the generic name of geriatric is Geriplex. This applies to all the capsulated products of the plaintiff. The plaintiff has also caused the trade mark "Kapseals" to be registered in Canada in association with all of its colour banded capsules and it is referred to in Ex. "H", p. 96, and subsequently filed as Ex. "Q", where underneath the word "Kapseals" appears the following:

"Kapseals" designate the seal (banded) capsules manufactured by Parke, Davis & Co. Kapseals represent an important development in pharmaceutical protection of medicinal substances.

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If one takes at random a product of the plaintiff such as chloramphenicol, Ex. 15, or Geriatric Vitamin-Mineral Formula, Ex. 22, it appears that the first word to be found in both cases on the label of the bottles is "Kapseals", a registered trade mark of the plaintiff and underneath chloramphenicol is Chloromycetin and underneath geriatric is Geriplex, both of which, as we have seen, are also registered trade marks of the plaintiff. The bottles or vials in several cases are packed in individual carton boxes which also contain the same inscriptions. The plaintiff's bottles which contain these coloured capsules are all of a brownish colour which do not permit a clear view of the capsules inside and particularly of the colour of the bands. May I also say here that chloramphenicol is sold only on prescription and although digitalis is not a prescription item, it is always sold on prescription.

From the years 1953 to mid-1959, i.e. six and a half years, the plaintiff, or its Canadian related company, Parke, Davis & Co., Ltd., a registered user of each of its trade marks since June 23, 1955, sold over 300,000,000 colour banded capsules of various pharmaceutical preparations and the evidence discloses that from 1932 to 1959 it was the only one who used colour banded capsules with pharmaceutical products although it did cost 20 per cent more to band than not to band. The evidence also discloses that no one ever used a colourless band. Sales of the plaintiff's grey banded capsules (chloramphenicol) from 1949 to 1959 amounted to over 34,000,000 and from 1932 to the commencement of the present action, the plaintiff had sold 23,500,000 of the green banded capsules.

The plaintiff's advertisements in its 1958 edition of "Therapeutic News" does not describe nor mention the colour band but merely uses the word "Kapseals" which, as we have seen, is another registered trade mark of the plaintiff together with the word mark of five of its capsulated products. On the other hand Exs. 50-50A and 48-48A, which are all advertisements put out by the plaintiff, bear inscriptions referring to its colour bands and mention specifically that they are thereby identified as products of the plaintiff or of its related Canadian company. There appears to be no evidence as to when Exs. 48 or 48A were put out. Ex. 53, "The Medical News Magazine", of March 1959, and the "Ontario Medical Review", of November

1959, carry an ad which refers to the plaintiff's unique colour bands as identifying its products. Now, although the various colour banded and capsulated pharmaceutical products of the plaintiff are always referred to and ordered in the trade by the word trade marks associated with each, nevertheless, they reach the ultimate consumer whenever supplied on prescription, with no identification other than the coloured bands.

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The defendant company entered the pharmaceutical field about eight years ago. It has no retail outlets to sell to the public and sells to wholesalers, hospitals, physicians, provincial and federal governments and pharmacists.

It sold chloramphenicol in Canada in capsules bearing a grey band substantially indistinguishable from the plaintiff's of which it had imported about 10,000 from the Danish Powder and Tableting Co. of Scanpharm, Copenhagen. These capsules arrived in Canada in January 1960. Mr. Winters, the defendant's president, states that he first became acquainted with the Danish chloramphenicol grey banded capsules on a trip to Bermuda where he saw some of them.

The parties before the trial of this case produced as Ex. 11 an admission which reads as follows:

ADMISSION

For the purposes of this action only, the parties hereto admit the following facts:

1. Before February 18, 1960, the defendant sold in Canada a pharmaceutical preparation identified by it as chloramphenicol in bottles of 100 capsules of which the bottle and its contents marked Exhibit A to the affidavit herein of Thomas V. Grubb, dated February 15, 1960, is a typical sample.

2. The capsules of chloramphenicol referred to in paragraph 1 sold by the defendant were not manufactured by the defendant but were bought by it from a European supplier in the state in which they are found in the said Exhibit A and were then bottled and labelled by the defendant.

3. After February 18, 1960, the defendant sold in Canada a pharmaceutical preparation identified by it as chloramphenicol in bottles of 100 capsules of which the bottle and their contents identified as Exhibits I and II to this admission are typical samples.

4. The capsules of chloramphenicol referred to in paragraph 3 sold by the defendant were not manufactured by the defendant but were bought by it from a European supplier in the state in which they are found in the said Exhibits I and II and were then bottled and labelled by the defendant.

By an interim injunction made on February 18, 1960, the date of the commencement of the present action, and by

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subsequent interlocutory injunctions dated February 23, 1960, March 8, 1960, April 14, 1960 and May 17, 1960, the defendant company was restrained until the trial or other disposition of the action from further sale of any pharmaceutical preparations in association with the plaintiff's grey banded or green banded trade marks or any trade mark confusing with them.

After the first of the interlocutory orders, the defendant company, subsequent to February 18, 1960, changed over to a green band around its chloramphenicol capsules. Mr. Winters, president of the defendant company, states that a saleswoman from the Joint Marsing Co. came in to see him and showed him some samples of green banded capsules of chloramphenicol. As he put it at p. 143 of the transcript:

When we were ordered to stop selling the grey banded capsules, we said: "Fine, we are not interested in the colour, we will sell green banded capsules and gave her an order for the green banded chloramphenicol capsules".

The plaintiff, therefore, claims that the defendant, by its actions, has infringed its rights in the trade marks registered under number N.S. 148/37803 (green) and N.S. 148/37804 (grey), has directed public attention to its pharmaceutical preparations in such a way as to be likely to cause confusion in Canada between the pharmaceutical preparations of the defendant and theirs and has passed off, and enabled others to pass off, its pharmaceutical preparations as and for theirs. It also states that it is apprehensive that if the defendant is restrained from using the green bands it will then begin to use, in association with the sale of its pharmaceutical preparations, one of the other of its registered colour banded marks and, therefore, requests an injunction restraining the defendant from selling, distributing and advertising any pharmaceutical preparations in association with any of the plaintiff's ten registered trade marks, an order directing the defendant to deliver on oath to the plaintiff all such pharmaceutical preparations as may be in the possession or power of the defendant bearing the plaintiff's said trade marks registered under number N.S. 148/37803 and N.S. 148/37804 or any trade mark confusing with either of the said trade marks, or alternatively, for the destruction on oath of such pharmaceutical preparations, damages or an account of the profits made by the defendant as the plaintiff may elect, such further and other relief as the justice

of the case requires and, finally, costs. The defendant, on the other hand, denies the plaintiff's allegations made in its statement of claim and adds that the plaintiff is not entitled to the exclusive use of the pharmaceutical preparation known as chloramphenicol and that it is, therefore, entitled to sell in Canada this pharmaceutical preparation.

An amended counterclaim granted on January 12, 1961, produced by the defendant, attacks the validity of the plaintiff's ten trade marks in that they would not be distinctive on their face nor capable of distinguishing one preparation from another. The defendant further alleges that the plaintiff's trade marks are distinguishing guises incapable of constituting a trade mark in that the gelatin band encircling the middle of each capsule performs the function of sealing the capsule; that this function is described in U.S.A. patent number 1861047, granted on May 31, 1932, and owned by the plaintiff prior to its expiry and that the plaintiff is thereby estopped from denying that the gelatin band encircling each capsule performs the said function. The defendant adds that bands of coloured gelatin around a gelatin capsule containing a pharmaceutical preparation were incapable of constituting a trade mark and that such bands are incapable of distinguishing particular pharmaceutical preparations. The defendant further states that the plaintiff is attempting to monopolize the process of using a gelatin band to seal capsules and to prevent others from using this process by registering the said trade marks. He finally urges that it is unlawful or contrary to good practice within the trade to distribute capsules containing chloramphenicol identified solely by a grey band encircling each. It then claims that the ten above mentioned registered trade marks be expunged and finally that it be allowed costs and such further and other relief as this Court may order.

The plaintiff never claimed, nor does it now, that it is entitled to the exclusive use of chloramphenicol nor that the defendant cannot sell this product in Canada. What it does say, however, is that defendant cannot sell any of its pharmaceutical products, be it chloramphenicol or any other, under the plaintiff's registered trade marks. This, I believe, disposes of the defendant's first point.

The assertion made by the defendant that plaintiff's trade marks are invalid because they are incapable of distinguish-

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ing one pharmaceutical preparation from another can be dealt with shortly by stating that it is a well known principal of trade mark law that the object of a trade mark is not to distinguish a particular ware or service but to distinguish wares or services of a particular trader.

The remainder of the defendant's contestation resides in an attack on the validity of the plaintiff's trade marks on four points which can be summarized as follows: the plaintiff's trade marks (1) are distinguishing guises incapable of constituting a trade mark and reside in colour alone; (2) perform functions and so cannot distinguish; (3) are really the subject matter of an expired United States patent and (4) that the registration of ten different colours constitutes a monopoly.

However, before dealing with each of the points raised by the defence herein, a brief summary of the relevant sections of both the *Unfair Competition Act*, 22-23 George V, c. 38, and the new Act, the *Trade Marks Act*, 1-2 Elizabeth II, c. 49, would, I believe be of some assistance.

As we are dealing with registered trade marks, the registration under s. 19 of the *Trade Marks Act*, in respect to any wares unless shown to be invalid, gives to the owner the exclusive right to the use throughout Canada of such trade marks in respect of such wares. The trade marks involved in the present instance are, therefore, *prima facie* valid and the burden to show invalidity rests on the defendant.

Section 20 of the *Trade Marks Act* sets down the circumstances in which this exclusive right of the registered owner of a trade mark is infringed and the relevant parts thereof read as follows:

20. The right of the owner of a registered trade mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade mark or trade name . . .

A "confusing trade mark" is defined in s. 6(1) of the *Trade Marks Act* as follows:

6. (1) For the purposes of this Act a trade mark or trade name is confusing with another trade mark or trade name if the use of such first mentioned trade mark or trade name would cause confusion with such last mentioned trade mark or trade name in the manner and circumstances described in this section.

I may dispose of the matter of confusion here rapidly by saying that looking at Ex. 12, the grey banded capsule of

the defendant, in relation to Ex. 15, the grey banded capsule of the plaintiff, and Ex. 14, the green banded capsule of the defendant, in relation to Ex. 18, the green banded capsule of the plaintiff, and bearing in mind the definition of a confusing trade mark, *supra*, one can see without any hesitation whatsoever that in both cases the capsulated coloured bands are not only confusing but practically identical.

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I shall now consider first the question of validity of the plaintiff's registered trade marks for if it be found that these registrations are invalid, there can be no infringement thereof.

Section 18 of the *Trade Marks Act* sets down the cases when the registration of a trade mark is invalid:

18. (1) The registration of a trade mark is invalid if
- (a) the trade mark was not registrable at the date of registration;
 - (b) the trade mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced; or
 - (c) the trade mark has been abandoned;

With respect to s. 18(1)(a), if the date of registration, such as in the present case, was at a time when the old Act, the *Unfair Competition Act*, 22-23 George V, c. 38, was in operation, then the question of registration must be examined by reference to the old Act.

As we are dealing here with design marks, it would appear that under the *Unfair Competition Act*, the question of distinctiveness at the time of registration was not a ground of objection to registration. Indeed, if a design mark applied for under the provisions of the *Unfair Competition Act* did not offend under s-ss. 27(a), (b), (c) of the Act, then it was registered. These subsections state that a design mark may be registered if (a) it is not identical with or similar to any design marks already registered; (b) is not such as to be likely to mislead dealers or users of the wares as to the character or quality of the wares; (c) by reason of one of its principal characteristics being a representation of something which obviously suggests a word mark already registered for use in connection with similar wares, it is likely that such word mark or some word resembling the same would be used to define or describe the wares in connection with which the design mark is used. The plaintiff's design marks fall in neither of these cases.

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On the other hand, however, s. 18(1)(b) "distinctiveness" would be covered by the new Act, the *Trade Marks Act*, 1-2 Elizabeth II, c. 49, as at the time the proceedings bringing the validity of the registration into question were commenced, (i.e. the counterclaim of the defendant was filed on March 17, 1960), this new Act was in operation and we are not dealing here with a trade mark consisting of the name of an individual or of a geographical or of a descriptive trade mark.

I may add here that the new Act has changed considerably the concept of distinctiveness as applied to trade marks that do not consist of the name of an individual or of a geographical or of a descriptive trade mark. Indeed, under the new Act the question of distinctiveness is not to be examined, as we have seen, as of the date of registration but at the time proceedings bringing the validity of registration into question are commenced and the trade mark may have acquired distinctiveness between the period of registration and the taking of the proceedings. The matter of distinctiveness here must, therefore, be examined under the new law and particularly in relation to the definitions of "distinctive" and "trade mark" in this Act which read as follows:

2. . . .

(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;

* * *

(i) "trade mark" means

(1) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others.

The new Act has eliminated the words "adapted to distinguish" from the definition of a trade mark and has, therefore, done away with the necessity which existed under the *Unfair Competition Act* of inquiring into the innate character of a mark, leaving now the matter only of distinctiveness to be determined whether it has that innate character of a mark or not.

The defendant's first attack on the validity of the plaintiff's trade marks is that they are merely distinguishing guises incapable of constituting a trade mark; that capsules

which have an existence independent of any particular pharmaceutical product were patented in France in 1834 and 1848 and that they are therefore now in the public domain. A capsule, according to the defendant, is nothing more than a package for pharmaceutical preparations and the adoption by the plaintiff on such a package of colour alone is not sufficient to constitute a trade mark and the case of *Hanson's Trade Mark*¹ is referred to where Kay J. in refusing a trade mark said at p. 132:

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You may register a mark which is otherwise distinctive in colour and that gives you the right to use it in any colour you like; but you cannot register a mark of which the only distinction is the use of a colour.

And on p. 133 he adds:

. . . the distinctive device must be something which is distinctive independently of the colour.

In the *Henry K. Wampole & Co. Limited v. Hervay Chemical Co. of Canada, Ltd.*² Audette J. at p. 80 stated:

The trend of the law is strongly towards the proposition that in ordinary circumstances the adoption of packages of peculiar form or colour alone, unaccompanied by any distinguishing symbol, letter, sign or seal, is not sufficient to constitute a trade mark.

And at p. 81 he queries:

Can a wrapping be made the subject of a trade mark by only being coloured, without any other distinguishing features?

A distinguishing guise, under the *Unfair Competition Act*, s. 2(d), "is a mode of shaping, moulding, wrapping or packing wares entering into trade or commerce which by reason only of the sensory impression thereby given and independently of any element of utility or convenience it may have is adapted to distinguish the wares so treated from other similar wares . . .". The defendant submits that this definition fits the trade marks of the plaintiff as they are modes of wrapping or packing and that the sensory impression of the trade marks are the various colours of the bands which happen to be also their sole features.

Now, whether the colour banded capsules of the plaintiff are distinguishing guises or not, these trade marks, if otherwise valid, would still be valid trade marks. Indeed, a mark on goods or on a package of goods makes no difference whatsoever, it could still be a trade mark even under the

¹ (1888) 5 R.P.C. 130.

² [1929] Ex. C.R. 78.

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Unfair Competition Act as according to s. 2(c) of this Act “design mark” (and all of the trade marks of the plaintiff are registered as design marks) “includes any distinguishing guise capable of constituting a trade mark.”

On the other hand I am of the opinion that the gelatin capsules here are not merely wrappers or containers or get-ups for pharmaceutical products but they may be also part and parcel of the pharmaceutical product as they are used in some cases, if not in most, not only to contain and wrap but also to insure that the medicine absorbed by the patient becomes effective in the stomach and not in the mouth or other intermediary parts. Indeed, in many cases the medicine is unpalatable and a patient can only swallow and absorb it in capsule form.

Finally, the plaintiff's trade marks are not in the capsule themselves but on the colour bands surrounding the middle of the capsules. It therefore follows that whether the capsules are a means of packaging or not, or even a get-up, we are in either case dealing with the placing of a mark, the coloured bands, on goods or wares, or on the package of goods or wares, which, according to the plaintiff, identifies and distinguishes those goods of the plaintiff from the goods of others.

Should the plaintiff's trade marks reside in colour alone, I believe there is no doubt that they could not be the proper subject matter of a trade mark. However, as I mentioned above, they are not only colour but they are in each and every case a coloured band or strip which, however unmeaning these bands may be in themselves, may come by use to be recognized in the trade as the marks of the goods or wares of the plaintiff. Authority for this may be found in the case of *Wrights Ropes Ltd. v. Broderick & Bascom Rope Co.*¹ where the trade mark consisted of a yellow strand in wire rope. The plaintiff petitioned to expunge the trade mark registration and the defendant counterclaimed for infringement. Maclean J. held the yellow strand to be a mark and in so doing found at p. 145:

Assistance is to be had from the cases decided in England before there was any statutory definition of a trade mark. These cases would distinguish between colour as the whole subject of the trade mark—such as a coloured label—and colour applied to one particular feature or element in a manufactured article.

¹ [1931] Ex. C.R. 143.

He held the trade mark valid and enjoined its infringement.

As submitted by the plaintiff's counsel, one must indeed distinguish between colour as a trade mark and colour of a trade mark. We would have the latter in the present instance with the different coloured bands or strips. This is not a case where colour is the whole subject of the trade mark such as the pink coloured label in the *Wampole* case referred to above.

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Nor can the *Hanson* case cited above apply to the present instance as under the *British Trade Marks Act* of 1875, colour could not be registered. That is not, as we have seen, the situation in Canada and has not been the situation in England since 1905.

The defendant's second point is that the plaintiff's trade marks perform functions and are, therefore, incapable of constituting valid trade marks.

Authority for this proposition can be found in the case of *Imperial Tobacco Co. of Canada, Limited v. The Registrar of Trade Marks*¹ which is really a converse situation to the present one. In the *Imperial Tobacco* case the Registrar of Trade Marks refused to register an alleged trade mark consisting of a sheet of cellophane to be used as an outer wrapper with a red coloured band of the same material extending around it. One of the ends of the red coloured band was outside the wrapper so that it could be grasped and used to tear it away, thus permitting the easy removal of the cellophane wrapper. This trade mark was refused by the Registrar on the ground that the coloured band performed the function of indicating where the tear strip was located.

An appeal to the then President of the Exchequer Court was dismissed, Maclean J. stating at p. 145:

In my opinion any combination of elements which are primarily designed to perform a function, here, a transparent wrapper, which is moisture proof, and a band to open the wrapper is not fit subject matter for a trade mark, and if permitted would lead to grave abuses.

The functionality in the above case as well as in the one we are dealing with here are indeed very similar. In the *Imperial Tobacco* case the outer wrapper is composed of cellophane; in this case the outer wrapper is a gelatin cap-

¹ [1939] Ex. C.R. 141.

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sule; in the *Imperial Tobacco* case the coloured cellophane band is used to open the outer wrapper; in this case the coloured gelatin band is used to close the gelatin capsule.

There is no question but that the gelatin band performs the function of sealing as admitted by the plaintiff's Canadian Manager, Mr. Speed, at p. 212 of the transcript:

Q. 4 Forget for the moment any advantages or disadvantages of banding and forget for the moment colouring. Can we agree on one thing and that what a gelatin band does when it is put around a capsule is that it performs the function of sealing the capsule. Is that correct?

A. It performs the function of sealing the cap to the body.

And at p. 213:

Q. 1 And in view of the fact that the band is also composed of gelatin it sort of combines with the gelatin cap and body and makes it one whole capsule without any joints in it. Is that correct?

A. Yes.

This indeed is as far as the plaintiff's witness would go with respect to the functionality of the banded capsules. On this subject the plaintiff took the position that the sealing of a capsule is an operation essentially without practical significance and could, moreover, be achieved substantially as effectively with a colourless band as with a coloured band and that its trade mark registrations in no way prevent any use which the defendant may wish to make of colourless bands on its capsules which appears to be the only manner the plaintiff will allow the defendant to seal band its capsules. The plaintiff indeed contended that it earlier used the sealing idea of its capsules as a sales pitch but dropped it when it found out that it was not "holding water" because the doctors and pharmacists were perfectly well aware that all sorts of people were putting out capsules that were unbanded.

The plaintiff stated that it first used a coloured band in Canada in 1932 and that nobody else appears to have used one until late 1959 adding that the fact that there has apparently never been any use by anyone of a colourless band around a capsule, though a colourless band would seal just as effectively as a coloured one, carries in itself a very strong suggestion that the alleged sealing functions of a coloured band are wholly without practical significance.

On the other hand, the defendant, through its president, Mr. Winters, and a Nyscoseal Inc. advertisement in an issue

of the Drug Trade News (Ex. "K") published in New York, established that the capsule colour banding process has many advantages in addition to sealing such as preventing separation of capsule halves, eliminating seepage of powder and loss of contents, preventing unpleasant odours due to leakage, resulting in longer shelf life (keeps product looking factory fresh), facilitating identification by different colour combinations, improving appearance of capsule and preventing pilfering.

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Mr. Winters also added, and this is important, that the use of a coloured band would be of considerable assistance in detecting a break in the bands which, with a colourless band, would remain undetected, as he stated at p. 124 of the transcript:

A. Yes; I think there is one more important fact and that is with coloured band, My Lord, one could tell on inspection quite easily and readily if a fracture was present on the band.

Now in cross-examination Mr. Winters, although maintaining that the above advantages existed, admitted that they are not of paramount importance and I may add here that whether they be of paramount or of great practical importance or not would not, in my opinion, make these advantages less functional if they are so, the question being merely a matter of degree and should I have any hesitancy, which I have not, in deciding that they are functional my conviction in this respect would be strengthened by Ex. "H", p. 96, which is an advertisement of the plaintiff to which I have already referred and which contains a statement to the effect that "Kapseals" (the colour banded capsules of the plaintiff), "represents an important development in pharmaceutical protection of medicinal substances" as well as by Ex. I which is an American patent owned by the plaintiff, bearing number 1861047, dated May 31, 1932, and is related to sealed capsules which contains the following:

The present invention relates to capsules for containing measured quantities of materials such as drugs or other medicaments, including liquids, such as oils.

Heretofore, in enclosing dry materials in the ordinary two-part capsule, there has always been present the possibility and often the probability that the two parts, i.e., *the cap and body, may become disengaged and the contents lost*. Also, the many attempts to retain liquid material in the ordinary two-part capsule have been without success due to several causes. *If the liquid be placed in the capsule without sealing in some manner, the liquid may creep between the two parts and be lost.*

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Many attempts at sealing have been resorted to, one such being the moistening of the body before applying the cap. This method is unsuccessful due to the shrinkage of the body away from the cap.

Among the objects of the present invention is to obviate all of these difficulties and provide the ordinary hardened gelatin capsule with *an effective seal and thereby prevent losses of contents whether liquid or solid.*

Another object is to provide *a means of identification* of the sealed in contents of such capsules.

And further down:

It is also proposed to use *different colours of sealing material* so as to furnish a visible indication of the identity or general character of the contents and this is believed to be a novel feature in itself.

This indeed is a patent which the plaintiff used for a period of seventeen years, from the year 1932 to the year 1949, date upon which the present trade marks were registered in Canada. It indeed has banded its wares in accordance with this patent since 1932 and also because of that I find it impossible to set aside the admitted functional advantages of the colour banded sealing process contained in the patent and decide now that it is not functional notwithstanding plaintiff's assertion that whatever functions the colour sealed bands may have, they are without any practical significance. It appears from the evidence that many drugs are imported into Canada mostly from the United States and the reason why, as pointed out by the plaintiff, no one used banded capsules in Canada until 1959 may well be that up until 1949 the importation of such banded capsules from the United States could be done through the plaintiff only under its patent and as soon as the patent expired in the United States, i.e. 1949, the ten trade mark registrations, as well as its "Kapseals" trade mark registration, were obtained in Canada.

Now a functional part *per se* is open to the world apart from the protection of the patent law. A trader can, however, obtain a valid trade mark on a distinctive form of the functional part or parts such as in the *Haig* case providing that by so doing he does not hold a monopoly of all the forms of the functional part or parts. cf. *John Haig Co. Limited v. Forth Blending Co. Ltd.*¹ and *Edge & Son Ltd. v. William Niccolls & Son Ltd.*²

We have seen that the colour banded capsules of the plaintiff have many utilitarian functions and that even the

¹ (1935) 70 R.P.C. 259

² [1911] 1 Ch 5; [1911] A.C. 693; (1911) 28 R.P.C. 53.

presence of colour on the bands is useful in enabling the easy detection of a break on the band. The plaintiff has registered as trade marks ten different coloured bands. These ten colours more than cover the spectrum and the fact that the plaintiff in some colours, such as in association with the product digitalis, is using various shades of green for instance, may give it a monopoly on the colour of the bands in not only the ten colours mentioned in the registration but also in a multitude of different hues and shades of the ten colours. Although extensive, this right to colour its bands in such a fashion would not prevent someone else from colouring its capsules elsewhere than on the band encircling the middle of the capsule nor would it prevent the use of contrasting colours on the body of the capsules. In this sense I would be reluctant to say that the plaintiff would have by its trade marks monopolized colour, which disposes of the defendant's fourth attack on the validity of the trade marks.

However, this extensive coverage of the various colours and shades together with the utilitarian use of the coloured bands around the middle of the capsules (particularly the sealing and the use of coloured bands or strips to detect breakage of the bands) which, as we have seen, happens to be the best place the bands can be placed in order to seal both halves, brings me to the conclusion that the plaintiff by using its trade marks as it does, because it could have merely painted a strip or a band around the capsule, undoubtedly monopolizes, with the exception however of their utility as simple containers, all the forms of the functional parts of the colour banded sealed capsules and because of this I cannot but find that the plaintiff's trade marks are invalid.

Having found the plaintiff's trade marks invalid under s. 18(1)(a) of the *Trade Marks Act* there is, therefore, no need to deal with the matter of distinctiveness under s. 18(1)(b) at this stage.

This brings me now to the defendant's third point that the plaintiff's trade marks are really the subject matter of a United States expired patent and cannot be perpetuated by being disguised as a trade mark.

We have seen that the plaintiff at one time held a United States patent on sealed capsules, the relevant sections of which were cited above and that from 1932, the year when

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the patent was issued until September 19, 1950, when the Canadian trade marks were applied for, the plaintiff used coloured bands on its capsules. The defendant suggests that this long delay between the years 1932 and 1949 occurred during the period in which the plaintiff had the benefit of the protection of the United States patent. However, no corresponding Canadian patent was issued, as an application even for the holder of the American patent could only be made under s. 8(2) of the Canadian *Patent Act*, R.S.C. 1927, c. 150, within two years from the issue of the United States patent and no such application was ever made. The defendant urges that the protection period under the *Patent Act* is seventeen years and as the plaintiff waited exactly seventeen years from the date of the issue of the United States patent to apply for registration of its ten trade marks, he suggests that this is more than a curious coincidence and that upon the expiry of the patent protection period, the plaintiff sought to devise a scheme whereby it could perpetuate its monopoly of the patent and did so by applying for the registration of its ten marks, as a trade mark. A trade mark, under our law, if regularly renewed, may become perpetuated whereas, of course, as mentioned above, a patent is valid only for seventeen years.

He further submits that having elected in the United States to treat its colour banded capsules as being the proper subject matter of a patent, the plaintiff cannot now say that this is incorrect and that the colour band is properly now the subject matter of a trade mark, to the extent that, according to the defendant, the plaintiff would be estopped from now denying that its process of sealing a capsule with a coloured band is properly the subject matter of a patent.

On this point the defendant cited the case of *Canadian Shredded Wheat Co. v. Kellogg Co. et al.*¹ in which the plaintiff sued the defendant for an injunction to restrain an alleged infringement of registered trade marks, passing off of goods and damages. The trial judge dismissed the action, the Court of Appeal for Ontario dismissed the plaintiff's appeal and the Judicial Committee of the Privy Council recommended the dismissal of the plaintiff's further appeal.

The shredded biscuit involved in this case was produced by an apparatus protected by a Canadian patent which

¹ [1936] O.R. 281 and 613 (C.A.); [1938] 2 D.L.R. 145 (P.C.).

expired in 1919. For some years thereafter the plaintiff continued in fact to enjoy the monopoly in Canada as no rival manufacturers appeared upon the scene. In 1928 the words "shredded wheat" were registered as the plaintiff's trade mark to be applied to the sale of biscuits and crackers and in 1929 the same words were registered with respect to cereal foods.

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Lord Russell at p. 150 stated:

... There can be little doubt that had the plaintiff, when the patent expired, attempted to register the words "Shredded Wheat" as a trade mark for the sale of biscuits and crackers, the application would have met with short shrift. It would be attempting by registering the name of the patented product to prolong the patent monopoly; and this may not be done.

And Lord Russell goes on to approve the dictum of Lindley, L.J. in *Re Palmer's Trade Mark*¹:

I do not mean to say that a manufacturer of a patented article cannot have a trade-mark not descriptive of the patented article so as to be entitled to the exclusive use of that mark after the patent has expired; for instance, if he impressed on the patented articles a griffin, or some other device; but if his only trade-mark is a word or set of words descriptive of the patented article of which he is the only maker, it appears to me to be impossible for him ever to make out as a matter of fact that this mark denotes him as the maker as distinguished from other makers.

Had the plaintiff held a Canadian patent in the present instance, I would have been quite prepared, bearing in mind the fact that the plaintiff in all of its trade marks used the colour banded sealed capsules, to consider that by registering its trade marks it was attempting to perpetuate its patent. However, we are concerned here with an American patent and as patents have no extraterritorial rights the American patent rights here are irrelevant to any question regarding Canadian trade mark rights.

Consequently, the plaintiff's rights in Canada in relation to coloured bands would reside only in its use of its bands for many years to distinguish (if they so distinguish) its pharmaceutical preparations from those of the others and its subsequent registration of such bands as trade marks on the basis of this use.

Although my finding that the plaintiff's trade marks are invalid because of their monopolistic functional characteristics does away with the possibility of infringement there

¹ (1883) 24 Ch. D. 504, 521.

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still remains the passing off action with which I will now deal.

The claim for passing off is made under s. 7(b) of the *Trade Marks Act*, 1953, which provides as follows:

7. No person shall

(a) . . .

(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.

The onus on the plaintiff in this action is different from that required under the *Unfair Competition Act*, 1932, and similar to the onus he would have in an infringement action. Indeed, he must prove that the defendant's course of conduct caused or was likely to cause confusion.

Bearing in mind the similarity of the grey and green banded capsules of the defendant and those of the plaintiff, there is no question that this onus has been successfully met here.

Lord Justice James in the case of *Singer v. Loog*¹ explained the action of passing off as follows:

. . . No man is entitled to represent his goods as being the goods of another man and no man is permitted to use any mark, sign or symbol, device or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate consumer.

Plaintiff's colour banded capsules, as we have seen, reach the ultimate consumer whenever supplied on prescription with no identification other than the coloured bands. It would, therefore, be possible for a dishonest pharmacist, for instance, to pass off defendant's capsules for those of plaintiff providing, however, as we shall now see, that these colour banded capsules do in fact distinguish plaintiff's capsules from those of others or indicate their common origin.

In *J. B. Williams Co. v. H. Brownley & Co.*² Cozens-Hardy M.R. said:

What is it necessary for a trader who is plaintiff in a passing off action to establish? It seems to me that in the first place, he must, in order to succeed, establish that he has selected a peculiar—a novel—design as a

¹ (1879) 18 Ch. D. 395 at 412.

² (1909) 26 R.P.C. 765 at 771.

distinguishing feature of his goods and that his goods are known in the market, and have acquired a reputation in the market by reason of that distinguishing feature, and that unless he establishes that, the very foundation of his case fails.

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What the plaintiff must, therefore, do to establish a cause of action is to prove two things: first, that the mark in question, when used in the market, is understood by the public as meaning wares manufactured or sold by it; and secondly, that by what the defendant does he passed off his wares or services as and for those of the plaintiff to his injury.

The only question, therefore, that remains to be decided is whether the coloured bands of the plaintiff have by use become distinctive and are recognized in the trade as identifying its goods or wares or as identifying the origin of such goods or wares. The coloured bands *per se* are without distinctive character but it may be that they have been used by the plaintiff for so many years and over a substantial part of Canada so that they have come, in fact, to distinguish their wares from all others of the same kind. The acquisition of distinctiveness in this sense is usually expressed by saying that the marks have acquired a secondary meaning.

Now to acquire a secondary meaning in this sense means such marks must have acquired it over a substantial area and must mean to purchasers that the wares sold in association with the trade marks are those of the plaintiff and nobody else or indicate a common origin.

This is a question of fact to be decided on the evidence and as stated by Warrington J. in *H. E. Randall Ltd. v. E. Bradley & Son*¹ the onus of proving the acquisition of secondary meaning which is on the user of the trade mark, is a heavy one when the mark in question is a descriptive word. I would think that a similar position could be taken with regard to a trade mark involving numerals or colours, which are in the public domain. Now to satisfy the test of distinctiveness it is not sufficient that a trade mark be merely distinctive in channels of trade as, for example, to the manufacturer or wholesaler, but it must be to all who are probable purchasers including the ultimate consumer.

In *Wood v. Butler*² "it ought", said Lopes L.J. "to be a special distinctive mark not only recognisable by the trade

¹ (1907) 24 R.P.C. 657 at 663.

² (1886) 3 R.P.C. 81.

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but also recognisable by the consumer and connecting the goods with the manufacturer.”

Now looking at all the plaintiff's coloured capsules, and particularly the grey and green banded ones, which are alone involved in the passing off action, and at the capsules produced as exhibits from other pharmaceutical companies, I find that all these companies use one colour or another either with coloured bands or bandless with coloured bodies and it has not been proven to my satisfaction that to the ultimate consumer the plaintiff's coloured bands would indicate that they originated from the plaintiff or that they had a common origin.

Defendant's counsel produced a vial with eleven banded capsules in it and asked the plaintiff's manager, Mr. Speed, to identify the companies producing each of them. Mr. Speed was able to identify two of them only and only because they both bore inscriptions, one having the monogram "B.C." (Bell & Craig) on it and the other the words "Parke Davis".

The plaintiff's advertisements previous to the year 1959, which of course was immediately before the taking of the present action, did not mention nor describe any of its bands whether yellow, blue, black, brown, pink, white or grey.

In no case did the plaintiff's salesmen sell the capsules using the description of colour banded features as they are not taught to sell that way. They always used, and still use, the plaintiff's word marks in each and every case as well as plaintiff's trade mark "Kapseals" which, of course, as we have seen applies to all of its colour banded capsules. The same applies to its advertisements, as admitted by Mr. Speed, at p. 100 of the transcript:

Q. 6 And yesterday when you were looking through all the copies of your own Therapeutic Notes published by your own company instead of depicting or mentioning which colour band is around each capsule in each case your company used the word "Kapseals". Isn't that correct?

A. I think you are right.

And at p. 101:

Q. 3 Let us look now at the April 1959 volume at page 210. There is an advertisement dealing with the trade product Carbital.

A. Yes.

Q. 4 Now that is one of the products sold by your firm in a capsule with a coloured band about it. Is that right?

A. Yes.

Q. 5 Do you know which colour it is?

A. Blue.

Q. 6 On this page ad it doesn't refer to the blue band at all but only to the word Kapseals. Isn't that correct?

A. Yes

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Q. 1 And on page 10 of the April 1959 volume the capsule itself isn't even depicted.

A. No

The plaintiff's labels, although containing certain inscriptions required under the *Food and Drugs Act and Regulations* similar to what appears on the defendant's labels, are however of a different colour and all carry the plaintiff's other trade names such as "Chloromyceetin" and "Kapseals" and the containers with their labels can in no way be confused.

After counsel for the plaintiff had showed the defendant's president, Mr. Winters, a bottle of Coca-Cola, which the witness recognized as a bottle of Coca-Cola merely by looking at its shape, Fournier J. who was then presiding, asked him the following question at page 193:

Q. 10 What I would like to know is if the grey band on these capsules was used in such a way that people looking at that capsule will say that is a Parke Davis product.

A. Not without looking at the label.

I am also of the opinion that the evidence submitted in the present instance does not establish that by merely looking at the grey band of the plaintiff's capsule one would say it is a Parke Davis product nor is the evidence sufficient to establish that it would indicate common origin.

I am also of the opinion that their lack of distinctiveness was such that plaintiff produced on the Canadian market grey banded capsules with the name Parke Davis inscribed thereon. Exhibit "P", which is a vial, contains a number of grey banded capsules with Parke Davis inscribed thereon and they were purchased on January 24, 1961, during the trial of the present case, from Starkman Chemists, in Toronto. Mr. Speed, the plaintiff's Canadian manager had previously denied that his company sold grey banded capsules containing chloramphenicol in Canada with the name

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Parke Davis on them. When told that the grey banded capsules with the plaintiff's name on them had been bought in Toronto a few days before, he admitted that they could be from a lot distributed in Canada from its Brockville laboratories. This would tend to indicate that the plaintiff was able to make known the origin of its wares only when it showed its name on the capsule as many other pharmaceutical companies do.

Now in addition to this, the plaintiff's capsules are banded in thirty-four cases out of seventy-one which, of course, indicates that less than one-half of its capsules are colour banded. In short, the evidence reveals that in the pharmaceutical products in issue in this case, no one relies upon the colour of capsules either from the physician's point of view to prescribe them or the pharmacist's point of view to purchase them or even from the manufacturer's point of view. As for the ultimate consumer, the colour band around the capsules is several times removed from him. In most of the products, such as Ex. 17, which is a chloramphenicol product, between the capsule and the patient there is a carton, and then a bottle and on the bottle, a label containing the plaintiff's registered trade marks as well as its trade mark "Kapseals".

In the case of chloramphenicol there also is a physician's prescription as it is a prescription item and although digitalis does not have to be prescribed under the Regulations, the evidence is to the effect that it is however always prescribed, so that in both cases involved in the passing off action there is, in addition to the labels, the bottle and the other trade words of the plaintiff, the presence of a doctor. May I here repeat that I cannot, in addition to the above, and in view of the multi-coloured capsules produced as exhibits and put out by the plaintiff as well as by several drug manufacturers in colour banded and unbanded capsules, see how anyone can by merely looking at the plaintiff's colour banded capsules say that they identify the plaintiff's wares and distinguish them from all others or even that they indicate common origin.

I have reached the conclusion that the plaintiff has not successfully discharged the burden of establishing that these trade marks distinguish its wares nor indicate their common origin. I am also of the opinion that the plaintiff has not established that the manner in which its goods or wares

were done up has become associated in the mind of the consumer or purchaser with its goods or wares and the evidence does not show that these marks have been relied upon by the pharmacists, physicians nor the public who consumes its goods as distinguishing them from all others.

I have found that all of the plaintiff's ten registered trade marks as used by the plaintiff in its trade and as illustrated by the plaintiff's products produced as exhibits are not, properly speaking, trade marks within the contemplation of the Statute and they were not such at the time of registration.

They were, therefore, registered without sufficient cause and should be expunged.

I also find that there is no legal basis for an action based on passing off and, consequently, any injunction restraining the defendant shall be dissolved and the plaintiff's action will, therefore, be dismissed with costs.

Judgment accordingly.

1963

PARKE,
DAVIS &
CO. LTD.

v.

EMPIRE
LABORATORIES

LTD.

Noël J.
