

IN THE MATTER OF THE PETITION OF THE

1913
March 4.
—

AUTOSALES GUM AND CHOCOLATE COMPANY, to expunge from the Trade-Mark Register, Number 23, Two Trade-Marks registered at folios Numbers, 5352 and 5353, respectively, in the name of THE FAULTLESS CHEMICAL COMPANY.

Trade-Marks—Abandonment—Rectification—Non-user and no bonâ fide Intention to use—Expunging—Jurisdiction.

The Exchequer Court has jurisdiction, on the application of any party aggrieved, to order the rectification of the register of trade-marks by expunging therefrom a mark that, through non-use or abandonment, remains improperly thereon to the embarrassment of trade.

THIS was a petition asking to expunge two trade-marks registered in the Department of Agriculture.

The facts of the case are stated in the reasons for judgment.

February 26th, 1913.

The case was heard at Ottawa.

M. H. Ludwig, K.C., for the petitioners;

R. S. Smart, for the Faultless Chemical Company.

CASSELS, J., now (March 4th, 1913) delivered judgment.

A petition was filed in the Exchequer Court on behalf of the Autosales Gum and Chocolate Company asking to expunge from the Trade-Mark Register Number 23, two trade-marks registered at folios, numbers 5352 and 5353, respectively, in the name of The Faultless Chemical Company.

The Faultless Chemical Company appeared and filed a statement of objections to the application of the petitioners.

The petitioners set out that on the 3rd July, 1895, the said Faultless Chemical Company caused to be registered at the City of Ottawa, in the Copyright and Trade-Mark branch:

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"1. A Specific Trade-Mark to be applied to the "sale of Chewing Gum consisting of the word "Chips" "registered in the Trade-Mark Register Number 23, "Folio 5352.

"2. A specific Trade-Mark to be applied to the "sale of Chewing Gum, consisting of the words "The "Gum That's" combined with a circle line enclosing "the word "Round", registered in the Trade-Mark "Register Number 23, Folio 5353."

The allegation of the petitioner is that it is the successor and owner of the business formerly carried on by the Colgan Gum Company, a corporation incorporated under the laws of the State of Kentucky.

The petitioner alleges that as the successor of the said Colgan Gum Company, it carries on in the United States, Canada, and elsewhere, as a part of its business, the manufacture and sale of chewing gum, in the form of discs, which it advertises and describes by means of the words "*Violet Chips*," "*Mint Chips*," and "*The Gum That's Round*."

The allegation in the 4th paragraph of the petition is that for a short period of time the said Faultless Chemical Company as a side line of its business carried on in the United States, but not in Canada, the manufacture and sale of chewing gum, but the said trade-marks were never used in connection with chewing gum in Canada by the said Faultless Chemical Company.

The allegation in the 5th paragraph of the petition is that in or about the year 1899, that part of the business of the Faultless Chemical Company which

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consisted in the manufacture and sale of chewing gum, was wholly discontinued, and that branch of its said business has never since been carried on by the said company, and the machinery which had been used by the said Faultless Chemical Company in the said chewing gum business, was sold and removed from the premises of the said company by the purchasers thereof.

Paragraph 6 alleges that since the said chewing gum business of the said Faultless Chemical Company was wholly discontinued as aforesaid, the said trade-marks have never been used by the said Faultless Chemical Company anywhere, but in fact have been entirely abandoned; and the petitioner prays that the said trade-marks may be expunged from the said Trade-Mark Register.

The Faultless Chemical Company filed a statement of objections to the petition. Among other objections the second is as follows:

“The registrations of the Trade-Marks referred to in the Petition were not made without sufficient cause, as required by Section 42 of the Trade-Mark and Design Act to bring the matter within the jurisdiction of this Court.”

If there is no jurisdiction to entertain the petition on the facts set out, of course the petition would have to be dismissed. If on the other hand there is jurisdiction, witnesses on behalf of the petitioners and probably on behalf of The Faultless Chemical Company, would have to be brought from a distance at considerable expense for the trial of the petition.

Counsel for the petitioner, and counsel for the Faultless Chemical Company, appeared before me and asked that the question of jurisdiction should be argued and first determined as a matter of law.

The case was argued before me on the 26th day of February, 1913.

Since the argument, I have considered the cases cited and am of opinion that it is expedient on the facts as stated that the register should be rectified by expunging these two trade-marks. It is unnecessary to mention that I am merely dealing with it as if all the facts in the petition were admitted to be true. The counsel for the petitioner rested his case mainly on the ground that subsequent to the registration of the trade-marks in question there was a complete abandonment, and that therefore the register should be rectified. Counsel, on the other hand, for The Faultless Chemical Company contended that if an entry had been made rightfully in the first instance there was no jurisdiction in this court to interfere with the registration.

I may point out that section 4 of the petition which I have quoted, goes somewhat beyond the allegation of proper registration, and the subsequent abandonment of the trade-marks. The effect of this allegation is that the trade-marks were never used in connection with chewing gum in Canada by the Faultless Chemical Company.

Section 23 of *The Exchequer Court Act*, enacts that:

"23. The Exchequer Court shall have jurisdiction
 "as well between subject and subject as otherwise,—
 "(b) in all cases in which it is sought to impeach or
 "annul any patent of invention, or to have any entry
 "in any register of copyrights, trade-marks or indus-
 "trial designs made, expunged, varied or rectified."

Section 42, of Chapter 71, R.S. of Canada, 1906, the *Trade Mark and Design Act*, reads as follows:

Procedure as to Rectification and Alteration.

"42. The Exchequer Court of Canada may, on the

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“information of the Attorney-General, or at the suit
 “of any person aggrieved by any omission, without
 “sufficient cause, to make any entry in the register
 “of trade-marks or in the register of industrial designs,
 “or by any entry made without sufficient cause
 “in any such register, make such order for making,
 “expunging or varying any entry in any such register
 “as the Court thinks fit; or the Court may refuse
 the application.

“2. In either case, the Court may make such order
 “with respect to the costs of the proceedings as the
 “Court thinks fit.

“3. The Court may in any proceedings under this
 “section, decide any question that it may be necessary
 “or expedient to decide for the rectification of any
 “such register.”

This section is practically identical with section 90
 of the English *Patents, Designs, and Trade Marks Act*,
 of 1883. The section is to be found in *Sebastian's*
Law of Trade-Marks (1).

The case generally referred to is that of *J. Batt & Co.* (2) which came before Mr. Justice Romer.

That was a case in which an application was made to
 expunge certain trade-marks from the register. In
 that case an application was also made to have
 registered a trade-mark on behalf of the applicants.

In the case before me, the only application is an
 application to rectify the register by having the two
 trade-marks referred to expunged. There is no appli-
 cation on the part of the petitioner to have a trade-
 mark similar to the registered trade-marks registered
 by them. It is apparent, however, that the petitioner
 is aggrieved by permitting the entry of these trade-
 marks if they ought not properly to be on the register,

(1) 5th Ed., p. 630.

(2) (1893) 2 Ch. D. 432, 701; (1893) 15

—it is certainly embarrassing to it to say the least, and in my opinion the petitioner is a party entitled to make the application.

In the *Batt* case the ground of the decision in the court below was that at the date of the registration there was no *bonâ fide* intention on the part of the firm to use the trade-marks. The *Batt* case was appealed (1).

The Court was composed of Lindley, M. R., and Chitty and Collins, L. JJ.

The Master of the Rolls in giving judgment (at page 441) puts a construction upon the statute as follows:

“It remains only to consider whether s. 90 of the Act of 1883 (the rectification section) is applicable to this case. We are of opinion that it is. The applicants are parties aggrieved; for the trade-mark they desire to have registered is kept off the register by reason of the presence on it of the marks of J. Batt & Co. The entry of these marks is “*an entry made without sufficient cause in the register.*” We are not disposed to put a narrow construction on this expression, nor to read it as if the word “*made*” were the all important word, and as if the words “*made without sufficient cause*” were “*made without sufficient cause at the time of registration,*” so as to be confined to that precise time. If any entry is at any time on the register without sufficient cause, however it got there, it ought in our opinion to be treated as covered by the words of the section. The continuance there can answer no legitimate purpose; its existence is purely baneful to trade, and in our opinion in the case supposed the Court has power to expunge or vary it.”

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(1) (1898) 2 Ch. D. 439; (1898) 15 Rep. Pat. Cas. 534.

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This case was taken on appeal to the House of Lords
(1). The Earl of Halsbury, L.C., in giving judgment
says (2):

“My Lords, whatever may be the ultimate decision
“on the abstract proposition as to whether or not
“there can be a keeping back for a long time of a
“trade-mark which originally was *bonâ fide* intended
“to be used, but which from accident or some other
“cause has not been used, I purpose giving no
“opinion upon it at present for this reason, that it
“does not arise in this case.”

The result is the statement approved of by the
Judges in the Court of Appeal, Lindley, M. R., and
Chitty and Collins, L.JJ., has not been disturbed (3).

While it may be that it was not necessary to place
a construction upon section 90 of the Act of 1883, as
set out in that part of the judgment which I have
quoted, nevertheless it is needless to say that they are
judgments of three well-known jurists which carry great
weight. Moreover, there is a great deal to be said in
favour of such a construction.

The third sub-section of section 42 provides that
the court may decide any question that may be expedient
to decide for the rectification of the register.

It seems to me that under the circumstances alleged
in this petition, if the facts are substantiated, it is
very inexpedient if people are permitted to retain upon
the register of trade-marks, marks that are embarrassing
and baneful to trade.

The case of *Re Smollens' Trade-Mark*, to which I was
referred in the Weekly Notes of 3rd February, 1912,
at page 35, is reported in full in 29 Rep. Pat. Cas. (4).
I do not think that case furnishes any help in the case
before me. It was an application made under *The*

(1) (1899) A. C. 428.

(2) *Id.*, p. 429.

(3) (1898) 2 Ch. D. 439.

(4) At p. 158.

Trade-Marks Act, 1905. The statute had been altered by amending the old section 90 of the statute of 1883, and by inserting the words "or by any entry wrongly remaining on the register," which placed the question of jurisdiction beyond doubt (1). Furthermore, the provisions of the English *Trade-Marks Act, 1905*, section 37, made the thing quite clear. There is no case in our courts that I know of which deals with the question.

As I have previously stated, no application has been made on the part of the petitioner to register these words as its own trade-mark.

It was conceded before me that notwithstanding the prior user of the trade-marks, if such trade-marks have been abandoned and not used by others for a period of years it would be no bar to the registration of the same words, assuming them to be the subject-matter of a trade-mark, by another. I do not wish to pass upon the question as to whether or not a trade-mark could not be registered if in point of fact the party applying for registration could show that notwithstanding the prior registration such trade-mark had been abandoned for such a length of time as to entitle the other to adopt it as his own and have it placed upon the register. It may be that if the owner of the registered trade-mark had in point of fact abandoned it, in any action brought by him to enforce such trade-mark a defence could be set up of abandonment; and it may be that such a case could be made on the application to register by the subsequent adopter of the trade-mark, assuming him to be entitled thereto. On this point, however, I pass no opinion as the case has not been argued before me. I think the legal

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(1) See sec. 35 (1), *Trade Marks Act, 1905*.

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objection must be overruled with costs of the application to the petitioner in any event.

Judgment accordingly.

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Solicitors for the petitioners: *Ritchie, Ludwig and Ballantyne.*

Solicitors for the party objecting: *Fetherstonhaugh & Smart.*
