

BETWEEN:

ISRAEL BURSHEIN ET AL.....PLAINTIFFS;

AND

HENRY DISSTON & SONS LIMITED..DEFENDANT.

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 Feb. 16.  
 1940  
 Mar. 21.

*Trade mark—Unfair Competition Act, 22-23 Geo. V, c. 38, s. 4, ss. 1, 2, 3 and 4, s 18, ss. 2 and 3—Trade marks “Woodsmen” and “Lumberman”—Validity of registrations—Priority of use—Failure to register in accordance with provisions of Unfair Competition Act—Exclusive use of trade mark.*

The action is one for infringement of the trade marks “Woodsmen” and “Lumberman” owned by the plaintiffs and registered by them on October 30, 1936. The marks are used in connection with various tools, including saw blades. In the application for registration the plaintiffs claimed use of the mark “Woodsmen” since July, 1935, and of the mark “Lumberman” since September, 1935.

The defendant by way of counterclaim prayed that the registration of the words “Woodsmen” and “Lumberman” be declared invalid and that they be expunged from the register of trade marks.

The Court found that the use of the mark “Woodsmen” in Canada, by the plaintiffs, was anterior to its use by the defendant, and that the defendant had first used the mark “Lumberman” in Canada, in the year 1927

*Held:* That plaintiffs are entitled to the exclusive use, in Canada, of the trade mark “Woodsmen.”

2. That the plaintiffs’ trade mark “Lumberman” is valid and must remain on the register, since the defendant failed to apply for registration of that mark within the time provided by the Unfair Competition Act.
- 3 That the plaintiffs are not entitled to the exclusive use, in Canada, of the trade mark “Lumberman,” since they were not the first to use or make known that mark in Canada.

ACTION for infringement of the trade marks “Woodsmen” and “Lumberman” owned by and registered in the name of the plaintiffs.

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

*R. S. Smart, K.C.* and *M. B. Gordon* for plaintiffs.

*T. B. Farrell, K.C.* and *E. G. Gowling* for defendant.

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

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ANGERS J., now (March 21, 1940) delivered the following judgment:

The plaintiffs, Israel and Shoel Burshtein have been carrying on business in the City of Winnipeg, in the Province of Manitoba, under the name of National Jewelry & Importing Company, since January, 1927.

The defendant is a corporation carrying on business in the City of Toronto, in the Province of Ontario.

The plaintiffs own two trade marks consisting respectively of the words "Woodsman" and "Lumberman" used in connection with various tools for lumbering operations, including saw blades, registered under the provisions of the Unfair Competition Act, 1932, on October 30, 1936, the first one under No. N.S.7165 and the other under No. N.S.7166.

National Jewelry & Importing Company in its applications for registration of its trade marks claimed use of the trade mark "Woodsman" since July, 1935, and of the trade mark "Lumberman" since September, 1935.

The plaintiffs in their statement of claim allege that the defendant, prior to the filing thereof and subsequent to the date of first use of the plaintiffs' trade marks in Canada, has sold and offered for sale saw blades marked with the word "Woodsman" and the word "Lumberman" and has thus infringed the said trade marks; that the defendant, without plaintiffs' authority, has sold, distributed and advertised in Canada saw blades in association with the said trade marks; that plaintiffs by their adoption, use and registration of the said trade marks are entitled to the exclusive use thereof; that by reason of the aforesaid acts of the defendant the plaintiffs have suffered damage and the defendant made profit.

The statement of claim contains the ordinary conclusions.

In its statement of defence the defendant denies that the plaintiffs are proprietors of trade marks consisting of the words "Woodsman" and "Lumberman" or that the said words were properly registered; admits that it sold and offered for sale, without plaintiffs' authority, saw blades marked with the words "Woodsman" and "Lumberman," but denies that the said words are plaintiffs' trade marks or that, in so doing, it has infringed the plaintiffs' rights; says that plaintiffs are not entitled to the exclusive

use of the words "Woodsman" and "Lumberman" and that the registration of these words by the plaintiffs is invalid for the following reasons:

the plaintiffs did not apply for registration of the said words within six months of the dates on which they claim to have first adopted and used them;

the plaintiffs were not the first to adopt and use either of the said words in association with saw blades or articles of the same category, both of the said words having been adopted and used by the defendant prior to the dates of first use claimed by plaintiffs, the word "Lumberman" having been adopted and used in the United States by Henry Disston & Sons, Inc., a United States corporation affiliated in business with the defendant company and its predecessor in business in Canada, as early as 1882 and shortly thereafter in Canada, and the word "Woodsman" having been adopted and used by said Henry Disston & Sons, Inc. in the United States as early as 1900 and used and made known in Canada shortly thereafter, which said use of the said words was continued by the defendant company as its successor in business in Canada;

the word "Woodsman," prior to the date of first use claimed by plaintiffs, was adopted and used and formed an essential part of a trade mark registered by Hartwell Brothers, Limited, of Walkerville, Ontario, for goods in the same category as saw blades as set forth in the entries made in the register of trade marks on July 4, 1923, covering the words "Canadian Woodsman," as applied to handles for sharp edge tools;

the plaintiffs, when they adopted, used and registered the words "Woodsman" and "Lumberman" knew that they had been previously made known and used.

By way of counterclaim the defendant, repeating the allegations of its statement of defence, prays that the registration of the words "Woodsman" and "Lumberman" be declared invalid and be expunged from the register of trade marks.

The statement of defence, in support of the defendant's contention that the plaintiffs are not entitled to the exclusive use of the words "Woodsman" and "Lumberman" and that the registration thereof is invalid, further alleges: (a) that the said words are descriptive of the

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goods in association with which they are used; (b) that, if the said words are capable of constituting trade marks, which is denied, then the two words are similar trade marks within the meaning of section 2 (k) of the Act and the invalidity of the registration of either of them renders the other registration also invalid. At the opening counsel for defendant waived these two grounds of attack against the validity of the trade marks.

The facts are simple and there is really no dispute about them.

Thomas R. Coates, manager and sales director of the defendant company, was examined on discovery, and counsel for plaintiffs consented that his testimony be used as evidence on behalf of defendant.

Coates said that the defendant company was incorporated in 1904 or 1905 and that he has been associated with it for 21 years. His company used the word "Woodsman" in July, 1935; the first invoice, a photostat copy whereof forms part of exhibit B, in the name of Abitibi Power & Paper Co., Ltd., for a No. 408 "Woodsman" pulpwood saw blade, is dated July 22, 1935. Also included in exhibit B are an order from the defendant to Bernard Cairns, Limited, for a rubber etching die for woodsman web saw blades dated July 4, 1935, and an invoice from Bernard Cairns, Limited, to Henry Disston & Sons for this rubber etching die dated July 10, 1935.

Coates produced as exhibit 1, on his examination for discovery, a label which, at the trial, was marked as exhibit A; he stated that this label is approximately the same as the etching on the blade.

The witness mentioned the dates of other invoices relative to saw blades bearing the mark "Woodsman" as being October 15, November 16, November 23 and December 26, 1935.

The defendant sold a few cross-cut saws with the mark "Woodsman" to one customer.

The word "Woodsman" has been used at different times in the United States but the defendant had not used it in Canada before July, 1935. The use of the mark "Woodsman" was discontinued on receipt of a letter from National Jewelry & Importing Company in May, 1938.

Henry Disston & Sons, Inc., of Philadelphia, is in the same business as the defendant company, and the latter

is and has always been a wholly owned subsidiary of the former. Coates declared that he had no record of any of the parent company's goods with the mark "Woodsmen" having ever been sold in Canada nor of any advertising of that mark having ever been made in Canada.

The trade mark "Lumberman" was used on cross-cut saws only. The defendant company used it in Canada and is still using it, but the pattern cross-cut saw on which it is used has a very limited sale in Canada.

Asked what first record of sale in Canada he had been able to find, the witness replied that his company had a record of sale in April, 1927, and also had one on January 5, 1934; the original orders have been destroyed but the defendant has the original charges for these two sales. Asked if he had any others, Coates answered that he did not check back, because it was "difficult to dig through a lot of information to get it." He added that the defendant company had used the name ever since he has been with it, to wit a period of 21 years; it has been one of its standard brands.

According to Coates, the defendant company never used a Canadian catalogue, but used the American catalogue, in which those saws are illustrated. Photostatic copies of the cover and of a page of each of the catalogues of 1904, 1914, 1918 and 1934 were produced as exhibit D. The pages of the catalogues of 1914, 1918 and 1934 bear the word "Lumberman"; the page of the 1904 catalogue bears the word "Lumbermen" (obviously a mistake).

Counsel for plaintiffs admitted that these catalogues were those of Henry Disston & Sons, Incorporated, that they had been in the hands of at least three hardware dealers in Canada for at least ten years and that these dealers knew that the catalogue had saws listed therein under the trade mark "Lumberman."

Coates said that the defendant carries in stock saws bearing the mark "Lumberman."

Shoel Burshtein, one of the plaintiffs, was examined for discovery; questions 21, 22, 25, 26 and 37 of his deposition were put in evidence. The witness' statements may be summarized as follows: in the certificate of registration of the word "Woodsmen," the date of first use is mentioned as July, 1935, but the witness cannot give the exact date in July when the word was first used; the plaintiffs

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do not invoice with the specific trade name, but indicate on the invoice the nature of the goods, for instance, "saw blades," mentioning the size and the number; so there is no way in which the witness could trace the exact date on which plaintiffs first used the word "Woodsman." I may perhaps quote question and answer 37, which sum up the situation fairly well:

Q. 37. I understand you have no documentary evidence, that is, no letters or invoices, that will assist us in tracing the exact date on which you used these marks.

A. It would be difficult to, because they would not be mentioned on the invoice; not the trade name of this article; because this is not our system of invoicing.

The proof discloses that the defendant first used the word "Woodsman" in July, 1935. On July 4, it ordered an etching die for "Woodsman" web saw blade from Bernard Cairns, Limited; on July 10, the die was delivered by the latter to the defendant; on July 22, the defendant shipped a "Woodsman" pulpwood saw blade to Abitibi Power & Paper Co., Ltd. I may conclude from these facts that the first use of the word "Woodsman" on a saw blade by the defendant took place on July 22, 1935: see exhibit B.

In their application for the registration of the trade mark "Woodsman" the plaintiffs mention July, 1935, as the date of first use, as appears from the certificate of registration filed as exhibit 2. This certificate constitutes *prima facie* evidence of the facts therein set out: section 18 of the Act. It was incumbent upon the defendant to prove that its first use of the word "Woodsman" was anterior to the month of July, 1935. The defendant having failed to do this, the trade mark "Woodsman" is unimpeachable and the plaintiffs are entitled to the exclusive use thereof in Canada.

As regards the trade mark "Lumberman," the plaintiffs, in their application for registration, mention September, 1935, as the date of first use: see exhibit 1. The defendant, on the other hand, has established that it used the word in 1927, as shown by the invoice to Royal Canadian Mounted Police of the 26th of February, 1927, and also in 1934, as indicated by the invoice to Highway Hardware dated January 6, 1934, both invoices forming part of exhibit C.

It was submitted by counsel for the defendant that, in view of the priority of his client's use of the word "Lumberman," it had the right to use it notwithstanding the registration of the word by the plaintiffs. According to him, the registration of the word "Lumberman" afforded protection to the plaintiffs as against third parties, but it did not affect the right of the defendant to use it by reason of its prior use of the word.

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It was argued by counsel for plaintiffs that, his clients being the registered owners of the trade marks, the use thereof by the defendant, even anterior to the registration, cannot be set up against the plaintiffs, because such use, under subsection (2) of section 4, does not confer any right, title or interest in the trade mark; subsection (2) says:

4. (2) The use of a trade mark or a distinguishing guise capable of constituting a trade mark by a person who is not registered as the owner thereof pursuant to the provisions of this Act shall not confer upon such person any right, title or interest therein as against the person who is registered as the owner of the same or a similar trade mark or distinguishing guise.

The trade mark "Lumberman" was registered by the plaintiffs after the expiry of the divers six-month periods specified by subsection (1) of section 4; the registration was made under the provisions of subsection (3) of said section 4.

I think it is expedient to quote subsections (1) and (3) of section 4:

4 (1) The person who, in association with wares, first uses or makes known in Canada, as provided in the last preceding section, a trade mark or a distinguishing guise capable of constituting a trade mark, shall be entitled to the exclusive use in Canada of such trade mark or distinguishing guise in association with such wares, provided that such trade mark is recorded in the register existing under the Trade Mark and Design Act at the date of the coming into force of this Act, or provided that in compliance with the provisions of this Act he makes application for the registration of such trade mark within six months of the date on which this Act comes into force, or of the date of his first use thereof in Canada, or of the date upon which the trade mark or distinguishing guise was first made known in Canada, as provided in the last preceding section, and thereafter obtains and maintains registration thereof under the provisions of this Act.

(3) Notwithstanding the provisions of subsection one of this section, the person who first uses or makes known in Canada, in association with wares a trade mark or a distinguishing guise capable of constituting a trade mark, may apply for and secure registration thereof after the expiration of any of the periods of six months specified by subsection one, provided the same or a similar trade mark or distinguishing guise has not been registered by another for use in association with the same or

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similar wares, but such application shall not be allowed or the registration of such trade mark made before the expiration of a period of six months from the date of such application.

It was urged on behalf of defendant that the plaintiffs have not, by virtue of their registration, acquired an exclusive right to use their trade marks in Canada and that the Act contemplates, with regard to registration made by anyone who cannot qualify under subsection (1) of section 4, that others may be entitled to use the marks.

Counsel for defendant stated that, notwithstanding that subsection (3) of section 4 refers to the person who first uses the trade mark in Canada, it is obvious from that section as well as other sections of the Unfair Competition Act that the statute contemplates that a second user may register; in this connection counsel referred to the decision in *Canada Crayon Company Limited v. Peacock Products Limited* (1), with which he said he did not quarrel.

It was further submitted by counsel for defendant that section 4 of the Act recognizes the principle that the foundation of trade mark rights is first use; from this he concluded that, unless the plaintiffs can show that they were the first to use the trade marks and that they registered them within the time prescribed by subsection (1) of section 4, they have no right to exclusive use.

Dealing with the rights derived from the registration of the trade marks by plaintiffs, counsel for defendant admitted, rightly as I think, that his client or anyone else was precluded from securing registration of similar trade marks by paragraphs (f) and (g) of subsection (1) of section 26. Counsel added that, if the defendant could not register on account of plaintiffs' prior registration, it could not sue for infringement because subsection (4) of section 4 prohibits anyone from instituting an action for infringement of a trade mark unless the trade mark is registered; subsection (4) is in the following terms:

4. (4) No person shall institute any proceedings in any court to prevent the infringement of any trade mark unless such trade mark is recorded in the register maintained pursuant to this Act.

Counsel for defendant further admitted that the registrations obtained by the plaintiffs will enable them to



prevent anyone from adopting the same trade marks by reason of the operation of subsection (2) of section 18 combined with section 3.

Subsection (2) of section 18 reads thus:

18. (2) Such a certified copy (copy of the record of registration) shall also, subject only to proof of clerical error therein, be conclusive evidence that, at the date of the registration, the trade mark therein mentioned was in use in Canada or in the territorial area therein defined for the purpose therein set out, in such manner that no person could thereafter adopt the same or a similar trade mark for the same or similar goods in ignorance of the use of the registered mark by the owner thereof for the said purpose in Canada or in the defined territorial area within Canada.

The relevant part of section 3 is in the following terms:

3. No person shall knowingly adopt for use in Canada in connection with any wares any trade mark or any distinguishing guise which

(a) is already in use in Canada by any other person and which is registered pursuant to the provisions of this Act as a trade mark or distinguishing guise for the same or similar wares;

The defendant's claims may fairly be summed up as follows:

The registration by plaintiffs of their trade marks entitles them to protection against any suit by the defendant for infringement; it gives them the right to prevent anyone from adopting the same or similar trade marks in the future; it does not authorize them to stop the defendant from using the trade marks.

It was argued by counsel for defendant that, if he were right in saying that the basic rights to a trade mark are established through use and are property rights, the Unfair Competition Act would be *ultra vires* if it attempted to take away vested rights acquired by the defendant by virtue of its first use. The Parliament of Canada never intended to interfere with common law rights created by the use of the trade mark; that is the reason why, in counsel's opinion, subsection (4) of section 4 stipulates that one must be the first user of a trade mark if he is to get exclusive rights thereto.

As pointed out by counsel for plaintiffs, there is a curious difference in the language of subsection (1) and subsection (3) of section 4. Subsection (1) says that the person who first uses or makes known in Canada the trade mark and then registers it within the delay therein specified shall be entitled to the exclusive use thereof in Canada. Subsection

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(3) enacts that, notwithstanding the provisions of subsection (1), the person who first uses or makes known in Canada a trade mark may secure its registration after the expiration of any of the six-month periods mentioned in subsection (1), provided the same or a similar trade mark has not been registered by another, in which case the registration will not be made before the expiry of six months from the date of the filing of the application. No mention is made in subsection (3) of exclusive use; nevertheless I am of the opinion that, if the applicant, who has first used or made known his trade mark in Canada, obtains the registration of the same, he is entitled to the exclusive use thereof.

As a result of the defendant's failure to apply for the registration of the trade mark "Lumberman," which the evidence shows to have been first used by the defendant in 1927, within six months from the coming into force of the Unfair Competition Act, namely, September 1, 1932, the registration of the plaintiffs' trade mark "Lumberman" is valid and must remain on the register.

The Registrar of Trade Marks evidently found that the trade mark registered by Hartwell Brothers, Limited on July 4, 1923, in relation to "handles for sharp edged tools," consisting of (*inter alia*) the words "Canadian Woodsman" and a design (exhibit E), was not an objection to the registration of the plaintiffs' trade mark "Woodsman." No evidence was adduced concerning the use of the trade mark of Hartwell Brothers, Limited. The plaintiffs' trade mark "Woodsman" does not apply to, but specifically excludes, "handles for sharp edged tools." The two trade marks in question do not apply to the same category of goods. After giving the matter due consideration I am of opinion that the existence on the register of the trade mark of Hartwell Brothers, Limited, was no bar to the registration of the plaintiffs' mark "Woodsman" and that the Registrar made no mistake in registering it.

Counsel for defendant admitted that the plaintiffs have good and valid registrations, but claimed that these registrations do not give them the exclusive use of the trade marks on account of the defendant's prior user. This contention, if founded, would only apply to the trade mark

“Lumberman,” because in the case of the trade mark “Woodsman” the defendant, as previously noted, failed to prove that it had been the first to use it in Canada.

The only question which I have to decide is whether the registration by the plaintiffs of the trade mark “Lumberman” entitles them to the exclusive use thereof in Canada and whether they can prevent the defendant from using it. After a careful perusal of the evidence and the argument of counsel and an attentive study of the statute and the doctrine, I have reached the conclusion that the above question must be answered in the negative. I believe that this conclusion logically arises from the words “first uses or makes known” contained in subsections (1) and (3) of section 4: see *Continental Oil Co. v. Commissioner of Patents* (1), in which the learned President, dealing with the application for registration of a word mark by Continental Oil Company, made within six months from the date of its first use in Canada, stated “it would also be necessary to establish that it was the first to use or make known that mark in Canada, in order to obtain the exclusive use of such mark in Canada.” This statement is perhaps only an *obiter dictum* in so far as the actual point in issue in that case is concerned but it is an opinion which, I may say with deference, seems to me proper and well founded. The same statement would likewise apply, in my judgment, to an application made under subsection (3) of section 4.

The plaintiffs’ trade marks being valid, the defendant’s counterclaim is dismissed.

There will be an injunction to restrain the defendant, its officers, servants, workmen and agents from selling, offering for sale or advertising any saw blades, not of the plaintiffs’ manufacture, in association with the plaintiffs’ trade mark “Woodsman” or any colourable imitation thereof and an order for the delivery up to the plaintiffs on oath of all saw blades infringing the said trade mark “Woodsman,” together with any advertising cuts and advertising literature used in connection therewith.

In view of its prior use of the word “Lumberman” in connection with saw blades, I do not think that the defendant can be restrained from selling, offering for sale

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or advertising saw blades marked with the word "Lumberman," provided it does not attempt to copy or imitate the plaintiffs' trade mark.

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There will be a reference to the Registrar to determine the damages or loss of profit incurred by the plaintiffs as a result of the infringement by the defendant of the trade mark "Woodsman."

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Seeing that both parties succeed in part, there will be no order as to costs.

*Judgment accordingly.*