

Ottawa
1967
Dec. 5
Dec. 12

BETWEEN:

BENSON & HEDGES (CANADA) } APPELLANT
LIMITED } (Opponent);

AND

ST. REGIS TOBACCO CORPORA- } RESPONDENT
TION } (Applicant);

AND

THE REGISTRAR OF TRADE
MARKS.

Trade marks—Opposition to registration—Whether confusion between marks—Appeal from Registrar's decision—Whether Registrar proceeded on wrong principle or exercised discretion judicially—Whether defence of invalidity open—Trade Marks Act, R.S.C. 1952, c. 291, ss. 6, 12(1)(d), 16(3), 19, 37.

Appellant, owner of the trade mark "Gold Band", which had been registered for use in association with the sale of cigars, cigarettes, etc., used the mark in association with the sale of cigars since 1928. In 1966 following an application by respondent for registration of the trade mark "Golden Circlet" for use in association with the sale of cigarettes appellant filed an opposition to such registration under s. 37 of the *Trade Marks Act* on the ground that the proposed mark was confusing with appellant's mark. The Registrar of Trade Marks rejected the opposition. On appeal to this court the parties relied solely on the evidence filed with the Registrar.

Held, although in the court's view there was confusion between the two marks the appeal must be dismissed because it had not been shown that in coming to the opposite conclusion the Registrar proceeded on a wrong principle or that he failed to exercise his discretion judicially. *Rowntree Co. v. Paulin Chambers Co.* [1968] S.C.R. 134 applied.

Held also, where an opposition is filed under s. 37 on the ground of confusion with a registered trade mark it is not open to the respondent to attack the validity of the registration (as respondent did here by contending that appellant had abandoned its design mark and its word mark for use in association with cigarettes).

APPEAL from decision of Registrar of Trade Marks.

J. C. Osborne, Q.C. for appellant.

Donald F. Sim, Q.C. and *R. H. Hawkes* for respondent.

JACKETT P.:—This is an appeal under section 55 of the *Trade Marks Act*, chapter 49 of the Statutes of Canada of 1952-53, from a decision of the Registrar of Trade Marks

under section 38 of that Act allowing an application by the respondent for registration of the trade mark "GOLDEN CIRCLET" to be used in association with "cigarettes".

The appellant, who had filed a statement of objection to the respondent's application under section 37 of the *Trade Marks Act*, is the registered owner of a design trade mark consisting of the words "Gold Band" between two black lines on a gold background, which was registered on September 13, 1928. This trade mark was originally registered to be used in connection with the sale of cigars. The registration was amended on June 9, 1942 so as to include cigarettes and tobaccos of every kind and description. The appellant is also the registered owner of a word trade mark consisting of the words "Gold Band" in respect of "cigars, cigarettes and tobaccos of every kind and description" which was registered on September 12, 1958, at which time it was shown as having been used in Canada since 1928.

The appellant has used the trade mark "GOLD BAND" in association with the sale of cigars in all parts of Canada and has so used that trade mark since 1928. There is some evidence that at one time it also sold cigarettes under the trade mark "GOLD BAND", but the evidence as to that is not at all precise. The appellant has advertised cigars under the trade name "GOLD BAND" extensively in Canada.

On April 11, 1964, the respondent filed with the Registrar of Trade Marks its application to register the trade mark "GOLDEN CIRCLET", stating that it intended to use the trade mark in Canada in association with cigarettes. There is no evidence that it has, as yet, ever used that trade mark.

By its statement of opposition, the appellant opposed the respondent's application on several grounds of the various kinds contemplated by section 37(2) of the *Trade Marks Act*. Counsel for the appellant has, however, made it clear that the only grounds that need to be considered are

- (a) that the trade mark "GOLDEN CIRCLET" is not registrable because it is confusing, within the meaning of section 6 of the *Trade Marks Act*, with the appellant's registered trade marks to which I have

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- referred and is therefore not a "registrable" trade mark by reason of section 12(1)(d) of that Act, and
- (b) that the respondent is not the person entitled to registration of the trade mark "GOLDEN CIRCLET" because that trade mark is confusing, within the meaning of section 6 of the *Trade Marks Act*, with the trade mark "GOLD BAND", which had been previously used in Canada by the appellant, and the respondent does not, therefore, fall within the provision contained in section 16(3) of the *Trade Marks Act*.

The relevant parts of sections 12 and 16 read as follows:

12. (1) Subject to section 13, a trade mark is registrable if it is not

* * *

(d) confusing with a registered trade mark; or

* * *

16. (3) Any applicant who has filed an application in accordance with section 29 for registration of a proposed trade mark that is registrable is entitled, subject to sections 37 and 39, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

(a) a trade mark that had been previously used in Canada or made known in Canada by any other person;

The provisions of the Act that govern the determination of the question so raised as to whether the respondent's proposed trade mark, "GOLDEN CIRCLET", is confusing with the appellant's registered trade marks or the trade mark that it had used in Canada are to be found in section 6, which reads in part:

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 trademark or trade name would cause confusion with such last mentioned trade mark or trade name in the manner and circumstances described in this section.

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

* * *

(5) In determining whether trade marks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

(a) the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;

- (b) the length of time the trade marks or trade names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade marks or trade names in appearance or sound or in the ideas suggested by them.

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At this stage, I should mention a contention of the respondent that the appellant could not rely on its registered design mark and could not rely on its word mark except as used in association with cigars because it must be taken to have abandoned them inasmuch as the design mark had not been used by the appellant for at least twelve years and the word mark had not been used except in association with cigars for at least twelve years. His contention was that, in an infringement action, it was clear that a defence of invalidity could be raised as against a registered trade mark and that there was, therefore, no reason why the same contention could not be raised when a registered mark is relied on in an opposition to registration of another trade mark. In my view, this contention fails.¹ There is a clear contrast, from this point of view, between section 19 of the Act and section 37 read with section 12(1)(d). Section 19 says that registration of a trade mark in respect of any wares gives to the owner the exclusive right to its use throughout Canada in respect of such wares "unless shown to be invalid". Section 37(2) says that an application for registration may be opposed on, *inter alia*, the ground that "the trade mark is not registrable" and section 12(1)(d) says, in effect, that a trade mark is not registrable if it is "confusing with a registered trade mark". I can only conclude that, while in an action in the Court for infringement the defendant is entitled to challenge validity, when an application is made to the Registrar for registration of a new mark, he is not to register it as long as a confusing trade mark is on the register. If the registration of an invalid trade mark is interfering with registration of a new trade mark, the applicant can take the necessary steps to have the register corrected.

Both parties filed evidence with the Registrar and no new evidence was adduced in this Court. The evidence

¹I must not be taken as finding that the alleged abandonment was established by the evidence.

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upon which the respondent relied before the Registrar is summarized in his written argument as follows:

It was admitted by Mr Sectar in his cross-examination that many cigars on sale in Canada, both those manufactured in Canada and those imported, have a gold band around them. Reference is made to Exhibits 1 to 6 inclusive to Mr Sectar's cross-examination which illustrated that this is the case and to Mr. MacGowan's affidavit of December 22nd, 1965 filed on behalf of the applicant which indicates that for at least the last twenty-seven years and at the present time many cigars with gold bands around them have been on sale in Canada. Samples are also attached as exhibits to Mr. MacGowan's affidavit.

Particular reference is directed to the House of Lords cigar filed as Exhibit 5 to Mr Sectar's cross-examination. This cigar not only has a gold band or stripe on the container but is actually referred to as a "Gold Stripe" cigar. Mr. Sectar made it clear in his cross-examination that his company made no objection to this use and intended to make no objection to this use.

It is also clear from the exhibits that many packages of cigars have a gold band or gold stripe on them of one sort or another.

The evidence also makes it clear that a number of cigarettes and cigarette packages at present in use in Canada have a gold band either on the package or on the cigarette. Reference is made to Exhibits 7, 8 and 9 to Mr. Sectar's cross-examination. The Peter Jackson pack has a gold band extending around it. The Filter Player's package of Exhibit 8 has a strip or band of gold around the package and the Player's Filter King cigarettes have a gold stripe line or band around the cigarettes themselves.

* * *

So far as concerns the nature of the trade, it is respectfully pointed out that by Mr Sectar's own admission no company in Canada uses the same trade mark as applied to both cigars and cigarettes. This will be found in Mr. Sectar's cross-examination on pages 8 to 10. This is a fact well known to purchasers of cigars and cigarettes who, it is also submitted, tend to be mutually exclusive. Having regard to the nature of the trade, it is submitted that no person who is assumed to be familiar with the opponent's "Gold Band" cigars would possibly think he was buying the opponent's product if he purchased the applicant's "Golden Circlet" cigarettes.

That part of the appellant's written argument that refers to the evidence reads as follows:

Evidence in support of the opponent was filed by way of two Affidavits by Joseph Sectar, the Secretary-Treasurer of the opponent company, both Affidavits being taken on May 10, 1965. In the longer Affidavit, Mr. Sectar clearly states the use of his Company's trade mark GOLD BAND, in particular, he states that in the past five years, his Company has sold in Canada under its trade mark GOLD BAND in excess of 28,000,000 cigars, having a wholesale value in excess of \$2,000,000. To Mr. Sectar's Affidavits are attached specimens of his Company's trade mark GOLD BAND as used in association with cigars and also one of his Company's specimen cartons showing the trade mark GOLD BAND as used in association with cigars.

Mr. Sectar's shorter Affidavit, also dated May 10, 1965, places on record specimens of advertising by his Company with respect to the trade mark GOLD BAND.

On May 10, 1965, Mr. Sectar was cross-examined under oath, in terms of Rule 46(2) of the Trade Marks Act, by Learned Counsel for the applicant. Mr Sectar in his replies made it as clear as possible that his Company, Benson & Hedges (Canada) Limited had taken no action against the manufacturers of the House of Lords cigars, nor against the manufacturers of Peg Top cigars, because the trade marks used by both manufacturers in association with their cigars do not stress that their marks are "gold band labels". Mr. Sectar, time and again, reiterated his point which can be seen, for example, in his answer on Page 27 of the transcript of the cross-examination. He says, in reply to being asked whether it is not a common practice for manufacturers of cigars to use a gold band around cigars "no, they use a band around the cigars which may contain many things, gold and red and blue and yellow or some other colour, but they do not stress that it is a "gold band" label That is the problem "

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Mr Sectar was shown a package of Peter Jackson king size filter cigarettes, referred to as Exhibit 7 on Page 31 of the transcript This package had on it a tear strip consisting of a gold line Mr Sectar referred to this as a mechanical device to take care of what is called the cellophane around the package and, in his answer at the foot of Page 31 of the transcript, he states in effect that cigarette packages have this device only for removing the cellophane and the device may be of gold or another colour. He states "it has nothing to do with the brand"

On December 22, 1965, an Affidavit was taken by Mr Wallace G MacGowan, wholesale representative of Rothman's of Pall Mall Canada Limited of Toronto, Ontario. To this Affidavit are attached specimens of cigar bands, marked Exhibits "A" to "O" which comprise gold bands. Mr. MacGowan confirms that cigar bands are being constantly changed by manufacturers and is therefore unable to say over what period any cigar band covered by Exhibits "A" to "O" has been on the market

On March 4, 1966, a further Affidavit was taken by Mr Sectar pursuant to Rule 45 of the Trade Marks Act, this Affidavit being in reply to that taken by Mr MacGowan, referred to above. Mr. Sectar admits that many cigar bands contain the colour gold but, once again, he maintains that his company's trade mark registrations contain the words "gold band" and such registrations are valid and are subsisting. Mr. Sectar also states that his Company did at one time sell cigarettes under its trade mark GOLD BAND but does not do so at the present time. This does not imply that his Company will not recommence the production and sale of cigarettes under its trade mark GOLD BAND Mr. Sectar referred, when under cross-examination, to the fact that in the tobacco trade use of trade marks is what is known as cyclic, that is to say, trade marks are used for some years and then are retired but are subsequently used again for a further number of years This appears to be the practice of manufacturers of cigars, tobacco and cigarettes Mr. Sectar also refers to the fact that certain manufacturers sell both cigars and cigarettes under the same trade mark.

In Paragraph 9 of his Affidavit, Mr. Sectar states that if a purchaser asked for a cigar sold under the trade mark GOLD BAND, the purchaser will be offered a cigar which is manufactured and sold

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by his Company and the same purchaser will not be offered a cigar around which is a gold band with the reading matter House of Lords or White Owl. In Paragraph 10 of Mr. Secter's Affidavit, he states quite clearly that his Company makes no claim to the colour gold, which is common to the trade, but his company does have rights in the trade mark GOLD BAND because this trade mark consists of the words "gold band" and is not merely a cigar band of gold colour. In Paragraph 11 of his Affidavit, Mr. Secter states that in his opinion, the use of the mark GOLDEN CIRCLET in respect of cigarettes in Canada would lead to confusion in the minds of the purchasing public on account of his Company's trade mark GOLD BAND.

By his decision dated March 30, 1967, which is the decision appealed from, the Registrar set out the grounds upon which the appellant opposed the application and then disposed of the opposition as follows:

I have duly considered the evidence and the written arguments filed by both parties. Neither party requested a hearing. Having regard to the circumstances of the case on the basis of the evidence adduced, I have come to the conclusion that the grounds of opposition are not well founded. The marks are sufficiently different in appearance, in sound and in the ideas suggested by them to preclude confusion within the meaning of Section 6 of the *Trade Marks Act*.

The opposition is accordingly rejected pursuant to section 37(8) of the *Trade Marks Act*.

Having regard to section 6(2) of the *Trade Marks Act*, the question that the registrar had to decide is whether the use of the trade mark "GOLDEN CIRCLET" and the use of the trade mark "GOLD BAND" in the same area "would be likely to lead to the inference that the wares . . . associated with such trade marks are manufactured . . . by the same person" whether or not such wares are of the same general class. In reaching his conclusion, he was bound to follow the direction in section 6(5), which I repeat for convenience:

(5) In determining whether trade marks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a) the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;
- (b) the length of time the trade marks or trade names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade marks or trade names in appearance or sound or in the ideas suggested by them.

Giving all due weight to the decision of the Registrar, who, I realize, has had infinitely more experience in this very specialized field than I have had, when I have regard to all the surrounding circumstances, including

- (a) the fact that the trade mark "GOLD BAND", while it is not what is apparently referred to as a strong mark, had, before the respondent's application, become very well known in Canada, and the fact that the trade mark "GOLDEN CIRCLET" was not known at all,
- (b) the fact that the trade mark "GOLD BAND" had been used in Canada for at least six years before the application was made, and the fact that the trade mark "GOLDEN CIRCLET" has not been used at all,
- (c) the fact that cigars and cigarettes are closely related wares,
- (d) the fact that the wares in question are ordinarily sold by the same retailer over the same counter, and
- (e) the fact that there is very substantial resemblance between the trade mark "GOLD BAND" and the trade mark "GOLDEN CIRCLET" (when they are considered on a first impression basis and not by way of a detailed comparison) in appearance, sound and the ideas suggested by them,

I cannot escape the conclusion that if those two trade marks were used in the same area it would be very likely to lead to the inference that the wares associated with them were manufactured by the same person and thus that, by virtue of section 6(1), the one is "confusing" with the other for the purposes of the *Trade Marks Act*.

If, therefore, it were my duty on this appeal to come to a conclusion as to what the Registrar should have decided, and to substitute my conclusion for his if I come to a different one, I would allow this appeal.

I have, however, come to the conclusion that it is not open to me, in the circumstances of this case, to substitute my conclusion for that of the Registrar, having regard to the nature of this Court's duty on an appeal of this kind as established by the decision of the Supreme Court of Canada

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in *The Rowntree Company Limited v. Paulin Chambers Co. Ltd. et al.*² In that case, as in this, there was an appeal from a decision of the Registrar on an application for registration of a trade mark. In that case, this Court substituted its view on an issue as to whether two trade marks were confusing for that of the Registrar, there was an appeal to the Supreme Court of Canada, and that Court, by a unanimous judgment delivered by Ritchie J., allowed the appeal and restored the Registrar's decision. The part of the reasons for judgment which, as I understand it, contain the reasoning by which the Court reached its decision, is the following:

It is contended on behalf of the respondent that the conclusion reached by the learned trial judge should not be disturbed having regard to the terms of s 55(5) of the Act which provides that "on the appeal... the Court may exercise any discretion vested in the Registrar". I do not, however, take this as meaning that the Court is entitled to substitute its view for that of the Registrar unless it can be shown that he proceeded on some wrong principle or that he failed to exercise his discretion judicially³

* * *

In my view the Registrar of Trade Marks in the present case applied the test required of him by the statute and I do not think that grounds were established justifying the learned judge of the Exchequer Court in interfering with his conclusion. For all these reasons I would allow this appeal and restore the decision of the Registrar of Trade Marks refusing the respondent's application S.N. 264951.

² [1968] S.C.R. 134.

³ For a very similar approach, see *Union Carbide & Carbon Corporation's Application*, (1952) 69 R.P.C. 306, per Lloyd-Jacob J. at page 308, where he said:

"If I were satisfied that in arriving at that decision the Hearing Officer had observed the right approach, having regard to the language of the Statute and the guidance given by the decided cases, the mere fact that his conclusion would not necessarily be that at which I myself would have arrived without his assistance is no reason whatever for interfering with his decision. Indeed, I think it would be true to say that, even if I came to the conclusion, as I think I might, that his conclusion was fanciful, and indicated failure to appreciate the unsubstantial nature of the objection posed, none the less, except upon the footing that in exercising his discretion the Hearing Officer had failed to exercise it judicially, I should not be justified in interfering with his conclusion. Accordingly I have given the closest attention to the language in which he has framed his conclusion and indicated his mental process, in order that I should be in a position to determine whether or not there has been any departure from the principles which it is incumbent upon those dealing with these matters to bear fully in mind."

In this case, no submission has been made that the Registrar proceeded on a "wrong principle" or "that he failed to exercise his discretion judicially" and I know of no basis upon which any such submission could have been made. Not only is there no indication that he failed to follow the requirements of any provision in the statute, but there is no room for suggesting that he left out of account any material fact⁴ or came to any conclusion on the facts that could not be supported on the evidence. Certainly, there is no room for suggesting that he did not act judicially. That being so, there is no occasion for this Court to interfere with his conclusion and substitute its decision for his.

The appeal is dismissed with costs.

⁴ Presumably the situation would be different if, under section 55(5) of the *Trade Marks Act*, additional evidence were adduced in this Court that made a difference of substance between the facts before the Registrar and the facts before this Court. Compare *The Queen v. Secretary of State*, [1953] 1 S.C.R. 417, per Locke J. at pages 425-6.

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