

6,1942

No. 14 of 1941.

In the Privy Council.

ON APPEAL FROM THE SUPREME COURT OF CANADA.

BETWEEN

THE COCA-COLA COMPANY OF CANADA, LIMITED *Appellant*

AND

PEPSI-COLA COMPANY OF CANADA, LIMITED - *Respondent*

AND BETWEEN

10 PEPSI-COLA COMPANY OF CANADA, LIMITED - *Appellant*

AND

THE COCA-COLA COMPANY OF CANADA, LIMITED *Respondent.*

Case

FOR PEPSI-COLA COMPANY OF CANADA, LIMITED.

RECORD.

20 1. These are consolidated appeals by special leave from a judgment of the Supreme Court of Canada dated 9th December, 1939. The Coca-Cola Company of Canada, Limited (hereinafter called Coca-Cola Company or plaintiff) seeks a reversal of the judgment of the Supreme Court of Canada in so far as it was thereby adjudged that the use of defendant's mark in the form in which on the evidence it appears to have been used did not constitute an infringement of the rights of the plaintiff by virtue of its registration No. 43/10433 made on the 11th November, 1905. Pepsi-Cola Company of Canada, Limited (hereinafter called Pepsi-Cola Company or defendant) seeks an order that the aforesaid judgment of the Supreme Court be affirmed in so far as it adjudges that there was no infringement.

R. 213-216.

R. 186-187.

R. 203-209.

Pepsi-Cola Company, by way of cross-appeal, seeks an order modifying such judgment in so far as it dismissed the defendant's counter-claim, thus refusing to order that the words "Coca-Cola" registered in script form, No. 43/10433, on 11th November, 1905, be expunged from the Register, and to make any order in respect of the registration of "Coca-Cola" as a word mark, No. 257/55268, on 29th September, 1932.

R. 210-213.

THE PLEADINGS.

R. 1-3.

R. 2, L. 24.

R. 2, L. 34.

R. 3, LL. 21-37.

2. The plaintiff, a company incorporated under the laws of the Dominion of Canada on the 29th September, 1923, instituted an action in the Exchequer Court of Canada on the 30th March, 1936, against the defendant, a company incorporated under the laws of the Dominion of Canada on the 29th May, 1934, charging the defendant, by the use of the mark "Pepsi-Cola," with infringement of the alleged trade mark "Coca-Cola" in contravention of the provisions and prohibitions of "The Unfair Competition Act," and claiming damages and an injunction restraining defendant from using the words "Pepsi-Cola" in association with the manufacture and sale of its products and as part of its corporate name, and from using any word in script form of a kind calculated to cause confusion between its beverage and that of the plaintiff. Both companies are engaged in the manufacture and sale of beverages and syrups.

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R. 217-218.

R. 220-221.

R. 222-224.

R. 222-223.

R. 225-226.

3. The said mark "Coca-Cola" was registered in script form in the Canadian Trademarks Office on the 11th November, 1905, in Register No. 43, Folio 10433, and again on the 29th September, 1932, in Register No. 257, Folio 55268, for use in any and every form or kind of representation. The said mark "Pepsi-Cola" was registered in the Canadian Trademarks Office on the 30th November, 1906, in Register No. 47, Folio 11479. This registration was renewed on 13th November, 1931. The defendant is recorded as the owner by assignment of such registration.

R. 2, LL. 10-32.

4. By its Statement of Claim, the plaintiff alleged, in paragraphs 3, 4, 5 and 6, use by the plaintiff and its predecessors of the words "Coca-Cola" for at least fifty years, the incorporation and organisation of the plaintiff in 1923 and its acquisition of the business and goodwill in Canada associated with the beverage in connection with which the words "Coca-Cola" had theretofore been used.

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R. 4-6.

5. The Statement of Defence alleged that the defendant is the owner by assignment of the registered trademark "Pepsi-Cola"; that this mark for very many years prior to the defendant's incorporation in Canada was extensively used by the American Pepsi-Cola Company and its predecessors in the United States, and that for a short period of years a limited business in Canada has been conducted in the manufacture and

R. 4, LL. 24-37.

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sale of the beverage under the mark "Pepsi-Cola." It admitted that the plaintiff is registered as the proprietor of the words "Coca-Cola," denying however, that the registrations referred to in the Statement of Claim are in full force and effect. The defendant denied the charge of infringement. It alleged that the word cola for very many years has been in common use by manufacturers of soft drinks as a *bona fide* description of the character and quality of the products dealt in by them, and that the plaintiff is not entitled and never has been entitled to the exclusive use of the word cola. The validity of the plaintiff's mark was assailed on the ground that it consists of two descriptive words which describe two of the ingredients of its beverage, namely, coca and cola extracts; that the plaintiff's mark is and always has been without distinctiveness, and is and always has been *publici juris*. The Statement of Defence further charged the plaintiff with abandonment and forfeiture of any rights to the exclusive use of the word cola, and with laches and acquiescence in the defendant's use of its trademark "Pepsi-Cola." By way of counterclaim, the defendant sought the cancellation of plaintiff's registrations on the ground that its mark, being composed of descriptive and generic words, is and always has been invalid and was not properly registrable as a valid trademark under the trademark statutes in force at the respective dates of the registrations of said words.

6. In support of the allegations in its Statement of Defence, the defendant filed particulars, Schedule "A" of which listed the various persons in Canada permitted by the plaintiff to use its mark "Coca-Cola," and Schedule "B" of which listed one hundred and ten cola beverages sold under trademarks of which the word cola or a variant thereof was the suffix or prefix, with the names and addresses of the manufacturers of said beverages or the proprietors of said marks.

This Schedule sets forth the approximate year in which the sale of the listed beverages started in Canada, the approximate period of years during which these beverages were sold in Canada, the names and addresses of bottlers preparing such beverages, the size of the bottles in which such beverages were sold, and the type of lettering used in the display of such marks.

THE TRIAL.

7.—The action was tried before the Honourable, the President of the Exchequer Court of Canada on the 31st March and 1st and 2nd April, 1937.

8. At the trial, counsel for the Coca-Cola Company filed the certificates of registrations of "Coca-Cola," read into the record a few questions and answers from the Examination for Discovery of the

R. 23, L. 20. R. 221.
 R. 222.
 R. 24, LL. 30-31.
 R. 221-222.
 R. 24, L. 34.

defendant's general manager; filed as exhibits a sample bottle of the defendant's beverage, which is a twelve-ounce bottle distinctively labelled and crowned and a sample bottle of the plaintiff's beverage, which is a six-ounce unlabelled bottle, and photographs showing the markings on cases in which the defendant ships its bottled product. The plaintiff then closed its case.

R. 217-218.
 R. 218.
 R. 218.
 R. 219.
 R. 219.

9. The certificate of registration, No. 43/10433, dated 11th November, 1905, covers the compound word "Coca-Cola" printed in the form of script. The application for registration was made by the Coca-Cola Company of Georgia. A notation attached to the certified copy of the registration states that the mark was assigned by Coca-Cola Company of Georgia to Coca-Cola Company of Delaware in 1922. Also attached to the registration is another notation that "a document purporting to be an assignment" between The Coca-Cola Company of Delaware and The Coca-Cola Company of Canada, Limited has been registered. To this registration is attached a certificate of renewal dated the 15th April, 1930 in the name of The Coca-Cola Company of Canada, Limited, the plaintiff. The plaintiff did not introduce in evidence either the original instruments of assignment or copies of any such assignments. 10

R. 220-221.

10. The second registration offered in evidence, No. 257/55268, dated the 29th September, 1932, covers the compound word "Coca-Cola" "in any and every form or kind of representation." 20

11. The plaintiff failed to adduce at the trial (A) any evidence of any actual deception or confusion; (B) any evidence showing that there is any likelihood of confusion, and (C) any evidence that "Coca-Cola" had acquired any secondary meaning or distinctiveness through use.

R. 2.
 R. 4, LL. 18-20.

12. The averments of paragraphs 3 to 6 of the Statement of Claim, referred to in paragraph 4 above, were traversed by paragraph 3 of the Statement of Defence. Nevertheless the plaintiff, although put to the strict proof of these allegations, adduced no proof at the trial in support of them. 30

R. 24, LL. 38-41;
 R. 25, LL. 1-29.
 R. 25, LL. 24-25.

13. The defendant, before entering upon its defence, moved for a nonsuit on the grounds that the plaintiff had failed to prove its title to the mark sued upon, and had failed to establish its competence under the Companies Act, 24-25 George V, cap. 33, to maintain the present suit. The learned trial court denied the motion, stating that it was "a matter for argument at the end."

14. The evidence of the defendant consisted principally of the testimony of the witness Guth, the General Manager of the Pepsi-Cola

Company, a corporation organized under the laws of the State of Delaware, United States of America, the parent of the defendant company. Mr. Guth testified (1) that the Pepsi-Cola Company and its predecessors in title have used the mark "Pepsi-Cola," in association with the manufacture and sale of a soft drink, in the United States continuously from at least 1904 to the present time, and that this beverage was on the market as early as 1896; (2) that the Pepsi-Cola Company is actively engaged in the business of manufacturing and selling its beverage in the United States; (3) that the "Pepsi-Cola" trademark in use in Canada and the United States is identical with the original mark used over this long period of years by the Pepsi-Cola Company and its predecessors; (4) that the Pepsi-Cola Company and its subsidiaries do business in England, Bermuda, Canada, Cuba and the United States; (5) that the beverage "Pepsi-Cola" is sold in Canada only in a twelve-ounce bottle which is distinctively labelled and crowned; (6) that "Pepsi-Cola" is not sold in Canada as a fountain beverage; (7) that the witness first became associated with the Pepsi-Cola Company in 1931, when the business of a predecessor company, together with its good-will, secret formula and trademark, was acquired by the American Pepsi-Cola Company; (8) that the trademark registered and used in Canada is identical with the American trademark, and that the beverage is manufactured in Canada in accordance with the same secret formula used in the preparation of the beverage in the United States; (9) that the beverage "Pepsi-Cola" as produced both in America and Canada contains as an important ingredient the extract of the cola nut, and that the word cola in the trademark refers to the cola ingredient in the product.

R. 41, LL. 7-12.

R. 42, LL. 10-19.

R. 42, LL. 20-22.

R. 43, LL. 1-10.

R. 43, LL. 17-24.

R. 43, LL. 30-32.

R. 44, LL. 6-9.

R. 42-43.

R. 43, LL. 1-10;

R. 42, LL. 40-43.

R. 42, LL. 25-34.

R. 42, LL. 25-28.

15. An effort was made in the cross-examination of the witness Guth to create the impression that a very limited business had been done by the predecessors of the Pepsi-Cola Company during the years in which the mark "Pepsi-Cola" was used by them, but the witness firmly denied that the business of such predecessor companies had not been extensive.

R. 44, L. 33.

R. 45, L. 2.

16. The witness was cross-examined with respect to litigation instituted in the Court of Chancery of the State of Delaware in the case of *Coca-Cola Company v. Loft, Inc.*, decided in June, 1933, and reported in 167 Atlantic Reporter 900, to which reference is made later in paragraphs ~~26 (c) and (d)~~; 37. ~~27(c); 28(J)~~;

R. 47-49.

17. In view of the fact that insinuations of fraud have been made against the defendant and that the testimony of the witness Guth was adversely commented upon by the plaintiff, and that these suggestions were persisted in down to the date of the Petition for Special Leave to Appeal, it is important to observe that the learned trial judge who heard the testimony

R. 206, LL. 17-21; R. 208 L. 28-R. 209, L. 7.

and saw the witness Guth rejected the suggestions made by counsel for the plaintiff in his argument that Guth was a careless witness, stating his own opinion of the witness in the following terms:—

“I would not have called him [Mr. Guth] a careless witness. I think he was a very precise witness and ready to fight you on the facts and ready to challenge your position.” (Stenographic Minutes of oral argument, p. 94).

There was no suggestion in the Reasons for Judgment of the learned trial judge that Guth was not a satisfactory witness and the Supreme Court in its Reasons for Judgment specifically found that fraud was neither proved nor seriously suggested in the present case. Moreover, counsel for the plaintiff on the argument before the Supreme Court expressly disclaimed any suggestion that the learned President had disbelieved the testimony of Mr. Guth.

R. 198, LL. 30-31.

R. 43, LL. 11-12 ;
R. 44, LL. 15-16 ;
R. 222, 225.
R. 54, LL. 33-35 ;
R. 229-285.

18. The defendant also put in evidence the certificate of registration of the mark “Pepsi-Cola,” a certificate of renewal of said registration, and a certificate of assignment of said registration to the defendant. There were also put in evidence numerous certificates of registrations of trademarks in Canada of which the word cola or a variant thereof was either the suffix or prefix. These are the registrations referred to in the Reasons for Judgment of the Supreme Court of Canada.

R. 197-198.

R. 55-57.

R. 57-62.

R. 62-63.

R. 65.

R. 65, LL. 45-47 ;
R. 66, LL. 1-3.

19. The case of the defendant closed with the introduction of the Examination for Discovery of Duncan, an officer of The Coca-Cola Company of Canada, Limited, who described the preparation and distribution of “Coca-Cola” in Canada and the relationship between the plaintiff and the eighty independent concerns which it permits to bottle and sell under the mark “Coca-Cola,” the beverage produced by such independent bottlers by the addition of carbonated water to the syrup furnished by the plaintiff. Duncan also testified that the bottle in which “Coca-Cola” has been and is sold is a six-ounce bottle bearing no paper labels, with the words “Coca-Cola” blown into the walls of said bottle. He admitted that the second registration of “Coca-Cola” in 1932 has never been affixed to or commercially used in connection with the actual sale of plaintiff’s beverage. The witness was asked whether the plaintiff’s beverage was called for by the public by any name other than “Coca-Cola,” and he answered that it was referred to by the names “Coke” and “Dope.”

20. It is significant that Duncan nowhere stated (nor did any other witness) that plaintiff’s beverage was ever called for by the name “cola.”

21. Schedule "A" of defendant's Particulars was introduced in R. 61, LL. 30-33 ; R. 8-10. evidence as an exhibit to Duncan's Examination. Having regard to the course of the trial, as herein stated, Schedule "B" of said Particulars was R. 11-19. not offered in evidence.

22. The plaintiff offered no evidence in rebuttal nor any evidence R. 66, L. 30. in answer to defendant's counter-claim.

23. Coloured photographs of the bottles in which the products of the parties are sold, being exact reproductions of the physical exhibits in evidence, are set forth at this point for the convenience of this Honourable 10 Court.



PROVED OR AGREED FACTS.

24. It is humbly and respectfully submitted that the following facts have been proved or agreed to:—

R. 217-218.

(A) The mark "Coca-Cola" was registered in script form in the Canadian Trademark Office in 1905 by the Coca-Cola Company of Georgia.

R. 209, LL. 15-16.
R. 2, LL. 23-25.

(B) Plaintiff is a subsidiary of the Coca-Cola Company of Delaware and was incorporated in Canada in the year 1923.

(C) The plaintiff's title to the said registered mark necessarily depended upon the proof of certain assignments. Such assignments, however, were not put in evidence. Moreover, no evidence was put as to the transfer to the plaintiff of the business and goodwill of the previous users of the mark "Coca-Cola" which had been registered as aforesaid. 10

R. 222-224.

(D) The mark "Pepsi-Cola" was registered in Canada in 1906 by the Pepsi-Cola Company of North Carolina.

R. 4, LL. 21-23.
R. 41, LL. 7-9.

(E) The defendant, which was organized and incorporated in Canada in 1934, is a wholly owned subsidiary of the Pepsi-Cola Company of Delaware and is recorded as the owner, through assignment from the Pepsi-Cola Company of Delaware, of the registered mark "Pepsi-Cola" and the goodwill and business appertaining thereto in Canada, which instrument of assignment recites that said Pepsi-Cola Company of Delaware is the successor to the Pepsi-Cola Company of North Carolina. 20

R. 225-226.

(F) The plaintiff and the defendant use their respective marks in connection with the manufacture and sale of beverages and syrups. The plaintiff's product is sold in Canada both in bottled form and as a soda fountain drink in non-bottled form. The defendant's product is sold only in bottled form in Canada. The plaintiff's bottled drink is sold in a six-ounce bottle with the words "Coca-Cola" blown into the side walls of the bottle. The defendant's bottled drink is sold in a twelve-ounce bottle with its mark "Pepsi-Cola" conspicuously displayed upon neck and body labels which are pasted upon the bottle. The marks of the parties also appear upon the bottle caps of their respective products. 30

R. 2, LL. 23-26.
R. 2, LL. 37-38.
R. 61, LL. 43-45.
R. 62, L. 1.
R. 43, LL. 30-31.
R. 62, LL. 22-23.
R. 62, LL. 43-44.
R. 43, LL. 30-31.

Exhibits 3 and 6.

(G) The mark "Pepsi-Cola" has been used by the American Pepsi-Cola Company, and its predecessors, continuously in the United States from at least the year 1904 and in Canada by the defendant since 1934; the trademark in use in Canada is identical with that used in the United States, the beverage sold in Canada 40

R. 42, L. 15.

R. 4, LL. 38-39-
R. 5, LL. 1-2.
R. 43, LL. 33-36.

and the United States is made in accordance with the same secret formula; and the same methods of sale and distribution are employed in Canada and the United States and other parts of the world. R. 42, LL. 42-43. R. 43, LL. 25-29.

(H) The defendant's beverage contains as one of its ingredients the extract of cola, and the word cola in its trademark refers to such ingredient. R. 42, LL. 25-27.

10 (I) The word cola is a common word in the English language found in authoritative dictionaries and other works. The definitions in such works establish that cola is descriptive of the cola nut, the extract therefrom, and beverages containing such extract. The word coca is a common word in the English language found in authoritative dictionaries and other works. The definitions in such works establish that coca is descriptive of the coca leaf, the extract therefrom, and beverages containing such extract. R. 106-107. R. 123-124.

20 (J) From 1896 to 1936, thirty-one trademarks, of which the word cola or a variant thereof was either a suffix or prefix, were registered in Canada for beverages, tonic beverages or medicines. "Coca-Cola," registered in 1905, was the fifth of such registrations, while "Pepsi-Cola," registered in 1906, was the eighth. R. 229-285. R. 217. R. 222.

(K) The plaintiff rested its case wholly upon the registration of the mark "Coca-Cola." It neither called any witnesses nor otherwise offered any evidence to prove that there was any actual confusion or that there was any likelihood of confusion resulting from the use by the defendant of the mark "Pepsi-Cola."

30 (L) The plaintiff did not adduce any evidence to show that the plaintiff's beverage was ever called for by the name "Cola" or designated as "Cola" by the public or the trade.

(M) Despite the use of the mark "Pepsi-Cola" by the American Pepsi-Cola Company and its predecessors from at least 1904, no action claiming infringement by reason of such use was ever brought against the American Pepsi-Cola Company, its predecessors or subsidiaries, prior to the present action.

JUDGMENT AND REASONS FOR JUDGMENT OF
THE TRIAL COURT.

- R. 98, LL. 36-39. 25. The learned President of the Exchequer Court ruled that the plaintiff's mark was infringed by that of the defendant and held that the plaintiff was entitled to the relief claimed and that the defendant's counterclaim should be dismissed.
- R. 99-100. 26. In the formal judgment of the Exchequer Court, dated 15th July 1938, the defendant was perpetually restrained from using the mark "Pepsi-Cola" or any other word or words so similar to "Coca-Cola" as to be calculated to cause confusion in association with the manufacture and sale of any beverage not manufactured by the plaintiff, or from using the word "Pepsi-Cola" in or as a part of its corporate name, or from printing its trademark or any word or words in script form of a kind calculated to cause confusion. The judgment also directed the defendant to deliver up material bearing the infringing trademark, and ordered it to pay damages or to account for its profits at the election of the plaintiff. Defendant's counterclaim was dismissed. 10
- R. 92-93. 27. (a) In his Reasons for Judgment, the learned President of the Exchequer Court dismissed the submissions of the defendant that the mark "Coca-Cola" was invalid and invalidly registered by reason of its 20
- R. 93, LL. 11-15. descriptiveness or misdescriptiveness, stating that the coca and cola ingredients if present in plaintiff's beverage would constitute a small proportion in terms of volume of said beverage, which is composed largely of carbonated water, and that the descriptive meaning of these terms was probably unknown to the Canadian public. The learned President disregarded the second of plaintiff's registrations.
- R. 93, LL. 23-30.
- R. 67, L. 41;
R. 68, L. 1.
R. 70-72.
R. 73-86.
- R. 76, LL. 5-8. (b) The learned President quoted various sections of The Unfair Competition Act and reviewed many authorities dealing with the question of infringement. He expressed the view that persons might easily be confused or mistaken in receiving an order for either beverage hurriedly 30 or carelessly given or pronounced, particularly over the telephone, and stated that the probable tendency to contract the respective marks into cola would render it possible for a purchaser to be given a beverage which he had not in mind.
- R. 76, LL. 11-15.
- R. 86-89. (c) The learned President in his treatment of the issue of infringement referred to the facts in the case of *The Coca-Cola Company v. Loft, Inc.*, 167 Atlantic Reporter 900. The learned President relied upon the evidence in the Loft litigation in support of his view that purchasers in Canada were likely to be deceived and concluded that defendant had been animated by the purpose of obtaining some commercial advantage from 40 plaintiff's reputation.
- R. 92, LL. 1-5.

(d) The learned President dismissed the defendant's contention that cola was the recognised generic designation of a well-known class of soft drinks as exemplified by the numerous registrations of cola trademarks in the Canadian Trademarks Office, expressing the view that all such registrations suggested that the registrants wished to obtain a commercial advantage from the public's long acquaintance with "Coca-Cola." R. 92, LL. 1-5.

(e) The learned President referred to numerous litigations in the United States in which the American Coca-Cola Company has been a party. R. 79-89.

10 (f) The learned President rejected as immaterial on the issue of infringement the difference in get-up between the products of the parties and dismissed the other defences put forward by the defendant. R. 96, LL. 32-35.
R. 96-98.

28. The defendant respectfully submits that the learned President was in error in his Reasons for Judgment in the following amongst other respects (adopting the order in which the learned President dealt with the case):—

20 (A) In failing to give effect to the submission of the defendant's counsel that the plaintiff should be nonsuited for lack of proof of its title to the trademark in suit and that the plaintiff was not competent to pursue the action, and hereunder, in relying upon as facts, matters which were in controversy, and as to which there was no, or no sufficient evidence. R. 24, L. 38,
R. 25, L. 25.
R. 67, LL. 32-37,
R. 97, LL. 2-5.

(B) In holding that Section 18 of the Unfair Competition Act was applicable to the plaintiff's case. R. 71-72.

30 (C) In holding without any, or any sufficient evidence, that "the trade mark Coca-Cola has been in use uninterruptedly, in connection with the sale of a beverage, in the United States, by the Parent Company of the Plaintiff, for over fifty years" and that "for a long number of years the sale of a beverage, under the name of Coca-Cola, has been carried on extensively in Canada, and that this beverage has there been extensively advertised, under that name." R. 69, LL. 2-7.

(D) In stating that the thirty-one registered trademarks put in evidence by the defendant were registered in Canada subsequently to the registration of "Coca-Cola"; whereas in fact four of these registrations were prior in date to such registration. R. 69, LL. 47-48;
R. 266; 243-247;

(E) In holding that there was no evidence whether any of these marks went into use in Canada. R. 70, LL. 1-3, 9-10.

In the defendant's submission, under Canadian Law registration is prima facie evidence of use prior to the date of registration.

R. 92, LL. 2-5.

(F) In drawing the inference that such marks were registered for the purpose of obtaining some commercial advantage from the alleged long acquaintance of the public with the plaintiff's beverage.

(G) In failing to observe that some of the English precedents cited and relied upon by him in his Reasons for Judgment, were decided under the Trade Marks Act of 1919, which has no counter- 10 part in Canadian Law, and as to which different considerations apply.

R. 79, L. 14.

(H) In stating, contrary to the fact, that in the United States "Pepsi-Cola" had been held to be "an offending mark."

R. 79, L. 15.

(I) In relying upon the United States case of *Coca-Cola v. Koke Company of America* without observing that the ground of the decision in that case was that, on the evidence, the word "Coca-Cola" has been in practice frequently abbreviated by consumers into the word "coke" or "koke." It is noteworthy that in its written argument before the United States Supreme 20 Court, the Coca-Cola Company expressly represented that cola was a descriptive and generic term, recognized by the public as signifying a class of drinks known as cola drinks.

R. 86, LL. 12-46.

(J) In relying upon the facts stated in the Reasons for Judgment to have been found in the cases of *Coca-Cola Company v. Loft*, and *Coca-Cola Company v. Happiness Candy Stores, Inc.* (in which cases neither the present defendant nor the American Pepsi-Cola Company was a party) as though they were facts proved in the present case; and without giving proper effect to the fact that these cases were actions for passing off in which 30 there was no evidence that deception occurred by reason of the trademark "Pepsi-Cola."

R. 92, LL. 2-7.

(K) In utilizing the facts stated in the judgments in these said cases in support of the view that by the use of the marks "Coca-Cola" and "Pepsi-Cola," likelihood of confusion may arise, and in support of the view that the defendant had adopted its mark for the purpose of obtaining some commercial advantage from the plaintiff's reputation, notwithstanding that in fact judgment was given for the defendants in said cases.

(L) In relying upon the action brought by the American Coca-Cola Company in the United States in respect of other marks, which actions fall into three classes:—

- A. Adjudicated actions
- B. Consent judgments
- C. Applications for registration.

The cases in class A involved different states of facts and are clearly distinguishable. The cases in classes B and C involved entirely different considerations. The learned President is in error in respect of several of these cases.

(M) In neglecting to give effect, among other decisions, to the American judgment in the case of *Coca-Cola Company v. Carlisle Bottling Works*, 43 Fed. (2d) 101, 119, in which the Circuit Court of Appeals for the Sixth Circuit held that "Roxa Kola" did not infringe "Coca-Cola." It is noteworthy that the United States Supreme Court refused to grant leave to appeal from this decision. (282 U.S. 883.)

(N) In holding that persons might be confused if an order for the beverages of either party were hurriedly or carelessly given or pronounced, particularly over the telephone.

(O) In holding, without any, or any sufficient evidence, that the plaintiff's mark "has been long and widely known."

(P) In holding that there would be a tendency for the emphasis to be placed upon the last part of the marks in question. No evidence was offered to show that in fact the emphasis was so placed in practice or that there was any such tendency.

(Q) In holding that regard must be had to "the effect of the tendency to abbreviate trademarks" to cola. No evidence was offered to show there was any such tendency.

(R) In implying that the trademark "Pepsi-Cola" affords "the opportunity . . . [to] retailers and their employees to practise deception upon the unsuspecting customer, . . ."

(S) In implying that the mark "Pepsi-Cola" was registered and put in use in Canada "for the purpose of obtaining some commercial advantage from the long acquaintance of the public with the plaintiff's beverage." In the humble submission of the defendant this amounts to a holding of fraudulent intent. It is difficult to gather from the record how far the plaintiff relies upon such a contention. Such a charge, however, seems to be indicated by the Petition for Leave to Appeal.

R. 90, LL. 31-47;
R. 91, LL. 1-7, 16-22;
R. 68, LL. 21-28.

(T) In drawing the inference that the use of any mark consisting of "two words comprising either the word 'Coca,' or the word 'Cola,' or variants of such words," was evidence that such marks were adopted "with the expectation of reaping some advantage from the wide acquaintance of consumers with Coca Cola," thus in effect holding that any such marks constitute an infringement and holding that the plaintiff is entitled to a monopoly in the word cola as part of a trademark.

R. 91, LL. 22-29.

(U) In rejecting the defendant's submission that cola is a generic term, and in stating that the public use of the phrase cola drinks goes to show the tendency to abbreviate marks and also indicates that a considerable section of the consuming public associates cola drinks with the plaintiff's beverage. There is no evidence whatever in this record supporting the view that the word cola is associated by the public with the plaintiff's product. 10

R. 98.

(V) In granting the plaintiff relief in accordance with the prayer of the statement of claim in regard to trademark No. 257/55268, in spite of his own statement that "that registration may here be disregarded."

R. 67, L. 41;
R. 68, L. 1.

R. 93, L. 12.

(W) In rejecting the defendant's submission that the plaintiff's mark is invalid in that it is either descriptive or mis-descriptive, holding that these words cannot be said to be descriptive of a beverage largely composed of carbonated water and in holding that the descriptive significance of these words would not be apprehended by the purchasing public. 20

R. 93, LL. 13-14.
R. 93, L. 25.

R. 93, LL. 4-30.

In the humble submission of the defendant neither of the grounds relied upon by the learned President is well founded in law.

R. 93, LL. 4-10.

(X) In presuming that the mark "Coca Cola" by reason of its "long and extensive use" in Canada, has acquired a secondary meaning and in holding that this presumption has not only not been rebutted but has not even been put in question. 30

R. 96, LL. 33-35.

(Y) In stating that the "get-up or dress of the bottles or containers in which Coca-Cola or Pepsi-Cola is sold has . . . nothing whatever to do with the case" and is immaterial in this action.

R. 200, LL. 6-12.

29. The learned President reached the conclusion, as is pointed out by the Supreme Court in its Reasons for Judgment, "that there was a system of deception and fraud practised by the Defendant against the Plaintiff . . ." The record contains no evidence whatever supporting the conclusion that the defendant was guilty of fraud. 40

THE JUDGMENT AND REASONS FOR JUDGMENT
OF THE SUPREME COURT.

30. The defendant appealed to the Supreme Court of Canada and the appeal was heard by Chief Justice Duff and Justices Rinfret, Davis, Kerwin and Hudson on the 27th, 28th, 29th, 30th and 31st of March, 1939, and the 3rd of April, 1939. R. 186, LL. 24-27.

31. The judgment of the Supreme Court of Canada, dated 9th December, 1939, unanimously allowed the appeal with costs and dismissed both the action and the counterclaim with costs, except that it declined to make an order under the counterclaim with respect to the 1932 registration of "Coca-Cola." R. 186-187.

32. The Reasons for Judgment of Sir Lyman Poore Duff, Chief Justice of Canada, and of Justices Rinfret, Davis and Hudson, was delivered by Mr. Justice Davis. Mr. Justice Kerwin filed separate Reasons for Judgment concurring. R. 187-200.
R. 200-203.

33. Mr. Justice Davis stated that the issue of infringement was as follows:—

20 "We now come to the attack against Pepsi-Cola. The question is whether or not the names are so similar and confusing as likely to mislead the consuming public. It is not a passing off action; and there is no evidence that anyone has been misled." R. 195, LL. 17-20.

34. Mr. Justice Davis pointed out that in an infringement suit "each case depends upon its own facts." R. 195, L. 40.

35. The Court found that the words coca and cola are descriptive terms. It enumerates in its Reasons for Judgment several other actions then pending in the Exchequer Court in which the plaintiff sought to restrain the use of the word cola as part of the trademarks of the several defendants, to wit, Denis-cola; Eskimo-Cola; Texa-Cola; Sunshine Cola; Hero-Cola; Soda-Kola. The Reasons for Judgment enumerates in chronological order the thirty-one Canadian registrations of trademarks in which the word cola was used, "as some evidence of the general adoption of the word in names for different beverages or tonics." R. 193, LL. 36-37.
R. 197, LL. 9-21.
R. 197, LL. 22-45;
R. 198, LL. 1-19.

36. Mr. Justice Davis further stated that the effect of the plaintiff's contentions was an attempt to prevent the use by any other person of the word cola in any combination as a trademark for a soft drink and pointed out that the plaintiff was "really attempting to secure a monopoly in the word 'cola.'" He further stated that what was protected R. 198, LL. 35-41;
R. 199, LL. 5-6.

- R. 196, LL. 41-43. by law was the whole mark as registered although the use of a part of the mark might amount to a substantial taking of the whole. He further held
- R. 199, LL. 18-26. that judging by the tests of sight and sound the compound word "Pepsi-Cola" did not bear so close a resemblance to "Coca-Cola" as to be likely to cause confusion among the purchasing public or in trade and that from the "general impression on the mind of the ordinary person . . . would be one of contrast, rather than of similarity." He expressed the view that
- R. 199, LL. 38-42. it would be a commercial injustice to find infringement here having regard for the facts in the record concerning the registration and use of the mark "Pepsi-Cola." 10
- R. 200, LL. 9-15. 37. Mr. Justice Davis further commented upon the fact that the learned President had been influenced by findings in the case of *Coca-Cola Company v. Loft, Inc.*, above referred to, and pointed out that the findings of fact in that case were clearly inadmissible.
- R. 193, LL. 36-39. 38. In respect of the issue of validity of the plaintiff's trademark, Mr. Justice Davis, though finding that the words coca and cola are descriptive terms, stated that the Court was not prepared to say that two descriptive words joined into a compound may not constitute a proper trademark when written in a peculiar script. He further held that if
- R. 194, LL. 21-25. there was any legitimate ground for impeaching the 1905 registration of "Coca-Cola," there had been such long delay and acquiescence that it would be a matter of grave commercial injustice to cancel the registration of the plaintiff's mark that had been made in 1905. 20
- R. 189, LL. 45-46;
R. 190, LL. 1-6. 39. He further stated, on the issue of whether the plaintiff had proved its title to the mark "Coca-Cola," that it was doubtful whether either the plaintiff or defendant had proved legal title to the trademark each claimed, but that for the purposes of this case, it could be assumed that each had established its title.
- R. 202, LL. 21-23. 40. Mr. Justice Kerwin in separate Reasons for Judgment concurred with the other members of the Court upon the issue of infringement and agreed in the dismissal of the counterclaim in so far as the Respondent's trademark registered in 1905 was concerned. With respect to the counterclaim, he stated that he could not agree with all the reasons of the learned President of the Exchequer Court, pointing out that his conclusion rested
- R. 202, LL. 24-26. "solely on the ground that there is no evidence that would warrant the Court declaring that it ['Coca-Cola'] was not registrable or ordering that
- R. 202, LL. 24-29. the registration be cancelled." He agreed with the Court that no order should be made in respect of the 1932 registration of "Coca-Cola." 30
- R. 203, LL. 1-3.
- R. 106, 107. 41. The attention of the Supreme Court was directed by the defendant to dictionaries, encyclopædias and other works in which the 40

words coca and cola are defined and their descriptiveness in relation to beverages such as those produced by the parties is established.

42. The marks of both the plaintiff and the defendant were registered pursuant to the provisions of The Trade Mark and Design Act. The provisions of The Trade Mark and Design Act relating to trademarks were repealed by The Unfair Competition Act, 1932 (Sec. 61, Subdiv. 2). The register existing under The Trade Mark and Design Act was made part of the register maintained pursuant to The Unfair Competition Act. The more important sections of both statutes are set forth in an
10 appendix to this case.

43. The parties were in agreement in the Courts below that the statutory test of infringement is the same as that of the common law, and among the authorities cited to both Courts were the relevant rulings of English courts.

R. 115, LL. 5-6:
R. 170, L. 17.

44. In its Petition for Special Leave to Appeal, the plaintiff prayed for leave to appeal from only so much of the judgment of the Supreme Court as "adjudged that the use of the Defendant's mark in the form in which on the evidence it appears to have been used did not constitute an infringement of the rights of the Plaintiff by virtue of its
.20 registration No. 43/10433 made on November 11, 1905 . . ." No relief is now sought on the basis of the plaintiff's 1932 registration nor is any claim now made for an injunction against the use of the words "Pepsi-Cola" as part of the defendant's corporate title. In the Order in Council dated 15th January 1941, special leave to appeal in respect of the limited question presented by the petition was granted. It might be observed that the plaintiff thus appears to accept the judgment of the Supreme Court in so far as it adjudged that there was no infringement of "Coca-Cola" by "Pepsi-Cola" *qua* word marks, and presents for the consideration of His Majesty in Council the sole question whether "Coca-Cola" in the
30 special form registered is infringed by "Pepsi-Cola" in the form in which it has been used.

R. 209, LL. 35-38.

R. 213-216.

45. The defendant submitted before the Supreme Court and now submits:—

AS TO INFRINGEMENT.

(A) The question of infringement is primarily one of fact.

(B) Whether a mark is so "similar" to another mark within the meaning of Section 2 (κ) of the Unfair Competition Act of 1932 as to constitute infringement, is to be determined by the common law test as to what degree of similarity constitutes

infringement, inasmuch as that section is but a statement of the rules applied in that regard at common law.

(C) The question of infringement falls to be dealt with upon the state of facts as they existed at the time of litigation.

(D) The word cola is and was at all material times a descriptive word which is part of the English language and is found in dictionaries and other works and is the apt word to describe a beverage containing the extract of cola as a flavoring ingredient.

(E) In addition to being initially descriptive, the word cola 10
has become the generic designation of a class of beverages, and is not associated with the product of any particular manufacturer.

(F) The descriptive and generic word cola may properly be included by a defendant in a compound mark which in its totality is not confusingly similar to the plaintiff's mark.

(G) The defendant's mark "Pepsi-Cola" is not similar to "Coca-Cola" in the form as registered, or otherwise, within the meaning of that word as used in the Unfair Competition Act of 1932.

(H) In determining similarity, the likelihood of any confusion 20
resulting from the concurrent use of a descriptive or generic word as part of a compound word mark is not actionable and does not constitute infringement.

(I) Even were the word cola a fanciful or arbitrary term, its inclusion in the mark "Pepsi-Cola" would not render that mark "similar" to the mark "Coca-Cola" within the meaning of that word as used in the Unfair Competition Act of 1932.

(J) The absence of any evidence that confusion has resulted from the use of the defendant's mark strongly supports the view 30
that confusion is unlikely.

(K) The differences in the get-up of the products of the parties is a material circumstance to be considered in determining whether the defendant's mark as used is likely to result in confusion.

(L) The registration of a compound mark does not confer exclusive rights in the component elements of such a mark.

(M) The plaintiff by virtue of its laches and by its acquiescence in the registration and use of the defendant's mark "Pepsi-Cola"

is barred and estopped from maintaining the present action. In any event, the plaintiff by reason of such laches and acquiescence is not entitled to the relief of an account.

AS TO PROOF OF TITLE AND COMPETENCE TO SUE.

(N) The plaintiff failed to prove its title to the mark "Coca-Cola" and its competence to maintain the present action.

10 1. The plaintiff had the burden of proving that immediately after its incorporation in 1932 it acquired: (A) the business, (B) the goodwill and (C) the mark "Coca-Cola" from the prior owner thereof, and (D) that it was organized and went into operation within the time limited by the Companies' Act (24-25 Geo. V, cap. 33).

2. The plaintiff's evidence failed to meet this onus of proof for the reasons that there was no proof (A) of any assignment of the mark to it, (B) of the transfer of the prior business and goodwill to it, and (C) of its organization and operation.

AS TO VALIDITY.

20 (O) The test of validity under Canadian law is substantially the same as that under the common law and the various British Trade Mark Acts up to and including the Act of 1905.

(P) Since the plaintiff's mark consists of two descriptive terms, coca and cola, which aptly describe the plaintiff's beverage, its mark is clearly descriptive and therefore not registrable and should be cancelled. If plaintiff's beverage does not contain coca and cola extracts, its mark would be clearly misdescriptive and therefore not entitled to registration.

(Q) Public knowledge of the descriptiveness of a word is irrelevant on the issue of validity.

30 (R) Where the mark contains terms which aptly describe the product, the quantity of the ingredients so described is immaterial.

(S) The combination of two descriptive words into a compound does not constitute a proper trademark.

(T) A descriptive word or a combination of descriptive words printed in script does not constitute a proper trademark.

(U) In the present case, the question as to whether the mark "Coca-Cola" has acquired distinctiveness by use is irrelevant because the plaintiff's registrations were not based

upon acquired distinctiveness, because the plaintiff led no evidence of distinctiveness acquired after said registrations, or at all, and finally because the plaintiff rested its case wholly upon said registrations.

49. The Pepsi-Cola Company respectfully submits that the Supreme Court of Canada was right in holding that the mark "Pepsi-Cola" was not an infringement of "Coca-Cola," but it submits that the Pepsi-Cola Company established the invalidity of the registrations of the mark "Coca-Cola," and that therefore the judgment of the Supreme Court should be affirmed in so far as it dismissed the Coca-Cola Company's claim of infringement, but should be reversed in so far as it refused to grant the relief for which the Pepsi-Cola Company prayed in its counterclaim for the following, amongst other 10

REASONS

- (1) BECAUSE the plaintiff was not competent in law to maintain the suit.
- (2) BECAUSE the plaintiff failed to prove any title to the mark in suit.
- (3) BECAUSE the registrations of the said mark were invalid. 20
- (4) BECAUSE the defendant has not infringed the said trademark.
- (5) BECAUSE the judgment of the Exchequer Court was erroneous and should be reversed.
- (6) BECAUSE the judgment of the Supreme Court of Canada was right and should be affirmed save in so far as it dismissed the defendant's counterclaim.

W. TREVOR WATSON.

WILLIAM D. HERRIDGE.

FRANK GAHAN.

APPENDIX.

THE TRADE MARK AND DESIGN ACT.*

4. In this Part, unless the context otherwise requires,

* * * * *

(c) "specific trade mark" means a trade mark used in connection with the sale of a class merchandise of a particular description ;

* * * * *

5. All marks, names, labels, brands, packages or other business devices, which are adopted for use by any person in his trade, business, occupation or calling, for the purpose of distinguishing any manufacture, product or article of any description manufactured, produced, compounded, packed or offered for sale by him, applied in any manner whatever either to such manufacture, product or article, or to any package, parcel, case, box or other vessel or receptacle of any description whatsoever containing the same, shall, for the purposes of this Act, be considered and known as trade marks.

* * * * *

11. The Minister may refuse to register any trade mark or union label.

* * * * *

(b) if the trade mark or union label proposed for registration is identical with or resembles a trade mark or union label already registered ;

* * * * *

* The Trade Mark and Design Act in force at the time of the registrations of the marks in controversy was based upon the Act of 1879 (42 Vic. Ch. 22) which was, in 1886, consolidated into revised statutes (R.S.C. 1886, Ch. 63). The consolidated Act of 1886 is in all essential respects the same as the Act of 1879. There were subsequent amendments in 1890 (53 Vic. Ch. 14) and 1891 (54-5 Vic. Ch. 35). The Act was again consolidated in the revision of 1906 (R.S.C. 1906, Ch. 71).

All of the sections set forth in the text are to be found substantially in similar form in the 1886 consolidation and the amendments thereto enacted before the registration of the marks in controversy. The 1906 Act was amended on several occasions, but in no case did the amendment change any of the sections herein set forth, save in immaterial respects. The amendments occurred in 1919 (9-10 Geo. V Ch. 64), 1923 (13-14 Geo. V Ch. 28), and 1927 (17 Geo. V Ch. 71). The Act was again consolidated into the revised statutes in 1927 (R.S.C. 1927, Ch. 201). The Act was further amended in 1928 (18-19 Geo. V Ch. 10). This amendment added sub-sections to Section 17 and 45 which have no bearing upon the issues in this litigation.

(e) if the so-called trade mark does not contain the essentials necessary to constitute a trade mark, properly speaking. 1927, c. 71, s. 3.

* * * * *

13. Subject to the foregoing provisions, the proprietor of a trade mark may, on forwarding to the Minister a drawing and description in duplicate of such trade mark, and a declaration that the same was not in use to his knowledge by any other person than himself at the time of his adoption thereof, together with the fee required by this Act in that behalf, and on otherwise complying with the provisions of this Act in relation to trade marks and with the rules and regulations made thereunder, 10 have such trade mark registered for his own exclusive use.

2. Thereafter such proprietor shall have the exclusive right to use the trade mark to designate articles manufactured or sold by him.

* * * * *

15. Every trade mark registered in the office of the Minister shall be assignable in law.

2. On the assignment being produced, and the fee by this Act prescribed therefor being paid, the Minister shall cause the name of the assignee, with the date of the assignment and such other details as he sees fit, to be entered in the margin of the register of trade marks on the folio where such trade mark is registered. 20

* * * * *

17. A specific trade mark, when registered, shall endure for the term of twenty-five years, but may be renewed before the expiration of the said term by the proprietor thereof, or by his legal representative, for another term of twenty-five years, and so on from time to time, but every such renewal shall be registered before the expiration of the current term of twenty-five years. R.S., c. 71, s. 17.

* * * * *

19. An action or suit may be maintained by any proprietor of a trade mark against any person who uses the registered mark of such proprietor, or any fraudulent imitation thereof, or who sells any article bearing such trade mark or any such imitation thereof, or contained in any 30 package of such proprietor or purporting to be his, contrary to the provisions of this Act.

* * * * *

20. No person shall institute any proceeding to prevent the infringement of any trade mark, unless such trade mark is registered in pursuance of this Act. R.S., c. 71, s. 20.

* * * * *

42. The Minister may, from time to time, subject to the approval of the Governor in Council, make rules and regulations and adopt forms for the purposes of this Act respecting trade marks and industrial designs; and such rules, regulations and forms circulated in print for the use of the public shall be deemed to be correct for the purposes of this Act.

* * * * *

45. The Exchequer Court of Canada may, on the information of
 10 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,
 20 decide any question that may be necessary or expedient to decide for the rectification of any such register. R.S., c. 71, s. 42.

* * * * *

48. Every certificate under this Act that any trade mark or industrial design has been duly registered in accordance with the provisions of this Act, which purports to be signed by the Minister or the Commissioner of Patents shall, without proof of the signature, be received in all courts in Canada as *prima facie* evidence of the facts therein alleged. R.S., c. 71, s. 45; 1919, c. 64, s. 2.

* * * * *

RULES AND FORMS.

* * * * *

X. A Trade Mark consisting either of a surname, a geographical
 30 name or adjective, or a word having a direct reference to the character or quality of the goods in connection with which it is used, may be registered

as a Specific Trade Mark upon the filing of the prescribed application and payment of the prescribed fee, and upon furnishing the Commissioner with satisfactory evidence, either by statutory declaration or by affidavit, that the mark in question has, through long continued and extensive use thereof in Canada acquired a secondary meaning, and become adapted to distinguish the goods of the applicant.

22-23 GEORGE V.
CHAP. 38.

An Act respecting Unfair Competition in Trade and Commerce.

* * * * *

1. This Act may be cited as The Unfair Competition Act, 1932. 10

* * * * *

2. In this Act, unless the context otherwise requires :—

* * * * *

- (e) " Design mark " means a trade mark consisting of an arbitrary and in itself meaningless mark or design, or of a representation of some object or objects, or of letters or numerals in series or otherwise, or of a combination of two or more of the foregoing elements, and depending for its distinctiveness upon its form and colour, or upon the form, arrangement or colour of its several parts, independently of any idea or sound capable of being suggested by the particular sequence of the letters and /or numerals, if any, forming part, thereof, or by their separation into groups and includes any distinguishing guise capable of constituting a trade mark ; 20

* * * * *

- (e) " Owner " in relation to a trade mark, means either the person who has an exclusive right to use the mark in association with his wares in such a way as to indicate to dealers in and /or users of such wares that they have been manufactured, sold, leased or hired by him or, in the case of a trade mark adopted for use in such a way as to indicate only that the wares in association with which it is used are of a defined standard or that they have been produced under defined working conditions, by a defined class of persons or in a defined territorial area, means the person, trade union, 30

commercial association or administrative authority by which the said standard, working conditions, class of persons or area has been defined ;

* * * * *

10 (k) "Similar," in relation to trade marks, trade names or distinguishing guises, describes marks, names or guises so resembling each other or so clearly suggesting the idea conveyed by each other that the contemporaneous use of both in the same area in association with wares of the same kind would be likely to cause dealers in and /or users of such wares to infer that the same person assumed responsibility for their character or quality, for the conditions under which or the class of persons by whom they were produced, or for their place of origin ;

20 (l) "Similar," in relation to wares, describes categories of wares which, by reason of their common characteristics or of the correspondence of the classes of persons by whom they are ordinarily dealt in or used, or of the manner or circumstances of their use, would, if in the same area they contemporaneously bore the trade mark or presented the distinguishing guise in question, be likely to be so associated with each other by dealers in and /or users of them as to cause such dealers and /or users to infer that the same person assumed responsibility for their character or quality, for the conditions under which or the class of persons by whom they were produced, or for their place of origin ;

30 (m) "Trade mark " means a symbol which has become adapted to distinguish particular wares falling within a general category from other wares falling within the same category, and is used by any person in association with wares entering into trade or commerce for the purpose of indicating to dealers in, and /or users of such wares that they have been manufactured, sold, leased or hired by him, or that they are of a defined standard or have been produced under defined working conditions, by a defined class of persons or in a defined territorial area, and includes any distinguishing guise capable of constituting a trade mark.

* * * * *

(o) "Word mark " means a trade mark consisting only of a series of letters and /or numerals and depending for its distinctiveness upon the idea or sound suggested by the

sequence of the letters and/or numerals and their separation into groups, independently of the form of the letters or numerals severally or as a series.

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 ;

* * * * *

(c) is similar to any trade mark or distinguishing guise in use, 10 or in use and known as aforesaid.

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 20 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.

* * * * *

(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.

5. Except as thereunto authorized by the registered owner thereof, no person shall sell, distribute or advertise in Canada, any wares in 30 association with any trade mark or distinguishing guise which, pursuant to the provisions of this Act, has been adopted and registered by any other person for use in association with the same or similar wares.

6. For the purposes of this Act a trade mark shall be deemed to have been or to be used in association with wares if, by its being marked on the wares themselves or on the packages in which they are distributed,

or by its being in any other manner so associated with the wares at the time of the transfer of the property therein, or of the possession thereof, in the ordinary course of trade and commerce, notice of the association is then given to the persons to whom the property or possession is transferred.

* * * * *

11. No person shall, in the course of his business,

- (a) make any false statement tending to discredit the wares of a competitor ;
- (b) direct public attention to his wares in such a way that, at the time he commenced so to direct attention to them, it might be reasonably apprehended that his course of conduct was likely to create confusion in Canada between his wares and those of a competitor ;
- (c) adopt any other business practice contrary to honest industrial and commercial usage.

10

* * * * *

18. (1) In any action for the infringement of any trade mark, the production of a certified copy of the record of the registration of such trade mark made pursuant to the provisions of this Act shall be *prima facie* evidence of the facts set out in such record and that the person named therein is the registered owner of such mark for the purposes and within the territorial area therein defined.

20

(2) Such a certified copy 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:

19. If it appears to the court that a registered trade mark was not registrable by the person by whom the application for its registration was made, the owner thereof shall not be entitled to any remedy or relief in an action for the alleged infringement of such mark without other evidence of his rights than the mere production of a certified copy of the record of the registration.

30

* * * * *

23. (1) The register now existing under the Trade Mark and Design Act shall form part of the register maintained pursuant to this Act, and, subject as hereinafter provided, all entries therein shall hereafter be governed by the provisions of this Act, but shall not, if properly made

under the law in force at the time they were made, be subject to be expunged or amended only because they might not properly have been made hereunder.

* * * * *

(5) Marks registered before the coming into force of this Act shall be treated as word marks or as design marks according to the following rules :

- (a) Any mark consisting of words and/or numerals only without any indication of a special form or appearance shall be deemed to be a word mark ;
- (b) Any other mark consisting of words and/or numerals only shall be deemed to be a word mark if at the date of its registration the words and/or numerals would have been registrable independently of any defined special form or appearance and shall also be deemed to be a design mark for reading matter presenting the special form or appearance defined ;
- (c) Any mark including words and/or numerals in combination with other features shall be deemed to be a design mark having the features described in the application therefor but without any meaning being attributed to the words or numerals, which shall, however, also be deemed to constitute a word mark if and so far as they would at the date of registration have been registrable independently of any defined form or appearance and without being combined with any other feature ;
- (d) Any other mark shall be deemed to be a design mark having the features described in the application therefor.

* * * * *

26. (1) Subject as otherwise provided in this Act, a word mark shall be registrable if it

- (a) does not contain more than thirty letters and/or numerals divided into not more than four groups ;
- (c) is not, to an English or French speaking person, clearly descriptive or misdescriptive of the character or quality of the wares in connection with which it is proposed to be used, or of the conditions of, or the persons employed in, their production, or of their place of origin ;
- (d) would not if sounded be so descriptive or misdescriptive to an English or French speaking person ;

* * * * *

29. (1) Notwithstanding that a trade mark is not registrable under any other provision of this Act it may be registered if, in any action or proceeding in the Exchequer Court of Canada, the court by its judgment declares that it has been proved to its satisfaction that the mark has been so used by any person as to have become generally recognized by dealers in and/or users of the class of wares in association with which it has been used, as indicating that such person assumes responsibility for their character or quality, for the conditions under which or the class of person by whom they have been produced or for their place of origin.

10 (2) Any such declaration shall define the class of wares with respect to which proof has been adduced as aforesaid and shall specify whether, having regard to the evidence adduced, the registration should extend to the whole of Canada or should be limited to a defined territorial area in Canada.

(3) No declaration under this section shall authorize the registration pursuant thereto of any mark identical with or similar to a mark already registered for use in association with similar wares by any person who was not a party to the action or proceeding in which the declaration was made.

* * * * *

20 44. . . .

(2) A registered trade mark shall not be assigned or transmitted except in connection and concurrently with an assignment or transmission of the goodwill of the business carried on in Canada in association with the wares for which such mark has been registered, and in any case such trade mark shall be terminate with such goodwill ;

* * * * *

30 61. (1) Any application for the registration of a trade mark received by the Registrar at any time before the expiration of a month from the day upon which this Act comes into force shall be dealt with in accordance with the provisions of the Trade Mark and Design Act, and registrations made pursuant to such applications shall for the purposes of this Act be deemed to have been on the register at the date upon which this Act comes into force.

(2) Subject as aforesaid, sections three, four to twenty-one inclusive, twenty-three and fifty-three of the said Act are repealed and sections forty-two to fifty-two inclusive are amended by striking therefrom the words "trade mark" and "trade marks" and any other words exclusively relating to the said words.

* * * * *

62. This Act shall come into force on the first day of September, 1932.

In the Privy Council.

ON APPEAL

From the Supreme Court of Canada.

BETWEEN

THE COCA-COLA COMPANY OF CANADA,
LIMITED - - - - *Appellant*

AND

PEPSI-COLA COMPANY OF CANADA,
LIMITED - - - - *Respondent*

AND BETWEEN

PEPSI-COLA COMPANY OF CANADA,
LIMITED - - - - *Appellant*

AND

THE COCA-COLA COMPANY OF CANADA,
LIMITED - - - - *Respondent.*

Case

FOR PEPSI-COLA COMPANY OF CANADA,
LIMITED.

PARKER, GARRETT & CO.,
St. Michael's Rectory,
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*Solicitors for PEPSI-COLA COMPANY OF
CANADA, LIMITED.*