

BETWEEN:

ELI LILLY & COMPANY (CANADA)
LIMITED

APPLICANT.

1951
}
Feb. 1

1954
}
Sept. 24

AND

ROSARIO MARTINEAU Trading as)
LA CIE CANADA DRUG COM-)
PANY

RESPONDENT.

Practice—Trade Marks—Application for order for pleadings and determination of issues of fact on oral evidence—The Unfair Competition Act, 1932, S. of C. 1932, c. 38, ss. 52, 53, 54—Trade Marks Act, S. of C. 1952, c. 49, s. 58—General order for pleadings inconsistent with ss. 53 and 54—Not permissible to order all facts to be proved by oral evidence—Order for proof by oral evidence valid only in respect of specified disputes of fact—Word “requires” in s. 54 does not mean “requests”—Reasons to be shown for order.

In proceedings under section 52 of The Unfair Competition Act, 1932 instituted by the applicant to expunge the respondent’s trade mark Betragen on the ground of its similarity to the applicant’s trade

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mark Betalin an application was made on behalf of the respondent for an order for pleadings and the determination of the issues of fact on oral evidence.

Held: That it is inconsistent with sections 53 and 54 of the Act to make a general order for the filing of pleadings. It is plain from the sections that the object of the Act was to provide a summary method for the disposition of applications to expunge trade marks and it was not intended that it should be replaced by an action with formal pleadings.

2. That it is not permissible, in the face of the terms of section 54, to order that all the facts should be proved by oral evidence. Primarily, the application must be heard and determined summarily on evidence adduced by affidavit. It is only in respect of an issue of fact that an order for oral evidence may validly be made.
3. That when it has been ascertained what facts are in issue, if there are any, the applicant for the order must specify the particular issue or issues in respect of which he seeks an order for proof by oral evidence.
4. That the applicant must show some reason, beyond his mere request, for the order sought by him so that the Court may exercise its discretion in deciding whether the order should be made or not.

APPLICATION in proceedings under section 52 of The Unfair Competition Act, 1932 for an order for pleadings and the determination of the issues of fact on oral evidence.

The application was heard before the President of the Court at Ottawa.

Eric L. Medcalf, Q.C. for applicant.

H. Gerin-Lajoie, Q.C. for respondent.

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

THE PRESIDENT now (September 24, 1954) delivered the following judgment:

This is an application on behalf of the respondent for an order that the parties file pleadings giving particulars of the matters in issue between them and that all issues of fact raised in the pleadings be determined on oral evidence. The application is made in proceedings instituted by the applicant under section 52(1) of The Unfair Competition Act, 1932, Statutes of Canada, 1932, chapter 38, for an order that the entries in the Trade Mark Register relating to Registration No. N.S. 101/26100 of the trade mark Betagen for use in association with "produits pharmaceutiques" made in the name of the respondent be struck out on the ground that they do not accurately express or define the

existing rights of the respondent, for the reason that the said trade mark Betagen is similar to the applicant's trade mark Betalin already registered for use in connection with similar wares under No. N.S. 42/11462.

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The applicant's proceedings were instituted by filing with the Registrar of the Court an originating notice of motion pursuant to section 53 of the Act which provides:

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53. Every application under the next preceding section shall be made either by the filing with the Registrar of the Court of an originating notice of motion or by counterclaim in an action for the infringement of the mark.

The respondent's application purports to be made under the authority of section 54 of the Act which, so far as relevant, reads as follows:

54. Every such application . . . shall, unless, either party requires some issue of fact to be determined on oral evidence, be heard and determined summarily on evidence adduced by affidavit.

While section 53 provides for the institution of proceedings by the filing of an originating notice of motion there is no provision in the Act requiring the respondent to disclose prior to the return of the motion whether he intends to oppose the application or not or what his defence, if any, is. He need not file any affidavits until the morning of the day of the return. This deficiency in the statutory procedure led to the adoption of a practice, where either party wished to avail himself of it, of applying for an order that pleadings be filed and that all issues of fact be heard and determined on oral evidence. This had the effect of turning the special summary proceedings contemplated by the Act into an action. The details of this practice are set out in 6 Canadian Patent Reporter, at pages 69 to 73. It was in pursuance of this practice that the respondent launched the present motion. Until this application was made the validity of the practice was never challenged. Now counsel for the applicant does so sharply and, in my opinion, successfully. There are several reasons for this conclusion.

It is inconsistent with sections 53 and 54 of the Act to make a general order for the filing of pleadings. It is plain from the sections that the object of the Act was to provide a summary method for the disposition of applications to expunge trade marks and it was not intended that it should

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be replaced by an action with formal pleadings. The essential summary character of the proceedings must be maintained.

There is a further reason for not making the general order sought by the respondent. Under the practice referred to when an order for pleadings and the determination of all issues of fact on oral evidence was made it was assumed that all the facts, regardless of whether there was any dispute in respect of them, should be proved exclusively by oral evidence. If that consequence is implied in the making of such an order there is no authority for making it for it is not permissible, in the face of the terms of section 54, to order that all the facts should be proved by oral evidence. Primarily, the application must be heard and determined summarily on evidence adduced by affidavit. This is mandatory unless, as the section provides, "either party requires some issue of fact to be determined on oral evidence." Consequently, the first thing to be determined is whether there is any issue of fact. An issue of fact denotes a dispute as to the fact in question. The Concise Oxford Dictionary gives the following as one of the meanings of the word "issue":

Point in question, esp. (Law) between contending parties in action, as *i of fact* (when fact is denied), *i of law* (when application of the law is contested);

Thus it seems clear that if there is no issue of fact, that is to say, no dispute of fact, there is no authority for departing from the direction in section 54 that the facts are to be proved by affidavit evidence. It is only in respect of an issue of fact that an order for oral evidence may validly be made. Consequently, the applicant for such an order must show that there is a dispute of fact. Unfortunately, there is a deficiency in the statutory procedure. There is no provision for ascertaining, prior to the return of the motion, what facts, if any, are in dispute. Consequently, it is desirable, if an adjournment of the hearing on the return of the motion is to be avoided, to find some solution of the problem presented by the deficiency so that the parties may know where they stand. This can be done by requiring the respondent within a specified time to file and serve an answer to the reasons given by the applicant in its originating notice of motion and an affidavit or affidavits proving the facts relied upon by him and permitting the applicant

within a specified time to file and serve a reply thereto. While there is no specific authority, such as there is in section 58 of the Trade Marks Act, S. of C. 1952, Chapter 49, for such a course it has the merit of enabling the parties to ascertain what facts, if any, are in dispute and to decide whether an application should be made for an order that the disputed issues should be heard and determined on oral evidence.

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Counsel for the respondent contended that the word "requires" in section 53 means "requests" and that on his mere request the respondent is entitled to have all the issues of fact heard and determined on oral evidence. I do not agree.

In the first place he has not shown that there are any "issues" of fact to be heard and determined. This he must do first.

Then when it has been ascertained what facts are in issue, if there are any, the applicant for the order must specify the particular issue or issues in respect of which he seeks an order for proof by oral evidence. It will then be possible for the Court after hearing the parties to settle the issues to be heard and determined by oral evidence. This was the view expressed by Cameron J. in *The Perry Knitting Company v. Harley Mfg. Company Ltd.* (1) with which I agree.

Finally, in my opinion, the word "requires" in section 53 does not mean "requests". The New Oxford Dictionary gives several definitions of it including:

II. 5. (a) To ask for (some thing or person) authoritatively or imperatively, or as a right; to demand, claim, insist on having.

(b) To ask for (something) as a favour; to beg, entreat, or request (of one). Now rare.

(c) To make request or demand.

(d) To ask or request to have, etc. Now rare.

and also:

II. 6. To demand as necessary or essential on general principles, or in order to comply with or satisfy some regulation.

(b) To demand or call for an appropriate or suitable in the particular case; to need for some end or purpose.

(c) To demand as a necessary help or aid; hence, to stand in need of; to need, want.

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It seems to me that in the context the word "requires" has the second of these meanings rather than the first. That being so, the applicant must show some reason, beyond his mere request, for the order sought by him so that the Court may exercise its discretion in deciding whether the order should be made or not.

For the reasons given the respondent's application must be refused, with leave to renew it in respect of specific issues of fact when it has been determined what facts, if any, are disputed. For that purpose the respondent should within 30 days from the date hereof file and serve his answer to the reasons given by the applicant in its originating notice of motion and affidavits in proof of the statements of fact in such answer and the applicant should within 20 days thereafter file its reply to such answer, with leave to either party to apply for further directions.

The costs of this motion and order will be costs in the cause to the applicant in any event of the cause.

Order accordingly.
