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 BETWEEN :  
  
 LIME COLA COMPANY ..... PETITIONER;  
  
 AND  
  
 THE COCA-COLA COMPANY OF  
 CANADA LIMITED ..... OBJECTING PARTY.

*Trade Marks—"Lime Cola"—The Unfair Competition Act, 1932, secs. 2(a), 2(b), 2(m), 3, 4, 6, 26(1)(c), 28(1)(d), 29—Use of trade mark required to be proved in an application under s. 29 of The Unfair Competition Act, 1932, is a use in Canada.*

*Held:* That for the purpose of a declaration under s. 29 of The Unfair Competition Act, 1932, the use of the trade mark required to be proved must be a use in Canada.

ARGUMENT on question of law.

The argument was heard before the Honourable Mr. Justice Thorson, President of the Court, at Ottawa.

*Gordon Henderson* for petitioner.

*Christopher Robinson* for objecting party.

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

THE PRESIDENT now (March 4, 1947) delivered the following judgment:

The Petitioner is incorporated under the laws of Georgia and has its head office in Montgomery, Alabama. It seeks registration under The Unfair Competition Act, 1932, Statutes of Canada, 1932, chap. 38, of the words "Lime Cola" as a word mark for use in association with the sale of non-alcoholic beverages and syrups for the manufacture thereof. The application is by way of a petition for the necessary declaration of the Court under section 29 of the Act for the reason that the words are not registrable in the ordinary way because they are descriptive within the meaning of section 26(1)(c). The petition alleges, *inter alia*, that the word trade mark, "Lime Cola", was first used during September, 1915, in the United States of America, by the petitioner's predecessor in title and has been continuously used there since that date by the petitioner and its predecessors in title; that the petitioner first made it known in Canada on or before January 1, 1940, and has continuously made it known in Canada since that date; that it has also been used by the petitioner and/or its predecessors in title in other countries; that the petitioner and its predecessors in title have spent considerable money in making it known to the purchasing public in such countries and have advertised it extensively throughout Canada; and that it has been used across Canada and will be used in each Province in Canada. Then there are other allegations that the requirements for a declaration under section 29 have been complied with.

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The objecting party is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is the owner of the registered trade marks, "Coca-Cola" and "Coke", each applied to beverages and syrups for manufacturing the same. It objects to the registration sought by the petitioner on the grounds set out in its statement of objections. We are not, for the moment, concerned with these objections except the statement "that the said words "Lime Cola" have not been so used in Canada as to become generally recognized by dealers in or users of non-alcoholic beverages and syrups for the manufacture thereof as indicating that the petitioner assumes responsibility for their character or quality" and the allegation that the facts recited in the petition do not establish the jurisdiction of this Court under section 29.

Under these circumstances, counsel for the parties, under Rule 150 of the General Rules and Orders of this Court, concurred in stating a question of law for the opinion of the Court and it was ordered that the following question be settled prior to the hearing of the action:

Whether for the purpose of a declaration under Section 29 of The Unfair Competition Act, 1932, the use of the trade mark required to be proved must be a use in Canada.

Section 29 of The Unfair Competition Act, 1932, provides as follows:

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.

(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.

The section is an exceptional one; it provides for the registration of certain trade marks that would otherwise remain unregistrable under the Act; trade marks that can be registered under some other section fall outside its ambit. The first thing to be noted is that to be registrable under the section the proposed mark must be a "trade mark" within the definition in section 2(m) as a "symbol which has become adapted to distinguish" the wares of one person from the similar wares of another person, that is to say, it must be distinctive, for distinctiveness is an essential requirement of every trade mark: *Fisher v. British Columbia Packers Ltd.* (1). But distinctiveness is not necessarily innate in a mark; it is a quality that may be acquired by it. This is implied in the definition of a trade mark as a symbol which has "become" adapted to distinguish. The next important thing to note is that the distinctiveness of a trade mark does not *per se* make it registrable. Distinctiveness and registrability are not the same. The right to registration is not inherent in a trade mark. Distinctiveness is necessary to its existence, but its registrability depends on the terms of the registration Act. Section 26 is an illustration of what is meant. Subject as otherwise provided, it provides for the registrability of a word mark if it falls outside the prohibitions of the paragraphs of subsection (1) and, by implication, it bars its registration if it falls within any such prohibitions. For example, a word mark is not registrable if it is descriptive of the character or quality of the wares in connection with which it is proposed to be used, within the meaning of section 26(1)(c). It is not because of its lack of distinctiveness that its registration is barred, for it may possess that attribute in full measure, but because of its descriptiveness. Distinctiveness and descriptiveness as applied to words are not mutually exclusive terms. This was fully dealt with by Fletcher Moulton L.J. in *Joseph Crosfield's & Sons Ltd's Application* (2). Words originally only descriptive, and not distinctive may acquire through their use in association with wares a secondary meaning that is distinctive, and thus "become" adapted to distinguish such wares as those of a particular person and of no one else and qualify

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(1) (1945) Ex. C.R. 128 at 132. (2) (1909) 26 R.P.C. 837.

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as trade marks. Yet, notwithstanding the acquisition of such secondary and distinctive meaning through use, the words have not lost their descriptive character and section 26(1)(c) still stands in the way of their registrability as a word mark. This is an illustration of the kind of trade mark for which section 29 was designed. It provides for a declaration of the Court, upon proper proof before it, pursuant to which such a trade mark may be lifted out of the class of non-registrable trade marks in which, but for the section, it would continue to remain. There is no need to determine the whole class of trade marks that might come within the scope of registrability pursuant to a declaration of the Court under the section, for we are here concerned only with those which by reason of their descriptiveness are not registrable because of section 26(1)(c). According to the petition itself the words "Lime Cola" came within that class.

In order that the petitioner may obtain the declaration of the Court pursuant to which the words "Lime Cola" may be registered as a word mark, notwithstanding their descriptiveness, it must comply with the requirements of the section. It must prove to the satisfaction of the Court that there is a general recognition by dealers in and/or users of non-alcoholic beverages and the syrups for the manufacture thereof that the words "Lime Cola" when used in association with such wares indicate that the petitioner assumes responsibility for them, that is to say, 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; in other words, it must be shown that in the minds of such dealers and/or users the words have acquired a secondary meaning and, therefore, a distinctive one, distinguishing the wares as those of the petitioner and of no one else. Unless the proof goes thus far, there is no justification for according the words the exceptional treatment provided by section 29. But it is not enough for the petitioner to show merely that there is a general recognition of such secondary and distinctive meaning in the minds of dealers in and/or users of the wares; it must also show that such general recognition is the result of the use of the words in association with the

wares by the petitioner or his predecessors in title. This follows from the requirement of the section that proof must be given that "the mark has been so used \* \* \* as to have become generally recognized by dealers in and/or users of the class of wares \* \* \* as indicating \* \* \*". The general recognition of the acquisition by the words of a secondary and distinctive meaning, as indicating the petitioner's wares, must be the result of their use in association with such wares. And the question of law before the Court is whether the use required to be proved must be use in Canada.

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The question is a novel one. Section 29 does not specify where the trade mark must be used and counsel for the petitioner contended that evidence of use in any Convention country might be given and that it was not limited to evidence of use in Canada. Counsel for the objecting party, on the other hand, took the position that the use that must be proved is use in Canada.

I have come to the conclusion that the more reasonable construction of section 29 is that the use of the trade mark there referred to means use in Canada. There is strong support for this view in subsection (2). It requires the Court to specify whether, having regard to the evidence adduced, the registration should extend to the whole of Canada or be limited to a defined territorial area in Canada. The evidence adduced must relate to the recognition by dealers in and/or users of the wares of a secondary and distinctive meaning of the words resulting from their use in association with wares. If such recognition is throughout Canada, then the registration should extend to the whole of Canada, but if not, then it should be limited to the territorial area in Canada in which the recognition exists. The section thus contemplates the possibility of the acquisition of a secondary and distinctive meaning in only an area in Canada. When section 29 requires proof to be made of a general recognition by dealers in and/or users of the class of wares in association with which the trade mark has been used that it has acquired a secondary and distinctive meaning, this must, I think, mean a general recognition by dealers and/or users in Canada, for otherwise there would be no rational basis for subsection (2),

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and since the recognition must flow from use, I think it follows that the use must be in Canada. It is difficult to see how there could be a recognition in the minds of persons in Canada of the acquisition by words of a secondary and distinctive meaning resulting from their use in association with wares, and not otherwise, if such use were not in Canada. The Court must, I think, deal with the matter from the point of view of the situation as it exists in Canada, and ascertain the meaning which the trade mark has acquired in the minds of dealers and/or users in Canada as a result of its use in Canada. If the recognition of the secondary and distinctive meaning of the trade mark must be in the minds of persons in Canada, and such recognition must flow from its use in association with wares, then it must follow that such use must be use in Canada. This view is in accord with the decision on a somewhat similar question in *F. Reddaway & Co. Ltd's Application* (1). There the Court had to consider the meaning of the words "adapted to distinguish" in section 9(5) of the Trade Mark Act, 1905, of the United Kingdom, and the acquisition of distinctiveness through user. Viscount Dunedin, speaking for the House of Lords, which reversed the judgment of the Court of Appeal and restored that of Tomlin J. and the decision of the Registrar, said, at page 37:

I think Mr. Justice Tomlin was right when he said: "I think, first, that 'adapted to distinguish' means 'adapted to distinguish in this country' having regard to the practice and conditions of the trade here"

and later:

I agree with Mr. Justice Tomlin, who said "Though evidence of user in another country may be some evidence of an inherent quality of distinctiveness, it cannot be evidence that the mark is adapted to distinguish in the market of this country."

While the judgment is not a direct authority on the question before the Court, I think a similar view would be reasonably applicable to it, particularly since the purpose of the section under review in that case was in many respects similar to that of section 29. The conclusion that the use required to be proved must be use in Canada is a reasonable and normal one; it is consistent with the purpose of the section and meets the needs of the situation in

(1) (1927) 44 R.P.C. 27.

Canada; moreover, it gives full effect to subsection (2) and, in addition, it does not lead to any anomalous or absurd results.

This cannot be said of the construction advanced on behalf of the petitioner. If it were sufficient to prove the acquisition by descriptive words of a secondary and distinctive meaning as a result of their use in association with wares in a country other than Canada and on the strength thereof the registration of such words as a trade mark could be obtained in Canada, that might lead to the result that words which have a secondary and distinctive meaning in the country in which they have been so used would be registrable in Canada, even although in Canada such words had only a descriptive character and had no secondary or distinctive meaning at all; that would mean the registration in Canada as a trade mark of words that have not the essential requirement of a trade mark within the meaning of the definition in section 2 (*m*). Such an anomalous result could not, in my opinion, have been intended by Parliament. It would be unreasonable and counter to the purpose of the section. Moreover, it would render subsection (2) meaningless, for the evidence of use elsewhere than in Canada could not afford the Court any basis for deciding whether there should be a territorial limitation to the registration or not. A construction leading to such consequences ought to be rejected unless there are other circumstances compelling its adoption.

Counsel for the petitioner sought support for his contention in a number of other sections of the Act. He urged that the Act gave wider protection to the proprietors of trade marks in use in any country of the Union other than Canada, such Union being the Union for the Protection of Industrial Property as defined in section 2(*b*), than it did to the proprietors of trade marks in use in Canada; that all he had to do was to show that the words "Lime Cola" were in use as a trade mark in the United States, one of the countries of the Union; that distinctiveness in the country of origin was sufficient for the purposes of the Act; and that if distinctiveness was acquired by the words by their use in the United States, the petitioner would be entitled to the benefit of such distinctiveness in

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an application under section 29. I am unable to accept these views. I do not think that the reference to other sections of the Act or to any preferential treatment given to the proprietors of trade marks in countries of the Union other than Canada can affect the particular and exceptional place of section 29 in the scheme of the Act.

Section 3 was one of the sections referred to. It is true that the section gives greater protection in the case of a trade mark in use in a country of the Union other than Canada than it does in the case of a trade mark in use in Canada, in that the prohibition against the knowing adoption for use in Canada of a mark already in use in a country of the Union other than Canada applies even when it is not used or registered in Canada, if it is known there in the manner indicated, whereas in the case of a trade mark in use in Canada there must be both use and registration before the prohibition applies. But it does not follow from the fact that there is a prohibition against the knowing adoption of a trade mark in use in a country other than Canada, that there is also entitlement to registration of such a mark under the exceptional provisions of section 29 without proof of use in Canada. Section 3 does not touch the question of the registration or registrability of a trade mark in Canada at all.

Nor am I able to see what bearing section 4, with its reference to the rights of the person who, in association with wares, "first uses or makes known in Canada" a trade mark, can have on the construction of section 29. It requires proof that the trade mark has been so "used" as to have resulted in the recognition of its secondary and distinctive meaning. There is no mention of making the trade mark known in Canada. The recognition of a secondary and distinctive meaning in the minds of the dealers and/or users must flow from the use of the trade mark, not from the making of it known. Proof of making the trade mark known in Canada, by advertisement or the like without proof of its use in Canada, within the meaning of section 6, would not, in my judgment, warrant the making of a favourable declaration under section 29.

Reference was also made to section 28 (1) (d) and the fact that under it a foreign trade mark may be registered

in Canada without any requirement of use of it in Canada. The reason is plain. Section 28 (1) (d) carries out the intent of article 6 of the convention of the Union of Paris for the Protection of Industrial Property, as defined in section 2 (a), which provided that every trade mark duly registered in the country of origin should be admitted for registration and protected in the form originally registered in other countries of the Union under the reservations indicated. The entitlement to registration of the foreign trade mark under section 28 (1) (d) is because of its due and valid registration in the country of origin of such registration and it would not have been in accord with the intent of article 6 if, in addition to its registration in the country of its origin, use of it in Canada had also been required as a condition of its registration. But the petitioner's application for registration of the words "Lime Cola" as a trade mark is not based upon registration in the United States, and there is no allegation of any such registration; if it were then it might be made under section 28 (1) (d), in which case use of the words in Canada would not have to be proved; but in such event, the application would fall outside the scope of section 29 altogether. Here the application is made on the basis of the use of the words as a trade mark and it is sought to rely upon use in the United States as proof of entitlement to registration in Canada under section 29, because it is admittedly not otherwise registrable because of section 6 (1) (c). What counsel for the petitioner seeks, in effect, to do is to extend the obligation of Article 6 of the Convention, as implemented by section 28 (1) (d), of granting registration to a foreign trade mark in Canada because of its due and valid registration in the country of its origin to granting registration to such a trade mark because of its use without registration in the country of its origin. There is no warrant or justification for any such extension, and it ought not to be granted. If it were granted, the result might follow that a trade mark would be registrable in Canada because of its use in another country, even although it was not registrable in such other country. It was certainly never the intention of Parliament that such a result would be possible under section 29.

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Section 29 deals with a subject matter not affected by any convention obligation and should be construed independently of the article of the Convention or the other sections of the Act; it is designed to meet the needs of exceptional situations as they may arise in Canada, so that where trade marks in use in Canada have acquired a secondary and distinctive meaning in Canada they may, under the supervision of the Court, be granted registration, notwithstanding their non-registrability under any other section of the Act.

Under the circumstances, I am clearly of the opinion that the use required to be proved in an application under section 29 of The Unfair Competition Act must be use in Canada. The question of law is therefore answered in the affirmative. The costs will be costs in the cause.

*Judgment accordingly.*