

Ottawa  
1966

BETWEEN:

Mar. 24, 25

JACK PORTER ..... APPELLANT;

Apr. 15

AND

DON THE BEACHCOMBER ..... RESPONDENT.

*Trade Marks—Application to expunge—Trade Marks Act, s. 44(3)—Trade Marks in respect to services—Services performed in U.S.A.—Trade Mark advertised in Canada—Whether “use in Canada”—Absence of special circumstances—Appeal from Registrar’s decision.*

In response to a request by the Registrar of Trade Marks under s. 44 of the *Trade Marks Act* the owner of the registered trade mark “Don the Beachcomber” furnished an affidavit deposing that the trade mark was used in Canada in advertising food and restaurant services in California. The Registrar decided that the trade mark ought not to be expunged.

*Held*, the trade mark was not in use in Canada within the meaning of s. 44(3) of the *Trade Marks Act*, and in the absence of evidence of special circumstances to excuse its non-use registration of the trade mark should be expunged.

On the proper construction of s. 44(3) of the *Trade Marks Act*, a trade mark in respect of services is not in use in Canada if it is merely used or displayed in advertising the services in Canada: the services must also be performed in Canada.

[*Trade Marks Act*, S. of C. 1952-53, c. 49, secs. 2(t), 2(v), 4(2), 5, 16, 29, 44 referred to.]

APPLICATION to expunge trade mark.

*David W. Scott* for appellant.

*Russel S. Smart* for respondent.

THURLOW J.:—This is an appeal under s. 55 of the *Trade Marks Act*<sup>1</sup> from a decision of the Registrar of Trade Marks whereby, following a notice given by him pursuant to s. 44(1) of the Act at the instance of the appellant and consideration by him of the affidavit filed on behalf of the respondent in response thereto as well as representations made on behalf of both parties, he decided to allow the respondent’s registration under number 117,-694 of the mark DON THE BEACHCOMBER to remain on the register.

Section 44 of the Act provides as follows:

44. (1) The Registrar may at any time and, at the written request made after three years from the date of the registration by any person who pays the prescribed fee shall, unless he sees good reason to the

<sup>1</sup> S. of C. 1952-1953, c. 49.

contrary, give notice to the registered owner requiring him to furnish within three months an affidavit or statutory declaration showing with respect to each of the wares or services specified in the registration, whether the trade mark is in use in Canada and, if not, the date when it was last so in use and the reason for the absence of such use since such date.

(2) The Registrar shall not receive any evidence other than such affidavit or statutory declaration, but may hear representations made by or on behalf of the registered owner of the trade mark or by or on behalf of the person at whose request the notice was given.

(3) Where, by reason of the evidence furnished to him or the failure to furnish such evidence, it appears to the Registrar that the trade mark, either with respect to all of the wares or services specified in the registration or with respect to any of such wares or services, is not in use in Canada and that the absence of use has not been due to special circumstances that excuse such absence of use, the registration of such trade mark is liable to be expunged or amended accordingly.

(4) When the Registrar reaches a decision as to whether or not the registration of the trade mark ought to be expunged or amended, he shall give notice of his decision with the reasons therefor to the registered owner of the trade mark and to the person at whose request the notice was given.

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in such appeal.

While the material which may be considered by the Registrar in reaching his decision is restricted as provided in s. 44(2) on appeal to this Court the matter is governed by s. 55(5)<sup>1</sup> which provides that:

55. ...

(5) On the appeal evidence in addition to that adduced before the Registrar may be adduced and the Court may exercise any discretion vested in the Registrar.

On the present appeal the issue to be determined was stated by the parties as being whether the Registrar in the circumstance appearing from the agreed statement of facts properly exercised the discretion conferred upon him by s. 44(3) of the Act in deciding to allow the respondent's registration to remain on the register and the agreed statement of facts, whether or not it comprises precisely the same material as that considered by the Registrar, therefore constitutes the material upon which the appeal must be determined.

The agreed statement of facts discloses that the application for registration in question was made on September 4, 1959 by Cora Sund Casparis of Hollywood, California,

<sup>1</sup> See also *Re Wolfville Holland Bakery Ltd.* (1965) 42 C.P.R. 88.

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U.S.A. on the basis of the trade mark having been "made known" in Canada in April 1943 and on the basis of the registration of it which the applicant had obtained in the United States on February 7, 1950. The application stated that the trade mark had been "made known" in Canada in association with the serving of food and beverages in restaurants by reason of its having been used in the United States in association with such services and by reason of the advertising of such services in association with the trade mark in printed publications in the ordinary course among potential dealers in or users of such services and that by reason of such advertising the trade mark had become well known in Canada. Registration of the mark in Canada was granted on April 22, 1960. An assignment of the trade mark to the respondent, a California corporation, dated October 25, 1961 was registered on August 12, 1964.

On April 2, 1964 the Registrar, at the written request of the appellant under s. 44(1), requested the owner of the mark to satisfy him by affidavit or statutory declaration that the trade mark was in use in Canada within the meaning of the *Trade Marks Act* and on July 10, 1964 solicitors for the respondent filed an affidavit sworn by Raymond M. Fine and dated June 30, 1964 which stated:

That such trade mark is in use in Canada as evidenced by the attached specimen advertisements and was so in use in Canada on April 2, 1964, the date of the Section 44 notice.

This was followed by reproductions of two block advertisements of food and restaurant services available at an address in Hollywood in both of which advertisements the words DON THE BEACHCOMBER appeared in type larger and bolder than the rest of the script and were followed by the symbol ® .

It is agreed that there was no evidence furnished to the Registrar as to actual performance in Canada of the services to which the registration relates.

Following a hearing at which both the appellant and the respondent were represented the Registrar informed the parties of his decision by a letter dated December 24, 1964 the body of which read as follows:

Re: "BEACHCOMBER"

Following the hearing on December 15, 1964, I have considered the representations made by both parties.

Having regard to all the circumstances my decision is to allow registration No. 117,694, "DON THE BEACHCOMBER" to remain on the register.

On the hearing of the appeal it was conceded by counsel for the respondent, (quite properly, in my opinion, for I think it is clear in any event) that there was no material before the Registrar upon which he could properly conclude that services of the kind in respect of which the trade mark is registered were being physically performed in Canada in association with the trade mark at the material time and that the appeal turns on whether it was open to the Registrar to regard advertising in Canada of the trade mark in respect of the services without physical performance of the services in Canada as use of the trade mark in Canada for the purposes of s. 44(3). It was not suggested that anything in the material before the Court indicates special circumstances which might excuse absence of use in Canada and thus justify retention of the registration of the trade mark under s. 44(3) notwithstanding the absence of such use in Canada.

What has to be decided in the present appeal is thus whether advertising in Canada of the trade mark without physical performance in Canada of the services in respect of which it was registered was use of the trade mark in Canada within the meaning of the statute. In support of his position that such advertising in Canada coupled with performance of the services in the United States was sufficient to constitute use of the mark in Canada counsel for the respondent relied on the words "in use" in s. 44(3) and the definition of "use" in s. 2(v) coupled with the provision of s. 4(2) of the Act.

Sections 2(v) and 4(2) read as follows:

2. (v) "use" in relation to a trade mark, means any use that by section 4 is deemed to be a use in association with wares or services;
4. (2) A trade mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of such services.

Counsel's position was that because of the definition of "use" in s. 2(v) and of the provision of s. 4(2) therein referred to the words "in use" in s. 44(3) as applied to this case, are to be read as meaning "used or displayed in the advertising of such services", that the affidavit of Raymond M. Fine showed that the mark was in use in Canada within the meaning of the definition by reason of its being displayed in advertising in Canada of the services performed by the respondent in the United States and that with this

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affidavit before him it was plainly open to the Registrar to conclude that it did not appear that the trade mark was "not in use in Canada" within the meaning of s. 44(3).

I do not think this submission can prevail. In my view the suggested incorporation of expressions from s. 4(2) into s. 44(3) produces an interpretation which does not give full effect to the words used in either of these subsections. What s. 44(3) refers to is not merely use of the trade mark but use of it in Canada. The expression "trade mark" is defined in s. 2(*t*), in so far as the definition deals with marks in respect of services, as meaning a mark that is used or to be used to distinguish services performed by one person, or according to a standard, from services performed by others, or not according to the standard. By s. 2(*v*) "use" in relation to a trade mark in respect of services means a use that by s. 4(2) is deemed to be a use in association with services and in order to be deemed to be used in association with services under s. 4(2) the trade mark must be used or displayed in the performance or advertising of the services. Two elements are thus required to constitute "use" as defined in s. 2(*v*) viz., (i) services to be distinguished by the trade mark; and (ii) use or display of the trade mark in the performance or advertising of the services. As a matter of construction of the words of the statute, apart from other considerations, the expression "in use in Canada" in s. 44(3) appears to me to mean the carrying out in Canada of both elements required to constitute "use" and that the carrying out of only one of them in Canada does not amount to "use in Canada" of the trade mark.

While this conclusion as to the meaning of s. 44(3) is based simply on a reading of the expressions used in the statute the same conclusion is indicated as well by approaching the problem of interpretation of the subsection on the assumption that the essential attributes of trade marks in respect of wares would also be required in trade marks in respect of services and for this reason would require that the services in respect of which a trade mark is registered be services that are performed in Canada in the course of the registrant's trade.

There are three features of the statute which appear to me to justify the making of this assumption. One is that while the legal concept of a trade mark in respect of services is of statutory origin and is recognized, so far as I am

aware, for the first time in Canadian law in this statute, s. 2(*t*) deals with the meaning of the expression "trade mark" both in respect of wares and in respect of services in a single definition. The same is true of the definitions in s-ss. 2(*a*), 2(*g*) and 2(*m*). And elsewhere as well in the statute there are numerous references to trade marks in respect of "wares or services" while reference to trade marks in respect of wares alone or services alone are comparatively few. The second is that the provisions of ss. 5, 16 and 29 with respect to trade marks which have been used in a country of the Union and "made known" in Canada become ineffectual and useless in respect of service trade marks since the mere making known of the mark in Canada by advertising in respect of services performed elsewhere (whether or not the mark had thereby become "well known" in Canada within the meaning of s. 5) would, in the interpretation contended for by the respondent, constitute use of the mark in Canada. The third feature is that s. 29(*c*)<sup>1</sup> becomes not merely ineffective but also incapable of application to trade marks in respect of services if advertising of the trade mark in Canada coupled with performance of the services elsewhere is sufficient to constitute use of the trade mark in Canada. The provisions of ss. 5, 16 and 29 however have consistency with the scheme of the statute and scope for application in respect of service trade marks that have been "made known" in Canada if the requirement that a trade mark in respect of wares be used in association with the wares on the market of the country in which it is to be protected applies as well to trade marks in respect of services. Accordingly, apart from what I think is the proper interpretation of the words used in s-ss. 44(3), 2(*v*) and 4(2) by themselves, consideration of the features of the statute which I have mentioned would lead me to the same conclusion.

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<sup>1</sup> 29. An applicant for the registration of a trade mark shall file with the Registrar an application containing

(*c*) in the case of a trade mark that has not been used in Canada but is made known in Canada, the name of a country of the Union in which it has been used by the applicant or his named predecessors in title, if any, and the date from and the manner in which the applicant or such predecessors have made it known in Canada in association with each of the general classes of wares or services described in the application.

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I shall therefore hold that "use in Canada" of a trade mark in respect of services is not established by mere advertising of the trade mark in Canada coupled with performance of the services elsewhere but requires that the services be performed in Canada and that the trade mark be used or displayed in the performance or advertising in Canada of such services.

It follows from what I have said that the information contained in the affidavit of Mr. Fine that the respondent's trade mark was at the material time in use in Canada by reason of its being advertised in Canada was not capable of serving as a basis for a finding by the Registrar that the trade mark was "in use in Canada" within the meaning of that expression in s-s. 44(3) of the Act, and that the situation is thus one in which there has been a failure to furnish evidence of use of the trade mark in Canada in response to the Registrar's demand. The situation, as I view it, is also one in which, having regard to the requirement of the notice to the registered owner of the trade mark under s-s. 44(1) to show by affidavit or statutory declaration whether the trade mark was in use in Canada and to the filing of an affidavit in which no more was said as to use than the statement which I have quoted, coupled with the admitted fact that there was no evidence furnished to the Registrar as to actual performance in Canada of the services to which the respondent's registration relate, the proper inference appears to be that the trade mark was "not in use in Canada" within the meaning of s-s. 44(3).

The registration was therefore "liable to be expunged" unless special circumstances excusing such absence of use appeared. On the facts as presented there was no evidence of such special circumstances excusing the absence of use in the period of about four years during which the trade mark had been registered. Nor was there evidence that the respondent had plans for rendering services in Canada in the future in association with the mark or had in fact made the trade mark well known in Canada within the meaning of s. 5 so as to entitle the respondent, under s. 16, to registration and its benefits on that basis and at the same time to render it impossible for anyone else to acquire under s. 16 a right to have it, or a mark confusing with it, registered. While I express no opinion on the point, if it is conceivable that such evidence, if persuasive, could have justified the

Registrar, in the exercise of his discretion, in declining to exercise his power under s-s. 44(3) to expunge the registration even though he was satisfied that the trade mark was not in use in Canada and that no special circumstances excusing such absence of use existed, the situation in the present case is that no such evidence appears to have been offered. On the whole therefore I am of the opinion that the registration should have been expunged and that the registrar's decision to allow it to remain on the register should not be sustained.

The appeal will be allowed with costs and an order will go expunging the registration in question.

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