

BETWEEN:

CHEERIO TOYS AND GAMES LIM-  
ITED .....

APPELLANT;

AND

SAMUEL DUBINER AND CHEERIO  
YO-YO AND BO-LO COMPANY }  
LTD. ....

RESPONDENT.

1963  
Oct. 21, 22  
1964  
July 29

*Trade Marks—Trade Marks Act, S. of C. 1952-53, c. 49, ss. 49(11) and (12) and 55—Application for registered user—Appeal from decision of Registrar of Trade Marks—Who may appeal decision of Registrar of Trade Marks granting application for registered user—Whether decision of Registrar of Trade Marks adverse to appellant as required by s. 49(12) of Trade Marks Act—Whether appellant must be registered user of trade mark in question.*

The appellant and the respondent, Dubiner, were respectively the defendant and plaintiff in the action *Dubiner v. Cheerio Toys and Games Ltd.* reported at p. 524 *ante*. In this action the respondents applied to the Registrar of Trade Marks for registration of the respondent company as a registered user of several trade marks of which the respondent, Dubiner, was the registered owner. The application was granted without the appellant having been given an opportunity to oppose it although it had notified the Registrar of its desire to do so.

*Held:* That the appellant has a right of appeal under s. 55(3) of the *Trade Marks Act*, as it allows any person entitled to a notice of a decision made by the Registrar to appeal it and the appellant was entitled to and did receive such notice.

- 2. That to the extent that the grounds of appeal are the same as or similar to those grounds mentioned in s. 49(10)(c)(i), (ii), (iii) and (iv) of the *Trade Marks Act*, the procedure outlined in that section for cancellation was the only one available to the appellant.
- 3. That the Registrar's decision was adverse to the appellant within the meaning of s. 49(12) of the *Trade Marks Act* in that the proposed user

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would be actively competing with the appellant and its name would be confusingly similar to that of the appellant and such a confusion or deception would go beyond what the registered user's provisions tolerate.

4. That although the appellant was no longer a registered user of the trade marks in question at the time when the events here under review occurred, it is not because of any status as a registered user that it was injuriously affected by the Registrar's decision but because the Registrar has approved a registered user under a trade name confusingly similar to that of the appellant and the registered user section of the Act cannot be construed to allow conflicting trade names to operate with the resultant confusion and deception which such a situation would create, unless the trade names were those of companies which are related, affiliated or connected as representing a group of traders in a manner such as no conflicting confusion would result from their concurrent use.
5. That the registered user section of the *Trade Marks Act* must be interpreted strictly and cannot go beyond the confusion necessary to allow one or several persons to use the same registered trade mark.
6. That the appellant clearly had a right to be heard by the Registrar under s. 49(12) of the *Trade Marks Act* and its appeal from the Registrar's decision on the ground that he had refused to hear it is properly raised under s. 55 of the Act.
7. That the appeal is allowed.

APPEAL from a decision of the Registrar of Trade Marks.

The appeal was heard before the Honourable Mr. Justice Noël at Ottawa.

*J. C. Osborne, Q.C.* and *R. G. McClenahan* for appellant.

*Donald F. Sim, Q.C.* and *W. F. Green* for respondent.

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

NOËL J. now (July 29, 1964) delivered the following judgment:

This is an appeal pursuant to the provisions of s. 55 of the *Trade Marks Act* from the decision of the Registrar of Trade Marks rendered May 31, 1963, whereby effective March 12, 1963, a corporation called Cheerio Yo-Yo and Bo-Lo Company Ltd. was registered as a registered user of several trade marks covered in the notice of appeal, the principal ones being "Cheerio", "Bo-Lo" and "Cheerio Yo-Yo".

The application for registration of Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user was made on

March 8, 1963, by both the latter company and Samuel Dubiner, the owner of the trade marks. On March 18, 1963, a letter signed by Messrs. Gauld, Hill and Kilgour, on behalf of the appellant, was sent to the Registrar of Trade Marks requesting that they be notified if an application was made to register the above company so that they may have an opportunity to oppose it. The Acting Registrar of Trade Marks then replied as follows in a letter of March 21, 1963 to the above request:

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In reply to your letter of March 18, and in particular third paragraph, application was made on March 12, 1963, to register Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user of the trade marks named in the application for cancellation of Cheerio Toys & Games Limited. That application has not yet been considered, but you are advised that *there is no provision in the Trade Marks Act for opposing a registered user application.* (the emphasis is mine).

On April 22, 1963, the Registrar wrote to Messrs. McCarthy & McCarthy, representing Samuel Dubiner and Cheerio Yo-Yo and Bo-Lo Company Ltd. acknowledging receipt of an application by both of their clients for registration of Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user of the trade marks and requesting a written agreement, if any, between the parties upon which the application is based.

On April 24, 1963, Messrs. Gauld, Hill and Kilgour wrote to the Acting Registrar stating that the Director of Companies Branch in Quebec had not yet authorized the incorporation of Cheerio Yo-Yo and Bo-Lo Company Ltd., forwarding a photocopy of an advertisement which appeared in the March/April 1963 issue of Toys and Playthings, which implied that a company by that name exists and that it is a registered user of certain trade marks and requesting advice as to whether he had any record of a company by the above name being a registered user of any trade marks and particularly the trade marks "Yo-Yo", "Cheerio Yo-Yo" and "Bo-Lo".

On April 25, 1963, Messrs. McCarthy & McCarthy on behalf of Mr. Dubiner and Cheerio Yo-Yo & Bo-Lo Company Ltd. wrote the Registrar enclosing an original copy of the agreement between the parties upon which the registered user agreement is based and requesting that the subject matter of this agreement be kept confidential.

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The Registrar in response to the above letter wrote to Messrs. McCarthy & McCarthy on May 9, 1963 the following:

Gentlemen,

I acknowledge receipt of your letter of April 25 enclosing a copy of an agreement in support of the registered user application by Samuel Dubiner and Cheerio Yo-Yo and Bo-Lo Company Ltd.

...  
 Your attention is also drawn to Clause 7 of the agreement and it is pointed out that use of the trade marks by Cheerio Toys & Games Limited, as registered user of the trade marks in question, is permitted use and not an infringement.

Finally, on May 31 the Registrar informed Messrs. McCarthy & McCarthy and Cheerio Toys & Games Ltd. that effective March 12, 1963, Cheerio Yo-Yo and Bo-Lo Company Ltd. was registered as a registered user of the trade marks.

It therefore appears from the above correspondence that despite the appellant's desire notified to the Registrar or Acting Registrar of Trade Marks to be heard on these proceedings, it was not permitted to do so and the application was allowed.

The grounds for appeal are several and can be narrowed down to the following:

(1) The use of the trade marks by Cheerio Yo-Yo and Bo-Lo Company Ltd. would be contrary to the public interest; (2) the appellant was not given an opportunity to be heard although a request to do so had been made; (3) as the conditions and restrictions subject to which Cheerio Yo-Yo and Bo-Lo Company Ltd. is permitted to use the said trade marks do not require that the character and quality of its wares shall be the same as the wares of the appellant under the same marks, confusion and deception would result; (4) the use of the trade marks by a company having the corporate name Cheerio Yo-Yo and Bo-Lo Company Ltd. and by the appellant under its corporate name would cause or be likely to cause deception or confusion as to the origin of such wares; (5) that Cheerio Yo-Yo and Bo-Lo Company Ltd. have used the said trade marks otherwise than by way of permitted use and in such a way as to cause or be likely to cause deception or confusion; (6) that the owner of the trade marks and Cheerio Yo-Yo and Bo-Lo Company Ltd. failed to disclose facts

that if accurately represented or disclosed would have justified the Registrar in refusing the application for registration of the registered user; (7) the Registrar erred in registering the Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user retroactively.

This appeal is launched, as we have seen pursuant to the provisions of s. 55 of the *Trade Marks Act* and before going any further in dealing with the above grounds of appeal it would be important to determine whether an appeal under the above s. 55 is available to the appellant in the present instance.

Section 55(1), (2) and (3) reads as follows:

55. (1) An appeal lies to the Exchequer Court of Canada from any decision of the Registrar under this Act within two months from the date upon which notice of the decision was despatched by the Registrar or within such further time as the Court may allow, either before or after the expiry of the two months.

(2) The appeal shall be made by way of notice of appeal filed with the Registrar and in the Exchequer Court of Canada.

(3) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trade mark that has been referred to by the Registrar in the decision complained of and to every other person who was entitled to notice of such decision.

Now an appeal is usually limited to an actual party to the decision and although the appellant was not a party thereto, the latter would, however, under s. 55(3) of the Act have a right of appeal as it allows any person entitled to a notice of a decision made by the Registrar to appeal it and, of course, the appellant was entitled to and did receive such notice.

An appeal, however, would not, in my opinion, be the proper remedy here in all the cases which are in a general way covered by s. 49(10)(c)(i), (ii), (iii) and (iv) of the Act.

Indeed, I had occasion to determine in a case in which judgment was rendered this day under No. A-1190 of the files of this Court (*ante* p. 524) that the registered user section being one of exception, its provisions must be strictly adhered to and as a procedure was set down in the above section to obtain cancellation of the registration of a registered user, on the grounds therein mentioned, this procedure is the only one available in such cases.

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As all the grounds of appeal in this case, with the exception of the alleged refusal of the Registrar to hear the appellant either reproduce the grounds mentioned under the above section or are of a similar nature thereto, it therefore follows that as far as those grounds are concerned, the procedure of the above section for cancellation was the only one available to the appellant.

This, however, does not dispose of the matter as the appellant submits that the Registrar refused to hear it and that it was entitled to such a hearing under s. 49(12) of the Act which reads as follows:

49. . . .

(12) The Registrar shall not exercise any discretionary power under this section adversely to a person without giving each person who will be affected by the exercise of the power an opportunity of being heard personally or by his agent.

I am satisfied that the decision of the Registrar to register Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user under the circumstances of the present case was adverse to the appellant in that the proposed user would be actively competing with the appellant and the former's name would be confusingly similar to that of the appellant and such a confusion or deception would, in my opinion, go beyond what the registered user's provisions tolerate.

Now, although as I decided in the first of the actions submitted to me involving the appellant herein, the latter ceased to be a registered user as of December 28, 1962, upon the breach of his user agreement, this does not mean, however, that the appellant from that date could no longer be a person injuriously affected by the ruling of the Registrar in approving Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user. Indeed, it can be readily seen here that it is not because of its status as a registered user that it was injuriously affected but because of the fact that the registrar has approved a registered user under a trade name confusingly similar to that of the appellant and, in my opinion, the registered user section of the Act cannot be construed to allow conflicting trade names to operate with the resultant confusion and deception which such a situation would create, unless these trade names are those of companies which are in some way related, affiliated or connected as representing a group of traders in a manner

such as no conflicting confusion would result from their concurrent use and, of course, that is not the situation we have here. As I had occasion to point out in the judgment referred to above, the registered user section of the Act must of necessity be interpreted strictly and cannot go beyond the confusion necessary to allow one or several persons to use the same registered trade mark.

Now whether the Registrar refused to hear the appellant on the basis that there was no provision under the Act for opposing a registered user application or for any other reason, makes, in my opinion, very little difference as it is clear from the correspondence referred to above that he did not give it the opportunity of being heard and bringing forth any facts which might have changed or altered his decision on the application although the appellant clearly had a right to be heard under s. 49(12) of the Act and this also was adverse to the appellant.

As the grounds for appeal on the basis that the Registrar refused to hear the appellant does not fall under any of the grounds mentioned in s. 49 (10)(c) (i), (ii), (iii) and (iv) it was therefore properly raised under s. 55 of the Act and this appeal should and is hereby maintained on that basis alone. Consequently, the registration of Cheerio Yo-Yo and Bo-Lo Company Ltd. as a registered user of the trade marks covered by registration numbers

N.S. 35/9570	N.S. 74/19279
N.S. 45/12078	N.S. 83/21542
N.S. 83/21541	N.S. 83/21544
N.S. 83/21543	N.S. 83/21554
N.S. 83/21545	N.S. 85/22029
N.S. 83/21555	N.S. 85/22096
N.S. 85/22066	N.S. 86/22303
N.S. 86/22285	N.S. 89/23192
N.S. 89/23191	N.S. 90/23430
N.S. 90/23301	N.S. 95/24662
N.S. 94/24465	N.S. 48/12848
N.S. 128/32786	

is set aside and the matter is referred back to the Registrar so that the appellant be given an opportunity to be heard. There will be no costs.

*Judgment accordingly,*

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