

BETWEEN:

BONUS FOODS LTD., PLAINTIFF,

AND

ESSEX PACKERS LIMITED, DEFENDANT.

1964
Jan. 15-17,
20-22
Nov. 18

Trade marks—Infringement—Validity—Registration—Descriptive of character or quality of wares—Distinctive or adapted to distinguish—Trade mark which is not “descriptive” is not “misdescriptive”—Similar trade marks—Similar wares—Misstatements in application for registration of trade mark—Confusion of public—User of trade marks in same area—Infringement deemed to exist—Length of time trade marks have been in use—Nature of the wares—Nature of the trade—Trade Marks Act, S. of C. 1952-53, c. 49, ss. 2(b), 6(1), (2) and (5), 7(b), 12(1), 18(1), 19, 20 22, 26(1) and (3), 29(b), 40(1)(c) and (2) and 47(1)—Unfair Competition Act, R.S.C. 1952, c. 274, ss. 2(1) and (m) 22(1), 26(1) and 30(1)(a).

The plaintiff claims relief against the defendant for infringement by the defendant of the plaintiff's rights as owner of a registered trade mark,

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for directing public attention to the defendant's canned food products in such a way as to be likely to cause confusion in Canada between them and the plaintiff's canned food products, and for using the plaintiff's registered trade mark in a manner likely to have the effect of depreciating the value of the goodwill attaching thereto. The defendant counterclaimed to have the entry of the plaintiff's trade mark in the Trade Marks Register struck out.

One Louis Gauriato became the registered owner of the trade mark "Bonus" effective June 2, 1944 in respect of "food products, namely, salad oils, ripe olives, green olives, grated cheese", this trade mark being assigned in June 1947 by him to Bonus Foods, of which he was the sole proprietor. At the time of the assignment, the registration was amended to include "Ravioli dinner and spaghetti sauce; noodle chicken dinner; peas; and noodle mushroom dinner" in the statement of the wares in association with which the mark was used.

The plaintiff and its predecessor in title had been using the registered trade mark "Bonus" on goods sold in different parts of Canada and abroad for the period from some time before the effective date of its registration, June 2, 1944, until the time of the trial of this action. No premiums or prizes were given by the plaintiff or its predecessor in connection with wares sold under the mark "Bonus".

The defendant carries on a business as a slaughterer, processor, manufacturer, seller and distributor of a complete line of food products and in 1961 it started to manufacture and sell two different lines of dog food, utilizing for that purpose by-products of its slaughtering operations; one of these lines being marketed under the name "Bonus Dog Food", despite the fact that the defendant had been advised, upon attempting to register "Bonus" as a trade mark in respect of dog food, that the plaintiff had been registered as owner of the trade mark "Bonus" in respect of certain foods for humans. The defendant offered premiums to purchasers of Bonus dog food. Most of the defendant's sales were made in Ontario, the Greater Montreal area and the Atlantic provinces while the plaintiff sold most of its products in the Western provinces and through export.

Held: That infringement of the exclusive right to the use throughout Canada of a trade mark, as conferred on the registered owner thereof by s. 19 of the *Trade Marks Act*, consists in the unauthorized use of the mark by someone else on goods of the kind in respect of which the mark was registered.

2. That the two allegations of the defendant that the registration of the plaintiff's trade mark is invalid as not being distinctive or adapted to distinguish because the word "Bonus" is incapable of being adapted to distinguish the goods of one from those of another and because the word is laudatory of goods and accordingly lacks the quality of distinctiveness, could relate either to the time of registration or to the time that these proceedings were brought.
3. That the word "Bonus", while it is a noun and not an adjective, may conceivably be used to describe a prize or premium that is given with a purchase or to describe the transaction by which a principal object plus some premium or "prize" is sold but it cannot be regarded as descriptive of the "character or quality" of articles of food being sold as such.
4. That the word "Bonus" has no generally understood meaning in relation to the character or quality of wares. It may be contrasted with "Gold

- Medal" or "premium", which have generally accepted meanings in relation to the quality of wares
- 5 That if the trade mark is not "descriptive" of the character or quality of wares it is not "misdescriptive" of the character or quality of wares
 6. That any idea that might be conjured up by the word "Bonus" in relation to the character or quality of canned meat is so remote as to be fanciful.
 - 7 That once it is decided that a word is not "descriptive" or "misdescriptive" of the character or quality of the wares, the possibility of its not being adapted to distinguish the plaintiff's wares from wares of the same category of some other person becomes remote.
 8. That the word "Bonus" is capable of distinguishing the wares of one person from the wares of another and is not laudatory of the goods in association with which it is used.
 9. That the attack on the trade mark "Bonus" on the ground that it was similar on the date of its registration to the registered trade mark "Bonox" fails because it was not alleged by the defendant that the mark "Bonox" was registered for use in connection with "similar wares" and, in any event, "Bonox" is not similar to "Bonus" in this context.
 - 10 That the trade mark "Bonus" registered prior to the registration of the plaintiff's mark was registered in respect of ". . . beverages, sold as soft drinks and syrups and extracts for making the same" which cannot be regarded as "similar" to the wares in respect of which the plaintiff's trade mark was registered
 - 11 That there is no provision in the *Trade Marks Act* under which "misstatements" made in the application for registration, become grounds for invalidating the registration of the trade mark and s. 18 of the *Trade Marks Act* does not extend to such a case unless the misstatement had the effect of making the trade mark "not registrable".
 - 12 That there has been no infringement of the plaintiff's registered trade mark in the sense that the defendant has done something that the plaintiff had the exclusive right to do. Section 19 of the *Trade Marks Act* does not confer on the plaintiff the exclusive right to use "Bonus" as a trade mark in relation to canned dog food.
 - 13 That it must be emphasized that, to bring the defendant within s. 20 of the *Trade Marks Act*, it does not have to appear that the plaintiff and defendant had, in fact, used the mark "Bonus" in the same area or that the public had ever, in fact, been confused in the sense that they had thought that the plaintiff's canned meats, spreads, chicken and other products had been made by the same person as made the defendant's canned dog food
 - 14 That the test in s. 6(2) is not what has happened in fact but what inference would be likely to be drawn if it did happen that the plaintiff and defendant used the mark "Bonus" in respect of these different classes of goods in the same area. A finding must be made whether, in the purely hypothetical event of user by the plaintiff of its registered trade mark rights and user by the defendant of the mark "Bonus" in respect of its dog food in the same area, it would be likely to lead to the inference that the wares in relation to which the plaintiff used the trade mark and the wares in relation to which the defendant used it were manufactured or sold by the same person
 - 15 That the finding made as a result of the test provided for in s. 6(2) of the *Trade Marks Act* might conceivably lead to the conclusion that the

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defendant must be deemed to have infringed the plaintiff's registered trade mark even if the plaintiff's sales were, in fact, restricted to a small area in British Columbia and the defendant's sales were in fact restricted to a small area in Newfoundland and even if no single member of the public had ever, in fact, seen wares originating from them both.

16. That in reaching a conclusion on the hypothetical question framed by s. 6(2) of the Act, the Court must have regard to all the surrounding circumstances including those enumerated in s. 6(5)(a) to (e).
17. That the "inherent distinctiveness of the trade marks . . . and the extent to which they have become known", in s. 6(5)(a) of the Act, applies only in the case where there are two different trade marks, each more or less established in the public mind to such an extent that the public would not infer that they pointed to one person.
18. That "the length of time the trade marks have been in use" in s. 6(5)(b) of the Act, does nothing in this case to negative the inference of one manufacturer or one vendor, otherwise flowing from the use of the same brand, because the alleged infringer is using the registered owner's registered trade mark and as the owner has been using it for over twenty years and the alleged infringer has been using it only during a developmental period.
19. That with respect to the words "the nature of the wares . . ." as used in s. 6(5)(c) of the Act, the plaintiff uses the mark on canned meat for human consumption and the defendant uses it on canned meat for consumption by dogs and, on the evidence, the probability is that one person would manufacture both of these kinds of wares and this is the inference that would be drawn by an ordinary member of the public.
20. That with respect to the words "the nature of the trade" as used in s. 6(5)(d) of the Act, the same manufacturers, trade channels, retail outlets and purchasers are likely to be concerned with canned meat for human consumption and canned meat for dog consumption.
21. That the ordinary person making the rounds of grocery stores or supermarkets would be led to the conclusion, upon seeing the word "Bonus" on the label on dog food and also on the label on canned meat for human consumption, that both products were put out by the same manufacturer or by the same vendor.
22. That the use of the word "Bonus" in respect of canned dog food is likely to have the effect of depreciating the value of the goodwill attaching to the plaintiff's registered trade mark for the reason that most members of the public are likely to have some repugnance to buying food for human consumption under the same brand name as that under which dog food is sold, particularly if, in both cases, it is canned meat.
23. That it is doubtful whether s. 22 of the *Trade Marks Act* has any application to a case where the defendant has infringed or is deemed to have infringed the trade mark.
24. That the defendant has infringed the plaintiff's registered trade mark.

ACTION for infringement of a trade mark.

The action was tried by the Honourable Mr. Justice Cat-tanach at Ottawa.

R. S. Smart and J. J. Ellis for plaintiff.

G. F. Henderson, Q.C. and R. G. McClenahan for defendant.

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

CATTANACH J. now (November 18, 1964) delivered the following judgment:

This is an action in which the plaintiff claims relief against the defendant in respect of three separate causes of action, namely,

- (a) for infringement by the defendant of the plaintiff's rights as owner of a registered trade mark,
- (b) for directing public attention to the defendant's canned food products in such a way as to be likely to cause confusion in Canada between them and the plaintiff's canned food products contrary to paragraph (b) of section 7 of the *Trade Marks Act*, chapter 49 of the Statutes of Canada, 1952-53, and
- (c) for using the plaintiff's registered trade mark in a manner likely to have the effect of depreciating the value of the goodwill attaching thereto contrary to section 22 of the *Trade Marks Act*.

There is also a counterclaim by the defendant to have the entry of the plaintiff's trade mark in the Trade Marks Register struck out.

On February 14, 1946, Certificate of Trade Mark Registration No. N.S. 82/21344 was issued under the *Unfair Competition Act*, c. 38 of the Statutes of 1932, showing registration as of June 2, 1944 (the date of application) in favour of Louis Giuriato of the mark "Bonus" in respect of "Food products, namely, salad oils, ripe olives, green olives, grated cheese". As of June 11, 1947 there was registered an assignment of this registered trade mark from Louis Giuriato to Bonus Foods, the sole proprietor of which was Louis Giuriato. The registration was amended, as of the same time, to include "Ravioli dinner and spaghetti sauce; noodle chicken dinner; peas; and noodle mushroom dinner" in the statement of the wares in association with which the mark was used. As of February 19, 1954, there was registered an assignment of the registration in favour of Bonus Foods Ltd., the plaintiff in this action. On April 22, 1955, the registration was amended to include "canned products: chicken, chicken stew; ravioli dinner with tomato sauce and cheese, devilled ham sandwich spread, ham and chicken

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sandwich spread, chicken spread, chicken a la king, turkey, turkey salad spread, ham loaf, chicken loaf, beef and chicken sandwich spread, chestnuts" in the statement of wares in association with which the mark was used.

The plaintiff company was incorporated on February 2, 1953 to take over a business previously carried on by Louis Giuriato under the firm name of "Bonus Foods". From some time prior to 1941, when he first used the trade mark "Bonus", Louis Giuriato had carried on business under the name "Giuriato Brothers", first as a retail grocer only, and then with some manufacturing and wholesale operations added to the retail grocery business. Commencing in 1945, he carried on the retail grocery business under the name of Giuriato Brothers in one place and carried on the manufacturing and wholesale business in quite separate premises under the name of "Bonus Foods". This continued until 1951, when the retail grocery business was closed down. Finally, as indicated above, the plaintiff company was incorporated in 1953 and took over the wholesale and manufacturing business which until that time Louis Giuriato had been operating under the name of "Bonus Foods".

The plaintiff and its predecessor in title had been using the registered trade mark "Bonus" on goods sold in different parts of Canada and abroad from some time before the effective date of its registration, June 2, 1944, until the time of the trial of this action. The articles of food in relation to which it was so used varied from time to time but, from 1955 until the time of trial, these included such articles as canned dinners (e.g., ravioli dinner), meat spreads and canned boneless chicken. Wares of this kind have been sold in Ontario and Quebec since 1959.

No premiums or prizes were given by the plaintiff or its predecessor in connection with wares sold under the mark "Bonus". The only evidence of any attribution of any significance to the word constituting the mark was the appearance, on at least two of the samples of the plaintiff's labels that were put in evidence, of words conveying a message to the effect that the bonus is in the flavour.

The plaintiff has not, regarded from the national point of view, a very large operation. In 1954, it had total sales amounting to over \$160,000, broken down as follows:

| | |
|------------------------|------------|
| British Columbia | \$ 138,859 |
| Ontario | 14,241 |
| Quebec | 7,809 |
| Other | 3,934 |

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By 1963, the total sales had grown to over \$350,000, broken down as follows: Cattanach J

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| British Columbia | \$ 212,533 |
| Alberta | 49,641 |
| Saskatchewan | 13,217 |
| Manitoba | 35,413 |
| Ontario | 10,482 |
| Export | 37,986 |

During the first eleven months of 1963, its sales amounted to well over a half million dollars, broken down as follows:

| | |
|------------------------|------------|
| British Columbia | \$ 290,762 |
| Alberta | 19,531 |
| Saskatchewan | 2,921 |
| Manitoba | 15,077 |
| Ontario | 27,710 |
| Export | 194,944 |

In some respects at least, the plaintiff's sales efforts were limited at the time of the trial by the fact that it was operating at the full capacity of its plant and it was, at that time, planning larger facilities.

The defendant carries on a business as slaughterers, processors, manufacturers, sellers and distributors of a complete line of food products. In 1961, it started to manufacture and sell two different lines of dog food, utilizing for that purpose by-products of its slaughtering operations that it would otherwise have had to destroy at some expense. One of these two lines was sold under the name "Bonus Dog Food" notwithstanding that the defendant had been advised, upon attempting to register "Bonus" as a trade mark in respect of dog food, that the plaintiff had been registered as owner of the trade mark "Bonus" in respect of certain foods for humans.

During the short period that the defendant had been selling dog food under the mark "Bonus", its sales of that

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dog food amounted to about a million pounds, or \$100,000, per year. Such sales were restricted to Ontario, the Greater Montreal area and the Atlantic provinces, although it is possible that some of the dog food sold to chain groceries may have been retailed in other provinces.

The defendant spent no money on advertising its "Bonus" dog food in the ordinary media. Instead of doing so, it encouraged sales of this product by offering premiums to persons who sent in small cash payments with labels taken from the tins. In this way, the defendant apparently thought that it was giving some significance to the word constituting the mark "Bonus" in the sense of "something extra—a premium". In other words the defendant was intending to say, by using the word "Bonus": "If you buy 'Bonus' dog food, you are going to get something extra".

These proceedings were instituted by a Statement of Claim filed March 21, 1962 which, after alleging *inter alia* the plaintiff's ownership of Trade Mark N.S. 82/21344, alleged that,

4. The plaintiff has continuously used the trade mark in Canada from at least the year 1955 in association with canned fowl and meat food products.

5. The defendant has sold and distributed in Canada a canned animal food which contains meat and bears on each can in prominent lettering the word "Bonus", and the defendant continues to do so.

6. By its actions aforesaid, the defendant has

- (a) infringed the rights of the plaintiff in relation to the said registered trade mark,
- (b) directed public attention to its canned food products in such a way as to be likely to cause confusion in Canada between the canned food products of the defendant and the canned food products of the plaintiff,
- (c) used a trade mark registered by the plaintiff in a manner likely to have the effect of depreciating the value of the goodwill attaching thereto, contrary to the provisions of Section 22 of the Trade Marks Act.

At this point in the recital of events, it should be noted that there is a technical defect in the Statement of Claim in so far as it is intended to set out a claim for infringement of the plaintiff's registered trade mark. Assuming the validity of the trade mark, the plaintiff's right, in consequence of its registration, is, by virtue of s. 19 of the *Trade Marks Act*, "the exclusive right to the use throughout Canada of such trade mark" in respect of the wares in respect of which it was registered. Infringement of that

right consists in the unauthorized use of the mark by someone else on goods of the kind in respect of which the mark was registered. The allegation in the Statement of Claim that the defendant, by its actions, "infringed" the plaintiff's rights, might be taken to be a rather unsatisfactory way of saying that the defendant had used the mark "Bonus" in Canada in respect of some of the wares in respect of which that mark was registered in the plaintiff's name. (If that had been intended, the pleading is defective in that it does not contain a statement "of the material facts on which the party pleading relies" as required by Rule 88 of the Rules of this Court.) However, it is clear from the facts and the course of the trial that the plaintiff was not relying on an actual infringement of its trade mark but was relying on facts that would bring into operation s. 20 of the *Trade Marks Act*, so as to require the Court to "deem" that the plaintiff's right to exclusive use has been infringed by the defendant. To ascertain what facts would bring s. 20 into operation, that section must be read with s-ss (1), (2) and (5) of s. 6 of the same Act. The facts that would, if proved, bring s. 20 into operation are:

- (a) the defendant sold certain canned food, namely, dog food, in association with the trade mark "Bonus", and
- (b) the use of the mark "Bonus" in respect of canned dog food and of the mark "Bonus" in respect of canned chicken, meat spreads and other meat products designed for human consumption, in the same area, would be likely to lead to the inference that the wares associated with both marks are manufactured or sold by the same person.

While these facts were not alleged, and therefore not, as such, put in issue by the pleadings, as the trial and argument proceeded as though they had been pleaded and as though the fact in para. (b), *supra*, had been denied, and as there has been no objection by the defendant to this procedural defect, I propose to deal with the claim as though the matter had been pleaded as indicated. (The defendant, by the Statement of Defence, does allege that "the use by it of the word Bonus is not likely to cause confusion between its wares...and the wares... of the Plaintiff"; but it does not deny that such confusion would occur on the

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hypothesis of the defendant's user taking place "in the same area" as the plaintiff's user.)

I come now to the Statement of Defence and Counter-claim. As far as the claims under s. 7(b) and s. 22 of the *Trade Marks Act* are concerned, the defendant's defence is a simple denial of the allegations of fact in para. 6(b) and (c) of the Statement of Claim, on which these claims are based. With reference to the claim for infringement of the plaintiff's registered trade mark, the defendant's defence may be taken, as I understand it, to fall into two parts, namely,

(a) a contention that the facts are *not* such as to bring into play the "deeming" provision in s. 20, which contention is put on two different bases, viz.:

(i) a denial of the allegation of fact that I have formulated, *supra*, namely,

(b) the use of the mark "Bonus" in respect of dog food and of the mark "Bonus" in respect of canned chicken, meat spreads and other meat products designed for human consumption, in the same area, would be likely to lead to the inference that the wares associated with both marks are manufactured or sold by the same person

and

(ii) an allegation that would bring the defendant within one of the exceptions spelled out in s. 20 to the operation of the "deeming" provision in that section, which allegation is framed as follows:

11. The Defendant alleges and the fact is that it has used the word BONUS in association with canned animal food, bona fide, other than as a trade mark and as an accurate description of the character or quality of its wares in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the alleged trade mark registered under No. NS 82/21344

and

(b) a contention that the plaintiff's trade mark registration is invalid.

The grounds put forward for attacking the validity of the plaintiff's registered trade mark may be summarized as follows:

(a) that the registration is invalid under s. 18(1) of the *Trade Marks Act* because the mark "Bonus" was not, at the date of registration, "registrable" under

s. 26(1) of the *Unfair Competition Act*, inasmuch as it was “clearly descriptive or misdescriptive of the character or quality of the wares” in connection with which it was proposed to be used within the meaning of those words in para. (c) of the said s. 26(1);

- (b) that it is invalid under s. 18(1) of the *Trade Marks Act* because the mark “Bonus” did not fall within the definition of “trade mark” in s. 2(m) of the *Unfair Competition Act*, not being distinctive or adapted to distinguish, and so it was not “registrable” under s. 26(1) of that Act; (presumably, on the submissions made by the defendant, if it was not “distinctive” at the time of registration, it was not “distinctive” at the time these proceedings were commenced, and the registration is therefore invalid by virtue of s. 18(1)(b) of the *Trade Marks Act*, but this was not pleaded);
- (c) that it is invalid under s. 18(1)(a) of the *Trade Marks Act* read with s. 26(1)(f) of the *Unfair Competition Act* because the word mark “Bonus” was, at the date of registration similar to the word mark “Bonox” already registered under No. 135/30944 or to the word mark “Bonus” already registered under No. N.S. 81/21227; and
- (d) that it is invalid in that the application of January 6, 1955 to extend the wares covered by the registration contained misstatements relating to the date when the marks were first used on the wares covered thereby contrary to the requirements of s. 29(b) of the *Trade Marks Act*.

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Three different reasons are set out in the Statement of Defence in support of the second ground, *supra*, namely, that the mark “Bonus” is not distinctive or adapted to distinguish. Two of these are,

- (a) The word “Bonus” is incapable of being adapted to distinguish the goods of one from those of another,

and

- (b) The word “Bonus” is laudatory of goods and accordingly lacks the quality of distinctiveness.

These two reasons could relate either to the time of registration or to the time that these proceedings were brought and

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so, if valid, would be a ground for holding the registration invalid. The third reason relates to an intervening period of time. It reads,

8B. The trade mark "Bonus" was non-registrable in that it was non-distinctive or not adapted to distinguish as required by S. 2(m) of the *Unfair Competition Act*.

- (c) The use of the word "Bonus" as a trade mark by Bonus Foods over a period of time commencing in 1945 and terminating in 1947 while Louis Giuriato was the registered owner thereof, renders the said mark non-distinctive.

It will be convenient to deal first with the attacks on the validity of the registration of the plaintiff's trade mark.

The relevant provisions of the *Unfair Competition Act* are:

...

2. In this Act,

- (l) "similar", in relation to wares, describes categories of wares that, 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 or users of them as to cause such dealers 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;
- (m) "trade mark" means a symbol that 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, 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;

22. (1) There shall be kept under the supervision of the Registrar a register of trade marks in which, subject as hereinafter provided, any person may cause to be recorded any trade mark he has adopted, and notifications of any assignments, transmissions, disclaimers and judgments relating to such trade mark.

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

- (a) does not contain more than thirty letters or numerals or both divided into not more than four groups;
- (b) is not the name of a person, firm or corporation;
- (c) is not, to an English or French speaking person, clearly descriptive or misdescriptive of the character or quality of the wares in con-

- nection 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;
- (e) is not the name in any language of any of the wares in connection with which it is to be used;
- (f) is not similar to, or to a possible translation into English or French of, some other word mark already registered for use in connection with similar wares; and
- (g) is not such as to suggest the name in French or English of some feature of a design mark already registered for use in connection with similar wares which is so characteristic of the design mark that its name would not be unlikely to be used to define or describe the wares in connection with which the design mark is used.

30. (1) Any person who desires to register a trade mark under this Act otherwise than pursuant to a judgment, order or declaration of the Exchequer Court of Canada shall make an application in writing to the Registrar in duplicate containing

- (a) a statement of the date from which the applicant or named predecessors in title has or have used the mark for the purposes defined in the application and of the countries in which the mark has been principally used since the said date;

...

The *Unfair Competition Act* was repealed by s. 68 of the *Trade Marks Act*, c. 49 of the Statutes of 1953, which, by virtue of a proclamation under s. 67 thereof, came into force on July 1, 1954.

The relevant provisions of the *Trade Marks Act* are:

12. (1) Subject to section 13, a trade mark is registrable if it is not
- (a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years;
- (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French languages of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;
- (c) the name in any language of any of the wares or services in connection with which it is used or proposed to be used;
- (d) confusing with a registered trade mark; or
- (e) a mark of which the adoption is prohibited by section 9 or 10.
18. (1) The registration of a trade mark is invalid if
- (a) the trade mark was not registrable at the date of registration;
- (b) the trade mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced;

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(c) the trade mark has been abandoned;
 and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.

26. (1) There shall be kept under the supervision of the Registrar a register of trade marks and if transfers, disclaimers, amendments, judgments and others relating to, and of registered users of, each registered trade mark.

(3) The register kept under *The Unfair Competition Act, 1932*, or the *Unfair Competition Act*, chapter 274 of the Revised Statutes of Canada, 1952, forms part of the register kept under this Act and, subject to subsection (2) of section 43, no entry made therein, if properly made according to the law in force at the time it was made, is subject to be expunged or amended only because it might not properly have been made pursuant to this Act.

29. An applicant for the registration of a trade mark shall file with the Registrar an application containing

(b) in the case of a trade mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade mark in association with each of the general classes of wares or services described in the application;

40. (1) The Registrar may, on application by the registered owner of a trade mark made in the prescribed manner, make any of the following amendments to the register:

(c) amend the statement of the wares or services in respect of which the trade mark is registered;

(2) An application to extend the statement of wares or services in respect of which a trade mark is registered has the effect of an application for registration of the trade mark in respect of the wares or services specified in the application for amendment.

47. (1) A trade mark, whether registered or unregistered, is transferable, and deemed always to have been transferable, either in connection with or separately from the goodwill of the business and in respect of either all or some of the wares or services in association with which it has been used.

I reject the submission that the registration of the plaintiff's trade mark is invalid because it was, at the date of registration, clearly descriptive or misdescriptive "of the character or quality of the wares" in connection with which it was proposed to be used. The word "Bonus", while it is a noun and not an adjective, may conceivably be used to describe a prize or premium that is given with a purchase or to describe the transaction by which a

principal object plus some premium or "prize" is sold. It cannot, in my view, be regarded as descriptive of the "character or quality" of articles of food being sold as such. It may be used to indicate that "something extra" is given with the wares being sold. It does not describe the character or quality of the wares being sold.

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It is a matter of the general understanding of the meaning of the word. In my view, "Bonus" has no generally understood meaning in relation to the character or quality of wares. It may be contrasted with "Gold Medal" or "premium", which have generally accepted meanings in relation to the quality of wares. If it is not "descriptive" of the character or quality of wares, it is not "misdescriptive" of the character or quality of wares. Any idea that might be conjured up by the word "Bonus" in relation to the character or quality of canned meat, for example, is so remote as to be fanciful, as is illustrated by the use of the slogan "The bonus is in the flavour". The use of the word "Bonus" in other schemes referred to at trial illustrates the inappropriateness of applying the word "Bonus" to the "character or quality" of these particular wares. For example, "Bonus brands" in the I.G.A. "I give Away" competition are a number of food brands, arbitrarily selected for any particular period, the possession of which entitles a winner in a competition to an extra prize.

Once it is decided that a word is not "descriptive" or "misdescriptive" of the character or quality of the wares, the possibility of its not being adapted to distinguish the plaintiff's wares from wares of the same category of some other person becomes remote. In my view, "Bonus" is capable of distinguishing the wares of one person from the wares of another and is not laudatory of the goods in association with which it is used. Furthermore, I fail to see how use by Louis Giuriato, in the period from 1945 to 1947, to distinguish wares that he sold under two different the mark "Bonus" was used during this period exclusively firm names could have rendered the mark "Bonus" non-distinctive. In any event, I hold, on the evidence, that to distinguish goods manufactured or prepared by him under the name "Bonus Foods", that such goods were then either sold by him under the name "Bonus Foods" to third persons operating food shops or were sold to consumers through his own retail outlet operated under the name of

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“Giuriato Brothers”, and that they, in either case, carried an indication that they were made by “Bonus Foods”. There was not, in this period, a use of the trade mark by two different entities, as I understand the evidence. In any event, I cannot find that there was any lack of distinctiveness, either at the time of registration or at the time that these proceedings were commenced, whatever the situation may have been from 1945 to 1947.

The next ground of objection is found in para. 9 of the Statement of Defence, which reads as follows:

9. The Defendant alleges and the fact is that at the date of registration of the word BONUS as a trade mark under registration No. NS 82/21344, and at any other material time, such trade mark was similar to the trade mark BONOX registered under No. 135/30944 and/or to the trade mark BONUS registered under No. NS 81/21227.

The validity of this attack depends on s. 26(1)(f) of the *Unfair Competition Act*, which reads as follows:

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

...

(f) is not similar to, or to a possible translation into English or French of, some other word mark already registered for use in connection with similar wares.

...

It is to be noted that the allegations in para. 9 of the Statement of Defence do not bring the attack within s. 26(1)(f). Not only must the word mark under attack have been similar at the time of registration to a mark already registered, which was alleged, but the mark already registered must have been registered for use in connection with “similar wares”, which was not alleged. In any event, “Bonox”, in my view, is not “similar to” “Bonus”, in this context, and the “Bonus” that was registered under No. N.S. 81/21227 was registered in respect of “...beverages, sold as soft drinks and syrups and extracts for making the same” which cannot, in my view, be regarded as “similar” to the wares in respect of which the plaintiff’s trade mark was registered, having regard to the definition in s. 2(1) of the *Unfair Competition Act*.

The final ground of attack on the validity of the plaintiff’s registered trade mark is contained in para. 8C of the Statement of Defence, which I repeat here for convenience:

8C. The trade mark registration is invalid in that the application of January 6, 1955 to extend the wares covered by the registration contained misstatements relating to the date when the marks were first used on

the wares covered thereby contrary to the requirements of S. 29(b) of the Trade Marks Act, S.C. 1954-5 c. 49.

Much time could be spent discussing whether s. 30(1)(a) of the *Unfair Competition Act* required the application for a trade mark to give separate dates for each of the general classes of wares described in the application, but s. 29(b) of the *Trade Marks Act* had become law before the 1955 application and it was explicit. Much time could also be spent discussing whether there was one or several general classes of wares set out in the application of January 6, 1955. I do not propose to express a view on this question because, as far as I have been able to ascertain, there is no provision in the statute under which the "misstatements", if there were misstatements, become grounds for invalidating the registration of the trade mark. S. 18 of the *Trade Marks Act* does not extend to such a case unless the misstatements had effect to make the trade mark "not registrable". As this amendment was under the *Trade Marks Act*, s. 40(2) gives the application therefor the effect of an application for registration and we must turn to s. 12 of the Act. I cannot find anything in that section that makes a mark "not registrable" merely because there is a misstatement in the application for registration. The matter might be different of course if there was a fraudulent misrepresentation, but there is no suggestion here of anything other than an innocent misstatement.

The principal case relied upon by the defendant in connection with the misrepresentation point is *Standard Brands Limited v. Staley*.¹ While the judgment in that case recites a statement in an application for registration of a trade mark to the effect that the applicant had used the mark since a certain date and says that the statement was not true, the decision that the registration was invalid is not based upon the fact that there was a misstatement in the application but upon the fact that what was so stated was a condition precedent to any right in the trade mark. The applicant had not used the mark at all and, at that time, under the *Unfair Competition Act*, it was "use" that created the "right".

The attacks on the validity of the registration of the plaintiff's trade mark having failed, the Counterclaim is dismissed with costs.

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¹ [1946] Ex. C.R. 615.

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I come now to the question whether the defendant has infringed or must be deemed to have infringed the plaintiff's trade mark.

The basic facts, in my view, are simple. The plaintiff has a registered trade mark that confers on it the exclusive right to the use throughout Canada of the trade mark "Bonus" in respect of, among other things, "canned products: . . . chicken, chicken stew, devilled ham sandwich spread, ham and chicken sandwich spread, chicken spread, chicken a la king, turkey salad spread, ham loaf, chicken loaf, beef and chicken sandwich spread. . ." The defendant, during the period in question, has been using the identical mark "Bonus" in respect of a canned dog food manufactured from meat.

The relevant provisions of the *Trade Marks Act* are:

2. In this Act,

. . .

(b) "confusing" when applied as an adjective to a trade mark or trade name, means a trade mark or trade name the use of which would cause confusion in the manner and circumstances described in section 6;

. . .

6. (1) For the purposes of this Act a trade mark or trade name is confusing with another trade mark or trade name if the use of such first mentioned trade mark or trade name would cause confusion with such last mentioned trade mark or trade name in the manner and circumstances described in this section.

(2) The use of a trade mark causes confusion with another trade mark if the use of both trade marks in the same area would be likely to lead to the inference that the wares or services associated with such trade marks are manufactured, sold, leased, hired or performed by the same person, whether or not such wares or services are of the same general class.

. . .

(5) In determining whether trade marks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a) the inherent distinctiveness of the trade marks or trade names and the extent to which they have become known;
- (b) the length of time the trade marks or trade names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade marks or trade names in appearance or sound or in the ideas suggested by them.

19. Subject to sections 21, 31 and 65, the registration of a trade mark in respect of any wares or services, unless shown to be invalid, gives to the owner the exclusive right to the use throughout Canada of such trade mark in respect of such wares or services

20. The right of the owner of a registered trade mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade mark or trade name, but no registration of a trade mark prevents a person from making

(a) any *bona fide* use of his personal name as a trade name, or

(b) any *bona fide* use, other than as a trade mark,

(i) of the geographical name of his place of business, or

(ii) of any accurate description of the character or quality of his wares or services,

in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade mark.

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Clearly there has been no infringement of the plaintiff's registered trade mark in the sense that the defendant has done something that the plaintiff had the exclusive right to do. S. 19 does not confer on the plaintiff the exclusive right to use "Bonus" as a trade mark in relation to canned dog food.

The first question is therefore whether the plaintiff can bring the defendant's acts within the first part of s. 20. To do this (having regard to s-s (1) and (2) of s. 6), it must appear that the use "in the same area" of the mark "Bonus" in respect of canned meat products for human consumption and of the same mark "Bonus" in respect of canned dog food made of meat would be likely to lead to the inference that all of these wares were manufactured "by the same person".

It must, to begin with, be emphasized that, to bring the defendant within s. 20, it does not have to appear that the plaintiff and the defendant had, in fact, used the mark "Bonus" in the same area or that the public had ever, in fact, been confused in the sense that they had thought that the plaintiff's canned meats, spreads, chicken and other products had been made by the same person as made the defendant's canned dog food. The test in s-s. (2) of s. 6 is not what has happened in fact but what inference would be likely to be drawn if it did happen that the plaintiff and the defendant used the mark "Bonus" in respect of these different classes of goods in the same area. A finding must be made whether, in the purely hypothetical event of user by the plaintiff of its registered trade mark rights and user by the defendant of the mark "Bonus" in respect of its dog food in the same area, it would be likely to lead to the inference that the wares in relation to

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which the plaintiff used the trade mark and the wares in relation to which the defendant used it were manufactured or sold by the same person. The answer to this question might conceivably lead to the conclusion that the defendant must be deemed to have infringed the plaintiff's registered trade mark even if the plaintiff's sales were, in fact, restricted to a small area in British Columbia and the defendant's sales were in fact restricted to a small area in Newfoundland and, even if no single member of the public had ever, in fact, seen wares originating from them both. This test is apparently so framed by s. 6(2) because s. 19 confers on the plaintiff an "exclusive right to the use throughout Canada".

In reaching a conclusion on the hypothetical question framed by s-s. (2) of s. 6, the Court must have regard to all the surrounding circumstances including those enumerated in paragraphs (a) to (e) of s-s. (5) of s. 6. As far as the enumerated circumstances are concerned, I find little difficulty in reaching a conclusion in this case:

- (a) "the inherent distinctiveness of the trade marks ...and the extent to which they have become known": this factor could only operate to negative the type of "confusion" in question if there were two different trade marks, each more or less established in the public mind to such an extent that the public would not infer that they pointed to one person here there is only one trade mark "Bonus" and, if that were the only factor, it points to one manufacturer or vendor;
- (b) "the length of time the trade marks...have been in use": here again, as the alleged infringer is using the registered owner's registered trade mark, and as the owner has been using it for over twenty years and the alleged infringer has only been using it during a development period, this factor does nothing to negative the inference of one manufacturer or one vendor, otherwise flowing from the use of the same brand;
- (c) "the nature of the wares...": here a difference might negative the inference; if the difference were sufficient, the use of the same mark on different wares might give rise to no likelihood of an inference of a single manufacturer or a single vendor but, in

this case, the plaintiff uses the mark on canned meat for human consumption and the defendant uses it on canned meat for consumption by dogs; in my view, on the evidence, the probability, in fact, is that one person would manufacture both of these kinds of wares and I think that this is the inference that would be drawn by an ordinary member of the public; I doubt that the ordinary member of the public realizes that a person who engages in both of these two classes of manufacture ordinarily camouflages that fact by using different brand names;

- (d) "the nature of the trade": the same manufacturers, the same trade channels, the same retail outlets and the same purchasers are, according to the evidence and everyday knowledge, likely to be concerned with canned meat for human consumption and canned meat for dog consumption [I do not think that the fact that the defendant chose to use three salesmen to get this dog food moving has any bearing on the question to be decided under s. 6(2)];
- (e) "the degree of resemblance between the trade marks . . . in appearance or source or in the ideas suggested by them": the trade marks here are identical.

The only other circumstances that occur to me as falling within s-s. (5) of s. 6 are the actual label and other literature employed by the defendant in marketing its dog food under the trade mark "Bonus". I have doubts whether such circumstances are relevant in making the hypothetical determination contemplated by s-s. (2) of s. 6. Assuming that they are, however, and putting myself, as well as I can, in the position of the ordinary person making the rounds of grocery stores or supermarkets, I have no doubt that, seeing the word "Bonus" as the label on dog food and the same word "Bonus" as the label on canned meats for human consumption would lead most people to the conclusion that they were put out by the same manufacturer or by the same vendor. I am assuming, as I think is the fact, that the ordinary person buying groceries and other wares off the shelf does not look beyond the brand on the label in distinguishing the origin of the wares he or she is contemplating buying. There is neither time nor inclination, during the course of a shopping excursion, to stop and peruse the fine print on the labels, much less appreciate

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the fine distinctions of meaning that might be taken therefrom.

The remaining question to be decided in determining whether the plaintiff has a cause of action for infringement of its registered trade mark is whether, on the facts of this case, it may be said that the defendant's use of the trade mark "Bonus" was a "bona-fide use, other than as a trade mark...of any accurate description of the character or quality of his wares...in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade mark" so as to fall within the class of exceptions in the second part of s. 20 of the *Trade Marks Act*. I am of opinion

- (a) that the defendant used the word "Bonus" as a trade mark to distinguish one of its lines of dog food from other lines of dog food, including those manufactured and sold by others (it also used the word "Bonus" to refer to premiums that it was offering to purchasers but this in no way negated the separate use as a trade mark);
- (b) that the word "Bonus" was not used by the defendant as a description of the character or quality of its dog food, which was the wares that it was selling (it may have described the sale transaction as a sale of goods carrying the offer of a premium but that is quite a different thing); and
- (c) that the use of the word "Bonus" in respect of canned dog food is likely to have the effect of depreciating the value of the goodwill attaching to the plaintiff's registered trade mark for the reason that most members of the public are likely to have some repugnance to buying food for human consumption under the same brand name as that under which dog food is sold, particularly if, in both cases, it is canned meat.

Any one of these three conclusions would lead me to the result that the defendant's use of the word "Bonus" does not fall within any of the exceptions to s. 20.

I therefore conclude that, by virtue of s. 20 of the *Trade Marks Act*, the defendant must be deemed to have infringed the plaintiff's registered trade mark.

Having come to that conclusion, and the plaintiff being therefore entitled to any relief that it seeks without relying

on s. 7(b) or s. 22 of the *Trade Marks Act*, I do not propose to make any finding with regard to the question whether the plaintiff's claims can be based on either of those two provisions. I should say, however, that I have some doubt whether the evidence justifies the necessary finding of fact of actual or probable confusion that may be necessary to establish a case against the defendant under s. 7(b) (there is little or no evidence that the wares of the parties were ever sold in the same areas) and I have also some doubt whether s. 22 has any application to a case where the defendant has infringed or is deemed to have infringed the trade mark.

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Before leaving the question of infringement, I wish to refer to one submission made in course of argument in case it might appear that I overlooked it. In course of argument, counsel for the defendant made the submission that because, on cross-examination, a witness for the plaintiff gave evidence that the plaintiff was no longer using the trade mark in respect of certain wares in respect of which it is registered, the plaintiff "has abandoned those wares" and "has a very narrow registration based upon those wares set out in the registration upon which he is now using it". The defendant did not plead abandonment under s. 18(1)(c) of the *Trade Marks Act* and the trial did not proceed on the basis that there was any issue of abandonment. If abandonment has been an issue, both sides would have had an opportunity to bring forth evidence on it and the record might have been quite different. No amendment was requested during argument to plead abandonment and it would not have been proper to have permitted an amendment at that time to plead an issue that was never in the contemplation of the parties or the Court during the taking of evidence.

In the absence of an affirmative verdict on a plea of abandonment, s. 19 of the *Trade Marks Act* must govern and the plaintiff's exclusive right is defined by the registration read with that section. In any event, the finding that I have made on validity and infringement would have been exactly the same even if the registration were now limited to the wares that were currently being manufactured by the plaintiff at the time that the defendant commenced to market its Bonus Dog Food.

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The plaintiff therefore succeeds on its claim for infringement of its registered trade mark and will have its costs of the action. The other claims in the Statement of Claim are dismissed without costs. If there is any difficulty in framing the minutes of judgment, the matter may be spoken to.

Judgment accordingly.